UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

For the transition period from _____ to _____

Commission file number 001-37626

MESOBLAST LIMITED

(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

AUSTRALIA
(Jurisdiction of incorporation or organization)

Level 38, 55 Collins Street
Melbourne, VIC, 3000, Australia
Telephone: +61 (3) 9639 6036
(Address of principal executive offices)

Silviu Itescu
Chief Executive Officer
Telephone: +61 (3) 9639 6036; Fax: +61 (3) 9639 6030
Level 38, 55 Collins Street
Melbourne, VIC, 3000, Australia
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing ten Ordinary Shares*	MESO	The NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

1,141,784,114 Ordinary Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒	Non-accelerated filer	☐
				Emerging growth company	☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	☐	International Financial Reporting Standards as issued by the International Accounting Standards Board	☒	Other	☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

Table of Contents

INTRODUCTION AND USE OF CERTAIN TERMS

Mesoblast Limited and its consolidated subsidiaries publish consolidated financial statements expressed in U.S. dollars, unless otherwise indicated. This Annual Report on Form 20-F is presented in U.S. dollars, unless otherwise indicated. Our consolidated financial statements found in Item 18 of this Annual Report on Form 20-F are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and Australian equivalents to International Financial Reporting Standards as issued by the Australian Accounting Standards Board.

Except where the context requires otherwise and for purposes of this Form 20-F only:

- "ADSs" refers to our American depositary shares, each of which represents ordinary shares, and "ADRs" refers to the American depositary receipts that evidence our ADSs.
- "Mesoblast," "we," "us" or "our" refer to Mesoblast Limited and its subsidiaries.
- "A$" or "Australian dollar" refers to the legal currency of Australia.
- "AIFRS" refers to the Australian equivalents to International Financial Reporting Standards as issued by the Australian Accounting Standards Board, or AASB.
- "CHF" refers to the legal currency of Switzerland.
- "FDA" refers to the United States Food and Drug Administration.
- "GBP" refers to the legal currency of the United Kingdom.
- "IFRS" refers to the International Financial Reporting Standards as issued by the International Accounting Standards Board, or IASB.
- "S$" or "SGD" or "Singapore dollar" refers to the legal currency of Singapore.
- "U.S. GAAP" refers to the Generally Accepted Accounting Principles in the United States.
- "US$" or "U.S. dollars" refers to the legal currency of the United States.
- "U.S." or "United States" refers to the United States of America.
- "€" or "Euro" refers to the legal currency of the European Union.

Australian Disclosure Requirements

Our ordinary shares are primarily quoted on the Australian Securities Exchange ("ASX") in addition to our listing of our ADSs on The Nasdaq Global Select Market. As part of our ASX listing, we are required to comply with various disclosure requirements as set out under the Australian *Corporations Act 2001* and the *ASX Listing Rules*. Information furnished under the sub-heading "Australian Disclosure Requirements" is intended to comply with ASX listing and *Corporations Act 2001* disclosure requirements and is not intended to fulfill information required by this Annual Report on Form 20-F.

FORWARD-LOOKING STATEMENTS

This Form 20-F includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, estimates and projections about the Company, our industry, economic conditions in the markets in which we operate, and certain other matters. These statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as, but not limited to, "believe," "expect," "anticipate," "estimate," "intend," "plan," "target," "likely," "will," "would," "could," "should", "may", "goal," "objective" and similar expressions or phrases identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and future events and financial trends that we believe may affect our financial condition, results of operation, business strategy and financial needs. Forward- looking statements include, but are not limited to, statements about:

- the initiation, timing, progress and results of our preclinical and clinical studies, and our research and development programs;
- our ability to advance product candidates into, enroll and successfully complete, clinical studies, including multi-national clinical trials;
- our ability to advance our manufacturing capabilities;
- the timing or likelihood of regulatory filings and approvals, manufacturing activities and product marketing activities, if any;
- our ability to take advantage of the potential benefits of the 21st Century Cures Act;
- the impact that any future pandemic could have on business operations;
- the commercialization of our product candidates, if approved;
- regulatory or public perceptions and market acceptance surrounding the use of cell based therapies;
- the potential for our product candidates, if any are approved, to be withdrawn from the market due to patient adverse events or deaths;
- the potential benefits of strategic collaboration agreements and our ability to enter into and maintain established strategic collaborations;
- our ability to establish and maintain intellectual property on our product candidates and our ability to successfully defend these in cases of alleged infringement;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology;
- our ability to obtain additional financing;
- estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
- our financial performance;
- developments relating to our competitors and our industry;
- the pricing and reimbursement of our product candidates, if approved; and
- other risks and uncertainties, including those listed under the caption "Risk Factors".

You should read this Form 20-F and the documents that we refer to herein thoroughly with the understanding that our actual future results may be materially different from and/or worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. Other sections of this Form 20-F include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

This Form 20-F also contains third-party data relating to the biopharmaceutical market that includes projections based on a number of assumptions. The biopharmaceutical market may not grow at the rates projected by market data, or at all. The failure of this market to grow at the projected rates may have a material adverse effect on our business and the market price of our ordinary shares and ADSs. Furthermore, if any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this Form 20-F relate only to events or information as of the date on which the statements are made in this Form 20-F. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

3.A [Reserved]

3.B Capitalization and Indebtedness

Not applicable.

3.C Reasons for the offer and use of proceeds

Not applicable.

3.D Risk Factors

You should carefully consider the risks described below and all other information contained in this Annual Report on Form 20-F before making an investment decision. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of our ordinary shares and ADSs could decline, and you may lose part or all of your investment. This Annual Report on Form 20-F also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below and elsewhere in this Annual Report on Form 20-F.

Risks Related to Our Financial Position and Capital Requirements

We have incurred operating losses since our inception and anticipate that we will continue to incur substantial operating losses for the foreseeable future. We may never achieve or sustain profitability.

We are a clinical-stage biotechnology company and we have not yet generated significant revenues. We have incurred net losses during most of our fiscal periods since our inception. Our net loss for the year ended June 30, 2024 was $88.0 million. As of June 30, 2024, we have an accumulated deficit of $908.8 million since our inception. We do not know whether or when we will become profitable. Our losses have resulted principally from costs incurred in clinical development and manufacturing activities.

We anticipate that our expenses will increase as we move toward commercialization, including the scaling up of our manufacturing activities and our establishment of infrastructure and logistics necessary to support potential product launches. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. To achieve and maintain profitability, we must successfully develop our product candidates, obtain regulatory approval, and manufacture, market and sell those products for which we obtain regulatory approval. If we obtain regulatory approval to market a product candidate, our future revenue will depend upon the size of any markets in which our product candidates may receive approval, and our ability to achieve and maintain sufficient market acceptance, pricing, reimbursement from third-party payors, and adequate market share for our product candidates in those markets. We may not succeed in these activities, and we may never generate revenue from product sales that is significant enough to achieve profitability. Our failure to become or remain profitable would depress our market value and could impair our ability to raise capital, expand our business, discover or develop other product candidates or continue our operations. A decline in the value of our company could cause you to lose part or all of your investment.

We have never generated revenue from product sales and may never be profitable.

Our ability to generate revenue and achieve profitability depends on our ability, either alone or with strategic collaboration partners, to successfully complete the development of, and obtain the regulatory approvals necessary to commercialize, our product candidates. We do not currently generate revenues from product sales (other than licensing revenue from sales of TEMCELL® HS. Inj. ("TEMCELL"), a registered trademark of JCR Pharmaceuticals Co., Ltd. ("JCR"), by JCR in Japan, and royalty revenue from net sales of Alofisel® a registered trademark of TiGenix NV ("TiGenix"), previously known as Cx601, an adipose-derived mesenchymal stromal cell product developed by TiGenix, now a wholly owned subsidiary of Takeda Pharmaceutical Company Limited ("Takeda") and approved for marketing in the EU and Japan), and we may never generate product sales. Our ability to generate future revenues from product sales depends heavily on our success in a number of areas, including:

- completing research, preclinical and clinical development of our product candidates;
- seeking and obtaining regulatory and marketing approvals for product candidates for which we complete clinical studies;
- establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate (in amount and quality) products and services to support clinical development and the market demand for our product candidates, if approved;
- launching and commercializing product candidates for which we obtain regulatory and marketing approval, either by collaborating with a partner or, if launched independently, by establishing commercial and distribution capabilities necessary to effectively seek and maintain market access and ensure compliance with legal and regulatory requirements relating to interactions with healthcare providers, healthcare organizations and government agencies;
- obtaining market acceptance of our product candidates as viable treatment options;
- addressing competing technological and market developments;
- obtaining and sustaining an adequate level of reimbursement from payors;
- identifying and validating new cell therapy product candidates;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter;
- maintaining, protecting and expanding our portfolio of intellectual property rights, including patents, trade secrets, know-how and trademarks;
- attracting, hiring and retaining qualified personnel; and
- implementing additional internal systems and infrastructure, as needed.

Even if one or more of the product candidates that we develop is approved for commercial sale, we anticipate incurring significant costs associated with commercializing and distributing any approved product candidate. Our expenses could increase beyond expectations if we are required by the United States Food and Drug Administration ("FDA"), the European Medicines Agency ("EMA"), or other regulatory agencies, to perform clinical and other studies in addition to those that we currently anticipate. We may not become profitable and may need to obtain additional funding to continue operations.

We require substantial additional financing to achieve our goals, and our failure to obtain this necessary capital or establish and maintain strategic partnerships to provide funding support for our development programs could force us to delay, limit, reduce or terminate our product development or commercialization efforts.

Our operations have consumed substantial amounts of cash since inception. As of June 30, 2024, our cash and cash equivalents were $63.0 million. Subject to us achieving successful regulatory approval, we expect an increase in our total expenses and an increase our cumulative operating losses for the foreseeable future in connection with our planned research and development, manufacturing commercialization and selling, general and administrative expenses as we move towards commercialization. In addition, we will require additional financing to achieve our goals and our failure to do so could adversely affect our commercialization efforts. We anticipate that our expenses will increase if and as we:

- continue the research and clinical development of our product candidates, including MPC-150-IM (Class II-IV Chronic Heart Failure ("CHF")), MPC-06-ID (Chronic Low Back Pain ("CLBP")), remestemcel-L and MPC-300-IV (inflammatory conditions) product candidates;

- seek to commercialize remestemcel-L for pediatric SR-aGVHD in the United States in the event that we receive marketing authorization by the FDA;
- seek to identify, assess, acquire, and/or develop other and combination product candidates and technologies;
- seek regulatory and marketing approvals in multiple jurisdictions for our product candidates that successfully complete clinical studies and identify and apply for regulatory designations to facilitate development and ultimate commercialization of our products;
- establish and maintain collaborations and strategic partnerships with third parties for the development and commercialization of our product candidates, or otherwise build and maintain a sales, marketing and distribution infrastructure and/or external logistics to commercialize any products for which we may obtain marketing approval;
- further develop and implement our proprietary manufacturing processes in both planar technology and our bioreactor programs and expand our manufacturing capabilities and resources for commercial production;
- seek coverage and reimbursement from third-party payors, including government and private payors for future products;
- make milestone or other payments under our agreements pursuant to which we have licensed or acquired rights to intellectual property and technology;
- seek to maintain, protect and expand our intellectual property portfolio;
- seek to attract and retain skilled personnel; and
- develop the compliance and other infrastructure necessary to support product commercialization and distribution.

If we were to experience any delays or encounter issues with any of the above, including clinical holds, failed studies, inconclusive or complex results, safety or efficacy issues, or other regulatory challenges that require longer follow-up of existing studies, additional studies, or additional supportive studies in order to pursue marketing approval, it could further increase the costs associated with the above. Further, the net operating losses we incur may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder or as a holder of the ADSs. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through strategic collaborations or partnerships, or marketing, distribution or licensing arrangements with third parties, we may be required to do so at an earlier stage than would otherwise be ideal and/or may have to limit valuable rights to our intellectual property, technologies, product candidates or future revenue streams, or grant licenses or other rights on terms that are not favorable to us. Furthermore, any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates.

As of June 30, 2024, we held total cash reserves of $63.0 million. During the year ended June 30, 2024, we executed on reprioritization of projects and operational streamlining activities and as a result have reduced net cash usage for operating activities, which were $48.5 million for the year ended June 30, 2024, a reduction of 23% compared to the prior period. As we prepare for a potential first product approval by the FDA, and in line with our commercial launch plans, additional inflows from capital markets, strategic partnerships, product specific financing or royalty monetization will be required to meet our projected expenditure consistent with our business strategy over at least the next 12 months. As a result of these matters, there is material uncertainty related to events or conditions that may cast significant doubt (or raise substantial doubt as contemplated by Public Company Accounting Oversight Board (“PCAOB”) standards) on our ability to continue as a going concern and, therefore, that we may be unable to realize our assets and discharge our liabilities in the normal course of business. Our consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we are unable to obtain adequate funding or partnerships beyond the 12-month period we may not be able to continue as a going concern, and our shareholders and holders of the ADSs may lose some or all of their investment in Mesoblast. See Note 1(i) of our accompanying financial statements.

The terms of our loan facilities with funds associated with Oaktree Capital Management, L.P. ("Oaktree") and NovaQuest Capital Management, L.L.C. ("NovaQuest") could restrict our operations, particularly our ability to respond to changes in our business or to take specified actions.

On November 19, 2021, we entered into a loan agreement and guaranty with Oaktree, with a secured five-year senior debt facility. The balance of funds drawn down is $50.0 million as of June 30, 2024. On June 29, 2018, we entered into a loan and security agreement with NovaQuest for a $40.0 million non-dilutive, eight-year term credit facility, repayable from net sales of our allogeneic product candidate remestemcel-L in pediatric patients with steroid-refractory acute graft versus host disease ("SR-aGVHD"), in the United States and other geographies excluding Asia. We drew the first tranche of $30.0 million on closing. Our loan facilities with Oaktree and NovaQuest contain a number of covenants that impose operating restrictions on us, which may restrict our ability to respond to changes in our business or take specified actions. Under the terms of our Oaktree agreement the minimum unrestricted cash balance we need to maintain is $25.0 million. Our ability to comply with the various covenants under the agreements may be affected by events beyond our control, and we may not be able to continue to meet the covenants. Upon the occurrence of an event of default, Oaktree or NovaQuest could elect to declare all amounts outstanding under the loan facility to be immediately due and payable and terminate all commitments to extend further credit. If Oaktree or NovaQuest accelerates the repayment, we may not have sufficient funds to repay our existing debt. If we were unable to repay the owed amounts, Oaktree or NovaQuest could proceed against the collateral granted to it to secure such indebtedness. We have pledged substantially all of our assets as collateral under the loan facility with Oaktree, and a portion of our assets relating to the SR-aGVHD product candidate as collateral under the loan facility with NovaQuest.

We are subject to risks associated with currency fluctuations, and changes in foreign currency exchange rates could impact our results of operations.

Historically, a substantial portion of our operating expenses has been denominated in U.S. dollars and our main currency requirements are U.S. dollars, Australian dollars and Singapore dollars. Approximately 76% of our cash and cash equivalents as of June 30, 2024 were denominated in U.S. dollars, 23% were denominated in Australian dollars and 1% were denominated in other currencies. Because we have multiple functional currencies across different jurisdictions, changes in the exchange rate between these currencies and the foreign currencies of the transactions recorded in our accounts could materially impact our reported results of operations and distort period-to-period comparisons. For example, where a portion of our research and clinical trials are undertaken in Australia, payment will be made in Australian dollar currency, and may exceed the budgeted expenditure if there are adverse currency fluctuations against the U.S. dollar.

More specifically, if we decide to convert our Australian dollars into U.S. dollars for any business purpose, appreciation of the U.S. dollar against the Australian dollar would have a negative effect on the U.S. dollar amount available to us. Appreciation or depreciation in the value of the Australian dollar relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. As a result of such foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations.

Unfavorable global economic or political conditions could adversely affect our business, financial condition or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. A global financial crisis or a global or regional political disruption could cause extreme volatility in the capital and credit markets. A severe or prolonged economic downturn or political disruption could result in a variety of risks to our business, including weakened demand for our product candidates, if approved, and our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy or political disruption could also strain our manufacturers or suppliers, possibly resulting in supply disruption. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the political or economic climate and financial market conditions could adversely impact our business.

Risks Related to Clinical Development and Regulatory Review and Approval of Our Product Candidates

Our product candidates are based on our novel mesenchymal lineage cell technology, which makes it difficult to accurately and reliably predict the time and cost of product development and subsequently obtaining regulatory

approval. At the moment, no industrially manufactured, non-hematopoietic, allogeneic cell products have been approved in the United States.

Other than with respect to sales of products by our licensees, we have not commercially marketed, distributed or sold any products. The success of our business depends on our ability to develop and commercialize our lead product candidates. We have concentrated our product research and development efforts on our mesenchymal lineage cell platform, a novel type of cell therapy. Our future success depends on the successful development of this therapeutic approach. There can be no assurance that any development problems we experience in the future related to our mesenchymal lineage cell platform will not cause significant delays or unanticipated costs, or that such development problems can be solved. We may also experience delays in developing sustainable, reproducible and scalable manufacturing processes or transferring these processes to collaborators, which may prevent us from completing our clinical studies or commercializing our products on a timely or profitable basis, if at all.

In addition, the clinical study requirements of the FDA, the EMA and other regulatory agencies and the criteria these regulators use to determine the safety and efficacy of a product candidate vary substantially according to the type, complexity, novelty and intended use and market of the potential product candidates. The regulatory approval process for novel product candidates such as ours can be more expensive and take longer to develop than for other, better known or extensively studied pharmaceutical or other product candidates. In addition, adverse developments in clinical trials of cell therapy products conducted by others may cause the FDA or other regulatory bodies to change the requirements for approval of any of our product candidates.

We may fail to demonstrate safety and efficacy to the satisfaction of applicable regulatory agencies.

We must conduct extensive testing of our product candidates to demonstrate their safety and efficacy, including both preclinical animal testing and evaluation in human clinical trials, before we can obtain regulatory approval to market and sell them. Conducting such testing is a lengthy, time-consuming, and expensive process and there is a high rate of failure.

Our current and completed preclinical and clinical results for our product candidates are not necessarily predictive of the results of our ongoing or future clinical trials. Promising results in preclinical studies of a product candidate may not be predictive of similar results in humans during clinical trials, and successful results from early human clinical trials of a product candidate may not be replicated in later and larger human clinical trials or in clinical trials for different indications. If the results of our or our collaborators' ongoing or future clinical trials are negative or inconclusive with respect to the efficacy of our product candidates, or if these trials do not meet the clinical endpoints with statistical significance, or if there are safety concerns or adverse events associated with our product candidates, we or our collaborators may be prevented or delayed in obtaining marketing approval for our product candidates.

Even if ongoing or future clinical studies meet the clinical endpoints with statistical significance, the FDA or other regulatory agencies may still find the data insufficient to support marketing approval based on other factors.

We may encounter substantial delays in our clinical studies, including as a result of disruptive events beyond our control, including pandemics.

We cannot guarantee that any preclinical testing or clinical trials will be conducted as planned or completed on schedule, if at all. As a result, we may not achieve our expected clinical milestones. A failure can occur at any stage of testing. Events that may prevent successful or timely commencement, enrollment or completion of clinical development include:

- problems which may arise as a result of our transition of research and development programs from licensors or previous sponsors;
- delays in raising, or inability to raise, sufficient capital to fund the planned trials;
- delays by us or our collaborators in reaching a consensus with regulatory agencies on trial design;
- changes in trial design;
- inability to identify, recruit and train suitable clinical investigators;
- inability to add new clinical trial sites;
- delays in reaching agreement on acceptable terms for the performance of the trials with contract research organizations ("CROs"), and clinical trial sites;

- delays in obtaining required Institutional Review Board ("IRB"), approval at each clinical trial site;
- delays in recruiting suitable clinical sites and patients (i.e., subjects) to participate in clinical trials and delays in accruing medical events necessary to complete any events-driven trial;
- imposition of a clinical hold by regulatory agencies for any reason, including negative clinical results, safety concerns or as a result of an inspection of manufacturing or clinical operations or trial sites;
- failure by CROs, other third parties or us or our collaborators to adhere to clinical trial requirements;
- failure to perform in accordance with the FDA's current Good Clinical Practices ("cGCP"), or applicable regulatory guidelines in other countries;
- delays in testing, validation, manufacturing and delivery of a product candidate to clinical trial sites;
- delays caused by patients not completing participation in a trial or not returning for post-treatment follow-up;
- delays caused by clinical trial sites not completing a trial;
- failure to demonstrate adequate efficacy;
- occurrence of serious adverse events in clinical trials that are associated with a product candidates and that are viewed to outweigh its potential benefits;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols; or
- disagreements between us and the FDA or other regulatory agencies regarding a clinical trial design, protocol amendments, or interpreting the data from our clinical trials.

In addition, our ongoing clinical trials may be affected by delays caused by disruptive events outside our control, such as delays in monitoring and data collection as a result of geopolitical instability, significant climate events and pandemics, including due to prioritization of hospital resources, travel restrictions, and the inability to access sites for patient monitoring. In addition, some patients may be unable to comply with clinical trial protocols if quarantines or stay at home orders impede patient movement or interrupt health services.

Delays, including delays caused by the above factors, can be costly and could negatively affect our or our collaborators' ability to complete clinical trials for our product candidates. If we or our collaborators are not able to successfully complete clinical trials or are not able to do so in a timely and cost-effective manner, we will not be able to obtain regulatory approval and/or will not be able to commercialize our product candidates and our commercial partnering opportunities will be harmed.

We may find it difficult to enroll patients in our clinical trials, which could delay or prevent development of our product candidates.

Identifying and qualifying patients to participate in clinical trials of our product candidates is critical to our success. The timing of our clinical trials depends on the speed at which we can recruit patients to participate in testing our product candidates as well as completion of required follow-up periods. In general, if patients are unwilling to participate in our cell therapy trials because of negative publicity from adverse events in the biotechnology or cell therapy industries or for other reasons, including competitive clinical trials for similar patient populations, the timeline for recruiting patients, conducting trials and obtaining regulatory approval for our product candidates may be delayed. Additionally, we or our collaborators generally will have to run multi-site and potentially multi-national trials, which can be time consuming, expensive and require close coordination and supervision. If we have difficulty enrolling a sufficient number of patients or otherwise conducting clinical trials as planned, we or our collaborators may need to delay, limit or terminate ongoing or planned clinical trials, any of which would have an adverse effect on our business.

If there are delays in accumulating the required number of trial subjects or, in trials where clinical events are a primary endpoint, if the events needed to assess performance of our clinical candidates do not accrue at the anticipated rate, there may be delays in completing the trial. These delays could result in increased costs, delays in advancing development of our product candidates, including delays in testing the effectiveness, or even termination of the clinical trials altogether.

Patient enrollment and completion of clinical trials are affected by factors including:

- size of the patient population, particularly in orphan diseases;

- severity of the disease under investigation;
- design of the trial protocol;
- eligibility criteria for the particular trial;
- perceived risks and benefits of the product candidate being tested;
- proximity and availability of clinical trial sites for prospective patients;
- availability of competing therapies and clinical trials;
- efforts to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians and level and effectiveness of study site recruitment efforts; and
- ability to monitor patients adequately during and after treatment.

Once enrolled, patients may choose to discontinue their participation at any time during the trial, for any reason. Participants also may be terminated from the study at the initiative of the investigator, for example if they experience serious adverse clinical events or do not follow the study directions. If we are unable to maintain an adequate number of patients in our clinical trials, we may be required to delay or terminate an ongoing clinical trial, which would have an adverse effect on our business.

We may conduct multinational clinical trials, which present additional and unique risks.

We plan to seek initial marketing approval for our product candidates in the United States and in select non-U.S. jurisdictions such as Europe, Japan and Canada. Conducting trials on a multinational basis requires collaboration with foreign medical institutions and healthcare providers. Our ability to successfully initiate, enroll and complete a clinical trial in multiple countries is subject to numerous risks unique to conducting business internationally, including:

- difficulty in establishing or managing relationships with physicians, sites and CROs;
- standards within different jurisdictions for conducting clinical trials and recruiting patients;
- our ability to effectively interface with non-US regulatory authorities;
- our inability to identify or reach acceptable agreements with qualified local consultants, physicians and partners;
- the potential burden of complying with a variety of foreign laws, medical standards and regulatory requirements, including the regulation of pharmaceutical and biotechnology products and treatments, and anti-corruption/anti-bribery laws;
- differing genotypes, average body weights and other patient profiles within and across countries from our donor profile may impact the optimal dosing or may otherwise impact the results of our clinical trials; and
- global events like geopolitical instability, climate events and pandemics limiting our ability to commence and conduct studies, including recruiting patients.

The complexity of conducting multinational clinical trials could negatively affect our or our collaborators' ability to complete trials as intended which could have an adverse effect on our business.

Serious adverse events or other safety risks could require us to abandon development and preclude, delay or limit approval of our product candidates, or limit the scope of any approved indication or market acceptance.

Participants in clinical trials of our investigational cell therapy products may experience adverse reactions or other undesirable side effects. While some of these can be anticipated, others may be unexpected. We cannot predict the frequency, duration, or severity of adverse reactions or undesirable side effects that may occur during clinical investigation of our product candidates. If any of our product candidates, prior to or after any approval for commercial sale, cause serious adverse events or are associated with other safety risks, a number of potentially significant negative consequences could result, including:

- regulatory authorities may suspend (e.g., through a clinical hold) or terminate clinical trials;
- regulatory authorities may deny regulatory approval of our product candidates;

- regulators may restrict the indications or patient populations for which a product candidate is approved;
- regulatory authorities may require certain labeling statements, such as warnings or contraindications or limitations on the indications for use, and/or impose restrictions on distribution in the form of a risk evaluation and mitigation strategy ("REMS"), in connection with approval, if any;
- regulatory authorities may withdraw their approval, require more onerous labeling statements or impose a more restrictive REMS than any product that is approved;
- we may be required to change the way the product is administered or conduct additional clinical trials;
- patient recruitment into our clinical trials may suffer;
- our relationships with our collaborators may suffer;
- we could be required to provide compensation to subjects for their injuries, e.g., if we are sued and found to be liable or if required by the laws of the relevant jurisdiction or by the policies of the clinical site; or
- our reputation may suffer.

There can be no assurance that adverse events associated with our product candidates will not be observed, in such settings where no prior adverse events have occurred. As is typical in clinical development, we have a program of ongoing toxicology studies in animals for our clinical-stage product candidates and cannot provide assurance that the findings from such studies or any ongoing or future clinical trials will not adversely affect our clinical development activities.

We may voluntarily suspend or terminate our clinical trials if at any time we believe that they present an unacceptable risk to participants or if preliminary data demonstrate that our product candidates are unlikely to receive regulatory approval or unlikely to be successfully commercialized. In addition, regulatory agencies, IRBs or data safety monitoring boards may at any time recommend the temporary or permanent discontinuation of our clinical trials or request that we cease using investigators in the clinical trials if they believe that the clinical trials are not being conducted in accordance with applicable regulatory requirements, or that they present an unacceptable safety risk to participants. If we elect or are forced to suspend or terminate a clinical trial for any of our product candidates, the commercial prospects for that product as well as our other product candidates may be harmed and our ability to generate product revenue from these product candidates may be delayed or eliminated. Furthermore, any of these events could prevent us or our collaborators from achieving or maintaining market acceptance of the affected product and could substantially increase the costs of commercializing our product candidates and impair our ability to generate revenue from the commercialization of these product candidates either by us or by our collaborators.

Several of our product candidates are being evaluated for the treatment of patients who are extremely ill, and patient deaths that occur in our clinical trials could negatively impact our business even if they are not shown to be related to our product candidates.

We are developing MPC-150-IM, which will focus on patients with heart failure with reduced ejection fraction associated with ischemic and/or diabetic etiology, and remestemcel-L, which will focus on SR-aGVHD. The patients who receive our product candidates are very ill due to their underlying diseases.

Generally, patients remain at high risk following their treatment with our product candidates and may more easily acquire infections or other common complications during the treatment period, which can be serious and life threatening. As a result, it is likely that we will observe severe adverse outcomes in patients during our Phase 3 and other trials for these product candidates, including patient death. If a significant number of study subject deaths were to occur, regardless of whether such deaths are attributable to our product candidates, our ability to obtain regulatory approval for the applicable product candidate may be adversely impacted and our business could be materially harmed. Should studies of a candidate product result in regulatory approval, any association with a significant number of study subject deaths could limit the commercial potential of an approved product candidate, or negatively impact the medical community's willingness to use our product with patients.

The requirements to obtain regulatory approval of the FDA and regulators in other jurisdictions can be costly, time-consuming, and unpredictable. If we or our collaborators are unable to obtain timely regulatory approval for our product candidates, our business may be substantially harmed.

The regulatory approval process is expensive and the time and resources required to obtain approval from the FDA or other regulatory authorities in other jurisdictions to sell any product candidate is uncertain and approval may take years.

Whether regulatory approval will be granted is unpredictable and depends upon numerous factors, including the discretion of the regulatory authorities. For example, governing legislation, approval policies, regulations, regulatory policies, or the type and amount of preclinical and clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. It is possible that none of our existing or future product candidates will ever obtain regulatory approval, even if we expend substantial time and resources seeking such approval.

Further, regulatory requirements governing cell therapy products in particular have changed and may continue to change in the future. For example, in December 2016, the 21st Century Cures Act ("Cures Act") was signed into law in the United States. This law is designed to advance medical innovation, and includes a number of provisions that may impact our product development programs. For example, the Cures Act establishes a new "regenerative medicine advanced therapy" designation ("RMAT"), and creates a pathway for increased interaction with FDA for the development of products which obtain designations. Although the FDA issued guidance documents in 2019, it remains unclear how and when the FDA will fully implement all deliverables under the Cures Act.

Any regulatory review committees and advisory groups and any contemplated new guidelines may lengthen the regulatory review process, require us to perform additional studies, increase our development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of our product candidates or lead to significant post-approval limitations or restrictions. As we advance our product candidates, we will be required to consult with these regulatory and advisory groups, and comply with applicable guidelines. If we fail to do so, we may be required to delay or discontinue development of our product candidates. Delay or failure to obtain, or unexpected costs in obtaining, the regulatory approval necessary to bring a product candidate to market could decrease our ability to generate sufficient revenue to maintain our business.

Our product candidates could fail to receive regulatory approval for many reasons, including the following:

- we may be unable to successfully complete our ongoing and future clinical trials of product candidates;
- we may be unable to demonstrate to the satisfaction of the FDA or other regulatory authorities that a product candidate is safe, pure, and potent for any or all of a product candidate's proposed indications;
- we may be unable to demonstrate that a product candidate's benefits outweigh the risk associated with the product candidate;
- the FDA or other regulatory authorities may disagree with the design or implementation of our clinical trials;
- the results of clinical trials may not meet the level of statistical significance required by the FDA or other regulatory authorities for approval;
- the FDA or other regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- a decision by the FDA, other regulatory authorities or us to suspend or terminate a clinical trial at any time;
- the data collected from clinical trials of our product candidates may be inconclusive or may not be sufficient to support the submission of a Biologics License Application ("BLA"), or other submission or to obtain regulatory approval in the United States or elsewhere;
- our third party manufacturers of supplies needed for manufacturing product candidates may fail to satisfy FDA or other regulatory requirements and may not pass inspections that may be required by FDA or other regulatory authorities;
- the failure to comply with applicable regulatory requirements following approval of any of our product candidates may result in the refusal by the FDA or similar foreign regulatory agency to approve a pending BLA or supplement to a BLA submitted by us for other indications or new product candidates; and
- the approval policies or regulations of the FDA or other regulatory authorities outside of the United States may significantly change in a manner rendering our clinical data insufficient for approval.

We or our collaborators may gain regulatory approval for any of our product candidates in some but not all of the territories available and any future approvals may be for some but not all of the target indications, limiting their commercial potential. Regulatory requirements and timing of product approvals vary from country to country and some jurisdictions may require additional testing beyond what is required to obtain FDA approval. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory

authority does not ensure approval by regulatory authorities in other countries or by the FDA. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval.

Our drug candidates may not benefit from an expedited approval path for cellular medicines designated as Regenerative Medicine Advanced Therapies (RMATs) under the 21st Century Cures Act.

In 2017, the FDA granted RMAT designation for our novel mesenchymal precursor cell ("MPC") therapy in the treatment of heart failure patients with left ventricular systolic dysfunction and left ventricular assist devices. The FDA granted RMAT designation for our novel MPC therapy in the treatment of chronic lower back pain due to degenerative disc disease. While the Cures Act offers several potential benefits to drugs designated as RMATs, including eligibility for increased agency support and advice during development, priority review on filing, a potential pathway for accelerated or full approval based on surrogate or intermediate endpoints, and the potential to use patient registry data and other sources of real world evidence for post approval confirmatory studies, there is no assurance that any of these potential benefits will either apply to any or all of our drug candidates or, if applicable, accelerate marketing approval. RMAT designation does not change the evidentiary standards of safety and effectiveness needed for marketing approval.

Furthermore, there is no certainty as to whether any of our product candidates that have not yet received RMAT designation under the Cures Act will receive such designation under the Cures Act. Designation as an RMAT is within the discretion of the FDA. Accordingly, even if we believe one of our products or product candidates meets the criteria for RMAT designation, the FDA may disagree. Additionally, for any product candidate that receives RMAT designation, we may not experience a faster development, review or approval process compared to conventional FDA procedures. The FDA may withdraw RMAT designation if it believes that the product no longer meets the qualifying criteria for designation.

Even if we obtain regulatory approval for our product candidates, our products will be subject to ongoing regulatory scrutiny.

Any of our product candidates that are approved in the United States or in other jurisdictions will continue to be subject to ongoing regulatory requirements relating to the quality, identity, strength, purity, safety, efficacy, testing, manufacturing, marketing, advertising, promotion, distribution, sale, storage, packaging, pricing, import or export, record-keeping and submission of safety and other post-market information for all approved product candidates. In the United States, this includes both federal and state requirements. In particular, as a condition of approval of a BLA, the FDA may require a REMS, to ensure that the benefits of the drug outweigh the potential risks. REMS can include medication guides, communication plans for healthcare professionals and elements to assure safe use (“ETASU”). ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. Moreover, regulatory approval may require substantial post-approval (Phase 4) testing and surveillance to monitor the drug’s safety or efficacy. Delays in the REMS approval process could result in delays in the BLA approval process. In addition, as part of the REMS, the FDA could require significant restrictions, such as restrictions on the prescription, distribution and patient use of the product, which could significantly impact our ability to effectively commercialize our product candidates, and dramatically reduce their market potential thereby adversely impacting our business, results of operations and financial condition. Post-approval study requirements could add additional burdens, and failure to timely complete such studies, or adverse findings from those studies, could adversely affect our ability to continue marketing the product.

Any failure to comply with ongoing regulatory requirements, as well as post-approval discovery of previously unknown problems, including adverse events of unanticipated severity or frequency, or with manufacturing operations or processes, may significantly and adversely affect our ability to generate revenue from our product candidates, and may result in, among other things:

- restrictions on the marketing or manufacturing of the product candidates, withdrawal of the product candidates from the market, or voluntary or mandatory product recalls;
- suspension or withdrawal of regulatory approval;
- costly regulatory inspections;
- fines, warning letters, or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by us or our collaborators, or suspension or revocation of BLAs;

- restrictions on our operations;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties by FDA or other regulatory bodies.

If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our business and our operating results will be adversely affected.

The FDA's policies, or that of the applicable regulatory bodies in other jurisdictions, may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we or our collaborators are not able to maintain regulatory compliance, are slow or unable to adopt new requirements or policies, or effect changes to existing requirements, we or our collaborators may no longer be able to lawfully market our product, and we may not achieve or sustain profitability, which would adversely affect our business.

Ethical and other concerns surrounding the use of embryonic stem cell-based therapy may negatively affect regulatory approval or public perception of our non-embryonic stem cell product candidates, which could reduce demand for our products or depress our share price.

The use of embryonic stem cells ("ESCs"), for research and therapy has been the subject of considerable public debate, with many people voicing ethical, legal and social concerns related to their collection and use. Our cells are not ESCs, which have been the predominant focus of this public debate and concern in the United States and elsewhere. However, the distinction between ESCs and non-ESCs, such as our mesenchymal lineage cells, may be misunderstood by the public. Negative public attitudes toward cell therapy and publicity and harm from cell therapy usage clinically by others could also result in greater governmental regulation of cell therapies, which could harm our business. The improper use of cells could give rise to ethical and social commentary adverse to us, which could harm the market demand for new products and depress the price of our ordinary shares and ADSs. Ongoing lack of understanding of the difference between ESCs and non-ESCs could negatively impact the public's perception of our company and product candidates and could negatively impact us.

Additional government-imposed restrictions on, or concerns regarding possible government regulation of, the use of cell therapies in research, development and commercialization could also cause an adverse effect on us by harming our ability to establish important partnerships or collaborations, delaying or preventing the development of certain product candidates, and causing a decrease in the price of our ordinary shares and ADSs, or by otherwise making it more difficult for us to raise additional capital. For example, concerns regarding such possible regulation could impact our ability to attract collaborators and investors. Also, existing and potential government regulation of cell therapies may lead researchers to leave the field of cell therapy research altogether in order to assure that their careers will not be impeded by restrictions on their work. This may make it difficult for us to find and retain qualified scientific personnel.

Orphan drug designation may not ensure that we will benefit from market exclusivity in a particular market, and if we fail to obtain or maintain orphan drug designation or other regulatory exclusivity for some of our product candidates, our competitive position would be harmed.

A product candidate that receives orphan drug designation can benefit from potential commercial benefits following approval. Under the Orphan Drug Act, the FDA may designate a product candidate as an orphan drug if it is intended to treat a rare disease or condition, defined as affecting (1) a patient population of fewer than 200,000 in the United States, (2) a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States, or (3) an "orphan subset" of a patient population greater than 200,000 in the United States. In the European Union ("EU"), the EMA's Committee for Orphan Medicinal Products grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than 10,000 persons in the EU. Currently, this designation provides market exclusivity in the United States and the EU for seven years and ten years, respectively, if a product is the first such product approved for such orphan indication. This market exclusivity does not, however, pertain to indications other than those for which the drug was specifically designated in the approval, nor does it prevent other types of drugs from receiving orphan designations or approvals in these same indications. Further, even after an orphan drug is approved, the FDA can subsequently approve a drug with similar chemical structure for the same condition if the FDA concludes that the new drug is clinically superior to the orphan product or a market shortage

occurs. In the EU, orphan exclusivity may be reduced to six years if the drug no longer satisfies the original designation criteria or can be lost altogether if the marketing authorization holder consents to a second orphan drug application or cannot supply enough drug, or when a second applicant demonstrates its drug is "clinically superior" to the original orphan drug.

Our remestemcel-L product candidate has received orphan drug designation for the treatment of aGVHD by the FDA and EMA, and our CHF product candidate, rexlemestrocel-L has received orphan drug designation from the FDA for both the prevention of post-implantation mucosal bleeding in end-stage CHF patients who require a left ventricular assist device ("LVAD") and children with hypoplastic left heart syndrome ("HLHS"). If we seek orphan drug designations for other product candidates in other indications, we may fail to receive such orphan drug designations and, even if we succeed, such orphan drug designations may fail to result in or maintain orphan drug exclusivity upon approval, which would harm our competitive position.

We may face competition from biosimilars due to changes in the regulatory environment.

In the United States, the Biologics Price Competition and Innovation Act of 2009 created an abbreviated approval pathway for biological products that are demonstrated to be "highly similar", or biosimilar, to or "interchangeable" with an FDA-approved innovator (original) biological product. This pathway could allow competitors to reference data from innovator biological products already approved after 12 years from the time of approval. For several years the annual budget requests of President Obama's administration included proposals to cut this 12-year period of exclusivity down to seven years. Those proposals were not adopted by Congress. Under President Biden's administration, it is unclear if a similar change will be pursued in the future. In Europe, the European Commission has granted marketing authorizations for several biosimilars pursuant to a set of general and product class-specific guidelines for biosimilar approvals issued over the past few years. In Europe, a competitor may reference data from biological products already approved, but will not be able to get on the market until ten years after the time of approval. This 10-year period will be extended to 11 years if, during the first eight of those 10 years, the marketing authorization holder obtains an approval for one or more new therapeutic indications that bring significant clinical benefits compared with existing therapies. In addition, companies may be developing biosimilars in other countries that could compete with our products. If competitors are able to obtain marketing approval for biosimilars referencing our products, our products may become subject to competition from such biosimilars causing the price for our products and our potential market share to suffer, resulting in lower product sales.

Our BLA submission for pediatric SR-aGVHD may not be approved and even if it is approved, we will continue to be closely regulated by FDA.

As a biological product, our allogeneic cellular medicine, remestemcel-L, for the treatment of children with SR-aGVHD, requires regulatory approval from the FDA before it may legally be distributed in U.S. commerce. In particular, remestemcel-L will require FDA approval of a BLA under Section 351 of the Public Health Service Act to be commercialized.

We have received Fast Track designation from the FDA for remestemcel-L in pediatrics with SR-aGVHD. Fast Track designation may provide for a more streamlined development or approval process but it does not change the standards for approval and may be rescinded by the FDA if the product no longer meets the qualifying criteria. A biologic product that receives Fast Track designation can be eligible for regulatory benefits, including rolling BLA review. Rolling review of a BLA enables individual modules of the application to be submitted to and reviewed by the FDA on an ongoing basis, rather than waiting for all sections of a BLA to be completed before submission. Note that there is no benefit of Fast Track in relation to the review time for the resubmitted BLA.

Remestemcel-L was accepted for Priority Review by the FDA with an action date of September 30, 2020, under the Prescription Drug User Fee Act ("PDUFA"). In August 2020, the Oncologic Drugs Advisory Committee ("ODAC") of the FDA voted in favor that available data from a single-arm Phase 3 trial and evidence from additional studies support the efficacy of remestemcel-L in pediatric patients with SR-aGVHD. Although the FDA considers the recommendation of the panel, the final decision regarding the approval of the product is made solely by the FDA, and the recommendations by the panel are non-binding. On September 30, 2020, the FDA issued a Complete Response Letter to our BLA for remestemcel-L for the treatment of pediatric SR-aGVHD. Despite the overwhelming ODAC vote, the FDA recommended that we conduct at least one additional randomized, controlled study in adults and/or children to provide further evidence of the effectiveness of remestemcel-L for SR-aGVHD.

On January 31, 2023, we resubmitted the BLA and, on August 1, 2023, the FDA issued a Complete Response Letter in relation to the resubmitted BLA requiring more data to support marketing approval, including potency assay or clinical data. The FDA acknowledged in the resubmission review that changes implemented appeared to improve assay performance relative to the original version of the assay used in the pediatric Phase 3 trial.

On July 8, 2024, we resubmitted the BLA for approval of Ryoncil® (remestemcel-L) in the treatment of children with SR-aGVHD and on July 22, 2024, the FDA accepted the BLA and provided a PDUFA goal date of January 7, 2025. The BLA resubmission was made after being informed by FDA at the end of March 2024 that, following additional consideration, the available clinical data from the Phase 3 study MSB-GVHD001 appears sufficient to support submission of the proposed BLA for remestemcel-L for treatment of pediatric patients with SR-aGVHD.

In line with our overall commercial strategy to progress to adult populations, we intend to conduct a targeted, controlled study in the highest-risk adults with the greatest mortality. In connection with its review of the BLA, the FDA conducted a pre-license inspection of the manufacturing process of remestemcel-L which did not result in the issuance of a Form 483 and there were no observed concerns.

The FDA reviews a BLA to determine, among other things, whether a product is safe, pure and potent and the facility in which it is manufactured, processed, packed, or held meets standards designed to assure the product's continued safety, purity and potency. During the course of review of our BLA, the FDA may request or require additional preclinical, clinical, chemistry and manufacturing, controls (or CMC), or other data and information. The development and provision of these data and information may be time consuming and expensive. Our failure to comply, or the failure of our contract manufacturers to satisfy, applicable FDA CMC requirements could result in a delay or failure to obtain approval of our BLA. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in our submission and may request additional testing or information. The testing and approval process requires substantial time, effort and financial resources, and may take several years to complete. In addition, the FDA or other regulatory agencies may find the data from our clinical studies insufficient to support marketing approval. For example, our Phase 3 study for remestemcel-L for the treatment of pediatric SR-aGVHD, which met the primary clinical endpoint with statistical significance, was conducted as a single-arm study due to the seriousness of the condition, the rapid clinical deterioration of affected patients, the mounting literature suggesting a meaningful treatment effect, and the position in the medical community that a randomized controlled trial was neither feasible nor ethical in this patient population. In addition, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of our products under development.

It is possible that we will have to participate in other Advisory Committee proceedings for other of our product candidates. FDA Advisory Committees are convened to conduct public hearings on matters of importance that come before the FDA, to review the issues involved, and to provide advice and recommendations to the FDA. New product candidates may be referred for review by Advisory Committees whether the FDA has identified issues or concerns in respect of such candidates or not. Advisory Committee input and recommendations may be used at the discretion of the FDA. Advisory Committee proceedings are in part conducted publicly. While the recommendations made by Advisory Committees in respect of marketing applications for any product are not dispositive, such determinations and recommendations are often influential, and may be made available publicly and to the advantage of our competitors. In addition, it is possible that safety findings and recommendations as well as other concerns and considerations raised by Advisory Committee members, who constitute a multi-disciplinary group of experts (including representatives and/or advocates from the consumer sector), may impact the FDA's review of our product candidate submissions or labeling unfavorably. Furthermore, commentary from Advisory Committee proceedings can figure into future product and other litigation.

Even if we receive regulatory approval for a product, such approval may entail limitations on the indicated uses for which such product may be marketed and/or require post-marketing testing and surveillance to monitor safety or efficacy of our product. The FDA may limit further marketing of our product based on the results of post-marketing studies, if compliance with pre- and post-marketing regulatory standards is not maintained, or if problems occur after our product reaches the marketplace such as later discovery of previously unknown problems or concerns with our product, including adverse events of unanticipated severity or frequency, or with our manufacturing processes.

Risks Related to Collaborators

We rely on third parties to conduct our nonclinical and clinical studies and perform other tasks for us. If these third parties do not successfully carry out their contractual duties, meet expected deadlines, or comply with regulatory

requirements, we may not be able to obtain regulatory approval for or commercialize our product candidates in a timely and cost-effective manner or at all, and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon third-party entities, including CROs, academic institutions, hospitals and other third-party collaborators, to monitor, support, conduct and/or oversee preclinical and clinical studies of our current and future product candidates. We rely on these parties for execution of our nonclinical and clinical studies, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory, and scientific standards and our reliance on the CROs does not relieve us of our regulatory responsibilities. If we or any of these third-parties fail to comply with the applicable protocol, legal, regulatory, and scientific standards, the clinical data generated in our clinical studies may be deemed unreliable and the FDA, EMA or comparable foreign regulatory authorities may require us to perform additional clinical studies before approving our marketing applications.

If any of our relationships with these third parties terminate, we may not be able to enter into arrangements with alternative parties or do so on commercially reasonable terms. In addition, these parties are not our employees, and except for remedies available to us under our agreements with such third parties, we cannot control whether or not they devote sufficient time and resources to our on-going nonclinical and clinical programs. If third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our protocols, regulatory requirements, or for other reasons, our clinical studies may be extended, delayed, or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. Third parties may also generate higher costs than anticipated. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase, and our ability to generate revenue could be delayed.

Switching or adding additional third parties involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new third party commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with these third parties, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition, and prospects.

Our existing product development and/or commercialization arrangements, and any that we may enter into in the future, may not be successful, which could adversely affect our ability to develop and commercialize our product candidates.

We are a party to, and continue to seek additional, collaboration arrangements with biopharmaceutical companies for the development and/or commercialization of our current and future product candidates. We may enter into new arrangements on a selective basis depending on the merits of retaining certain development and commercialization rights for ourselves as compared to entering into selective collaboration arrangements with leading pharmaceutical or biotechnology companies for each product candidate, both in the United States and internationally. To the extent that we decide to enter into collaboration agreements, we will face significant competition in seeking appropriate collaborators. Any failure to meet our clinical milestones with respect to an unpartnered product candidate would make finding a collaborator more difficult. Moreover, collaboration arrangements are complex, costly and time consuming to negotiate, document and implement, and we cannot guarantee that we can successfully maintain such relationships or that the terms of such arrangements will be favorable to us. If we fail to establish and implement collaboration or other alternative arrangements, the value of our business and operating results will be adversely affected.

We may not be successful in our efforts to establish, implement and maintain collaborations or other alternative arrangements if we choose to enter into such arrangements. The terms of any collaboration or other arrangements that we may establish may not be favorable to us. The management of collaborations may take significant time and resources that distract our management from other matters.

Our ability to successfully collaborate with any existing or future collaborators may be impaired by multiple factors including:

- a collaborator may shift its priorities and resources away from our programs due to a change in business strategies, or a merger, acquisition, sale or downsizing of its company or business unit;
- a collaborator may cease development in therapeutic areas which are the subject of our strategic alliances;

- a collaborator may change the success criteria for a particular program or product candidate thereby delaying or ceasing development of such program or candidate;
- a significant delay in initiation of certain development activities by a collaborator will also delay payments tied to such activities, thereby impacting our ability to fund our own activities;
- a collaborator could develop a product that competes, either directly or indirectly, with our current or future products, if any;
- a collaborator with commercialization obligations may not commit sufficient financial or human resources to the marketing, distribution or sale of a product;
- a collaborator with manufacturing responsibilities may encounter regulatory, resource or quality issues and be unable to meet demand requirements;
- a collaborator may exercise its rights under the agreement to terminate our collaboration;
- a dispute may arise between us and a collaborator concerning the research or development of a product candidate or commercialization of a product resulting in a delay in milestones, royalty payments or termination of a program and possibly resulting in costly litigation or arbitration which may divert management attention and resources;
- the results of our clinical trials may not match our collaborators' expectations, even if statistically significant;
- a collaborator may not adequately protect or enforce the intellectual property rights associated with a product or product candidate; and
- a collaborator may use our proprietary information or intellectual property in such a way as to invite litigation from a third party.

Any such activities by our current or future collaborators could adversely affect us financially and could harm our business reputation.

Risks Related to Our Manufacturing and Supply Chain

We have no experience manufacturing our product candidates at a commercial scale. We may not be able to manufacture our product candidates in quantities sufficient for development and commercialization if our product candidates are approved, or for any future commercial demand for our product candidates.

We have manufactured clinical and commercial quantities of our mesenchymal lineage cell product candidates in manufacturing facilities owned by Lonza Walkersville, Inc. and Lonza Bioscience Singapore Pte. Ltd. (collectively referred to as "Lonza"). In 2023, FDA conducted a pre-license inspection of the manufacturing process of remestemcel-L which did not result in the issuance of a Form 483 and there were no observed concerns. On approval, the process will be subject to continued surveillance inspections, typically on a 3 year cycle, to ensure ongoing compliance with Good Manufacturing Practices.

The production of any biopharmaceutical, particularly cell-based therapies, involves complex processes and protocols. We cannot provide assurance that such production efforts will enable us to manufacture our product candidates in the quantities and with the quality needed and in a timely manner for clinical trials, regulatory approval(s), and/or any resulting commercialization.

If we are unable to do so, our clinical trials and commercialization efforts, if any, may not proceed in a timely fashion and our business will be adversely affected. If any of our product candidates are approved for commercialization and marketing, we may be required to manufacture the product in large quantities to meet demand. Producing product in commercial quantities requires developing and adhering to complex manufacturing processes that are different from the manufacture of a product in smaller quantities for clinical trials, including adherence to additional and more demanding regulatory standards. Although we believe that we have developed processes and protocols that will enable us to consistently manufacture commercial-scale quantities of product, we cannot provide assurance that such processes and protocols will enable us to manufacture our product candidates in quantities that may be required for commercialization of the product with yields and at costs that will be commercially attractive. If we are unable to establish or maintain commercial manufacture of the product or are unable to do so at costs that we currently anticipate, our business will be adversely affected.

We are focusing on the introduction of novel manufacturing approaches with the potential to result in efficiency and yield improvements to our current process. Certain of these novel approaches include modifying the media used in cell production. Another approach includes the development of 3-dimensional ("3D") bioreactor-based production for mesenchymal lineage cells. There is no guarantee that we will successfully complete either of these processes or meet all applicable regulatory requirements. This may be due to multiple factors, including the failure to produce sufficient quantities and the inability to produce cells that are equivalent in physical and therapeutic properties as compared to the products produced using our current manufacturing processes. In the event our transition to these improved manufacturing processes is unsuccessful, we may not be able to produce certain of our products in a cost-efficient manner and our business may be adversely affected.

Global events may adversely impact the manufacturing and commercialization of remestemcel-L, and other product candidates.

On October 17, 2019, we announced that we had entered into a manufacturing service agreement with Lonza Bioscience Singapore Pte. Ltd. for the supply of commercial product for the potential approval and launch of remestemcel-L. We currently also manufacture our other product candidates with Lonza Singapore.

Due to the after-effects of the COVID-19 pandemic, and recent geopolitical instability, countries in which we have operations, including Singapore, have experienced some challenges in the ability of our suppliers and contractors to source, supply or acquire raw materials or components needed for our manufacturing process and supply chain. As a result, the manufacturing and commercialization of remestemcel-L and other product candidates could be adversely affected if those impacts and impacts from other disruptive events such as significant climate and geopolitical events are experienced, with potential for increased costs.

We rely on contract manufacturers to supply and manufacture our product candidates. Our business could be harmed if Lonza fails to provide us with sufficient quantities of these product candidates or fails to do so at acceptable quality levels or prices.

We do not currently have, nor do we plan to acquire, the infrastructure or capability internally to manufacture our mesenchymal lineage cell product candidates for use in the conduct of our clinical trials, and we currently lack the internal resources and the capability to manufacture any of our product candidates on a clinical or commercial scale. As a result, we currently depend on Lonza to manufacture our mesenchymal lineage cell product candidates. Relying on Lonza to manufacture our mesenchymal lineage cell product candidates entails risks, and Lonza may:

- cease or reduce production or deliveries, raise prices or renegotiate terms;
- be unable to meet any product specifications and quality requirements consistently;
- delay or be unable to procure or expand sufficient manufacturing capacity, which may harm our reputation or frustrate our customers;
- not have the capacity sufficient to support the scale-up of manufacturing for our product candidates;
- have manufacturing and product quality issues related to scale-up of manufacturing;
- experience costs and validation of new equipment facilities requirement for scale-up that it will pass on to us;
- fail to comply with cGMP and similar international standards;
- lose its manufacturing facility in Singapore, stored inventory or laboratory facilities through fire or other causes, or other loss of materials necessary to manufacture our product candidates;
- experience disruptions to its operations by conditions unrelated to our business or operations, including the bankruptcy or interruptions of its suppliers;
- experience carrier disruptions or increased costs that it will pass on to us;
- fail to secure adequate supplies of essential ingredients in our manufacturing process;
- experience failure of third parties involved in the transportation, storage or distribution of our products, including the failure to deliver supplies it uses for the manufacture of our product candidates under specified storage conditions and in a timely manner;
- terminate agreements with us; and
- appropriate or misuse our trade secrets and other proprietary information.

Any of these events could lead to delays in the development of our product candidates, including delays in our clinical trials, or failure to obtain regulatory approval for our product candidates, or it could impact our ability to successfully commercialize our current product candidates or any future products. Some of these events could be the basis for FDA or other regulatory action, including injunction, recall, seizure or total or partial suspension of production.

In addition, the lead time needed to establish a relationship with a new manufacturer can be lengthy and expensive, and we may experience delays in meeting demand in the event we must switch to a new manufacturer. We are expanding our manufacturing collaborations in order to meet future demand and to provide back-up manufacturing options, which also involves risk and requires significant time and resources. Our future collaborators may need to expand their facilities or alter the facilities to meet future demand and changes in regulations. These activities may lead to delays, interruptions to supply, or may prove to be more costly than anticipated. Any problems in our manufacturing process could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to manufacture or commercialize our product candidates in a profitable manner.

We intend to implement a business model under which we control the manufacture and supply of our product candidates, including but not exclusively, through our product suppliers, including Lonza. We and the suppliers of our product candidates, including Lonza, have no experience manufacturing our product candidates at commercial scale. Accordingly, there can be no assurance as to whether we and our suppliers will be able to scale-up the manufacturing processes and implement technological improvements in a manner that will allow the manufacture of our product candidates in a cost effective manner. Our or our collaborators' inability to sell our product candidates at a price that exceeds our cost of manufacture by an amount that is profitable for us will have a material adverse result on the results of our operations and our financial condition.

Collaborators' ability to identify, test and verify new donor tissue in order to create new master cell banks involves many risks.

The initial stage of manufacturing involves obtaining mesenchymal lineage cell-containing bone marrow from donors, for which we currently rely on our suppliers. Mesenchymal lineage cells are isolated from each donor's bone marrow and expanded to create a master cell bank. Each individual master cell bank comes from a single donor. A single master cell bank can source many production runs, which in turn can produce up to thousands of doses of a given product, depending on the dose level. The process of identifying new donor tissue, testing and verifying its validity in order to create new master cell banks and validating such cell bank with the FDA and other regulatory agencies is time consuming, costly and prone to the many risks involved with creating living cell products. There could be consistency or quality control issues with any new master cell bank. Although we believe we and our collaborators have the necessary know-how and processes to enable us to create master cell banks with consistent quality and within the timeframe necessary to meet projected demand and we have begun doing so, we cannot be certain that we or our collaborators will be able to successfully do so, and any failure or delays in creating new master cell banks may have a material adverse impact on our business, results of operations, financial conditions and growth prospects and could result in our inability to continue operations.

We and our collaborators depend on a limited number of suppliers for our product candidates' materials, equipment or supplies and components required to manufacture our product candidates. The loss of these suppliers, or their failure to provide quality supplies on a timely basis, could cause delays in our current and future capacity and adversely affect our business.

We and our collaborators depend on a limited number of suppliers for the materials, equipment and components required to manufacture our product candidates, as well as various "devices" or "carriers" for some of our programs (e.g., the catheter for use with MPC-150-IM, and the hyaluronic acid used for chronic lower back pain). The main consumable used in our manufacturing process is our media, which currently is sourced from fetal bovine serum ("FBS"). This material comes from limited sources, and as a result is expensive. Consequently, we or our collaborators may not be able to obtain sufficient quantities of our product candidates or other critical materials equipment and components in the future, at affordable prices or at all. A delay or interruption by our suppliers may also harm our business, and operating results. In addition, the lead time needed to establish a relationship with a new supplier can be lengthy, and we or our collaborators may experience delays in meeting demand in the event we must switch to a new supplier. The time and effort to qualify for and, in some cases, obtain regulatory approval for a new supplier could result in additional costs, diversion of resources or

reduced manufacturing yields, any of which would negatively impact our operating results. Our and our collaborators' dependence on single-source suppliers exposes us to numerous risks, including the following:

- our or our collaborators' suppliers may cease or reduce production or deliveries, raise prices or renegotiate terms;
- our or our collaborators' suppliers may not be able to source materials, equipment or supplies and components required to manufacture our product candidates as a result of the after-effects of the COVID-19 pandemic or geopolitical and/or economic instability adversely or the impact of climate events affecting the supply chain;
- we or our collaborators may be unable to locate suitable replacement suppliers on acceptable terms or on a timely basis, or at all; and
- delays caused by supply issues may harm our reputation, frustrate our customers and cause them to turn to our competitors for future needs.

We and our collaborators and Lonza are subject to significant regulation with respect to manufacturing our product candidates. The Lonza manufacturing facilities on which we rely may not continue to meet regulatory requirements or may not be able to meet supply demands.

All entities involved in the preparation of therapeutics for clinical studies or commercial sale, including our existing manufacturers, including Lonza, are subject to extensive regulation. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical studies must be manufactured in accordance with current international Good Manufacturing Practice and other international regulatory requirements. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Poor control of production processes can lead to the introduction of contaminants or to inadvertent changes in the properties or stability of our product candidates. We, our collaborators, or suppliers must supply all necessary documentation in support of a BLA on a timely basis and must adhere to current Good Laboratory Practice and current Good Manufacturing Practice regulations enforced by the FDA and other regulatory agencies through their facilities inspection program. Lonza and other suppliers have never produced a commercially approved cellular therapeutic product and therefore have not yet obtained the requisite regulatory authority approvals to do so.

Before we can begin commercial manufacture of our products for sale in the United States, we must obtain FDA regulatory approval for the product, in addition to the approval of the processes and quality systems associated with the manufacturing of such product, which requires a successful FDA inspection of the facility handling the manufacturing of our product, including Lonza's manufacturing facilities. The novel nature of our product candidates creates significant challenges in regards to manufacturing. For example, the U.S. federal and state governments and other jurisdictions impose restrictions on the acquisition and use of tissue, including those incorporated in federal Good Tissue Practice regulations. We may not be able to identify or develop sources for the cells necessary for our product candidates that comply with these laws and regulations.

In addition, the regulatory authorities may, at any time before or after product approval, audit or inspect a manufacturing facility involved with the preparation of our product candidates or raw materials or the associated quality systems for compliance with the regulations applicable to the activities being conducted. In 2023, FDA conducted a pre-license inspection of the manufacturing process of remestemcel-L which did not result in the issuance of a Form 483 and there were no observed concerns. Although we oversee each contract manufacturer involved in the production of our product candidates, we cannot control the manufacturing process of, and are dependent on, the contract manufacturer for compliance with the regulatory requirements. If the contract manufacturer is unable to comply with manufacturing regulations, we may be subject to fines, unanticipated compliance expenses, recall or seizure of any approved products, total or partial suspension of production and/or enforcement actions, including injunctions, and criminal or civil prosecution. These possible sanctions would adversely affect our business, results of operations and financial condition. If the manufacturer fails to maintain regulatory compliance, the FDA or other applicable regulatory authority can impose regulatory sanctions including, among other things, refusal to approve a pending application for a new drug product or biologic product, withdrawal of an approval, or suspension of production. As a result, our business, financial condition, and results of operations may be materially harmed.

We will rely on third parties to perform many necessary services for the commercialization of our product candidates, including services related to the distribution, storage and transportation of our products.

We will rely upon third parties for certain storage, distribution and other logistical services. In accordance with certain laws, regulations and specifications, our product candidates must be stored and transported at extremely low temperatures within a certain range. If these environmental conditions deviate, our product candidates' remaining shelf-lives could be impaired or their efficacy and safety could become adversely affected, making them no longer suitable for use. If any of the third parties that we intend to rely upon in our storage, distribution and other logistical services process fail to comply with applicable laws and regulations, fail to meet expected deadlines, or otherwise do not carry out their contractual duties to us, or encounter physical damage or natural disaster at their facilities, our ability to deliver product to meet commercial demand may be significantly impaired. In addition, as our cellular therapies will constitute a new form of product, experience in commercial distribution of such therapies in the United States is extremely limited, and as such is subject to execution risk. While we intend to work closely with our selected distribution logistics providers to define appropriate parameters for their activities to ensure product remains intact throughout the process, there is no assurance that such logistics providers will be able to maintain all requirements and handle and distribute our products in a manner that does not significantly impair them, which may impact our ability to satisfy commercial demand. Likewise, the after-effects from the COVID-19 pandemic, geopolitical and economic instability, and climate events may adversely impact access to raw materials and distribution, storage and transportation of our products, and the cost of those activities.

Product recalls or inventory losses caused by unforeseen events may adversely affect our operating results and financial condition.

Our product candidates are manufactured, stored and distributed using technically complex processes requiring specialized facilities, highly specific raw materials and other production constraints. The complexity of these processes, as well as strict company and government standards for the manufacture, storage and distribution of our product candidates, subjects us to risks. For example, during the manufacturing process we have from time to time experienced several different types of issues that have led to a rejection of various batches. Historically, the most common reasons for batch rejections include major process deviations during the production of a specific batch and failure of manufactured product to meet one or more specifications. While product candidate batches released for the use in clinical trials or for commercialization undergo sample testing, some latent defects may only be identified following product release. In addition, process deviations or unanticipated effects of approved process changes may result in these product candidates not complying with stability requirements or specifications. The occurrence or suspected occurrence of production and distribution difficulties can lead to lost inventories, and in some cases product recalls, with consequential reputational damage and the risk of product liability. The investigation and remediation of any identified problems can cause production delays, substantial expense, lost sales and delays of new product launches. In the event our production efforts require a recall or result in an inventory loss, our operating results and financial condition may be adversely affected.

Risks Related to Commercialization of Our Product Candidates

Our future commercial success depends upon attaining significant market acceptance of our product candidates, if approved, among physicians, patients and healthcare payors.

Even when product development is successful and regulatory approval has been obtained, our ability to generate significant revenue depends on the acceptance of our products by physicians, payors and patients. Many potential market participants have limited knowledge of, or experience with, cell therapy-based products, so gaining market acceptance and overcoming any safety or efficacy concerns may be more challenging than for more traditional therapies. Our efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources and may never be successful. Such efforts to educate the marketplace may require more or different resources than are required by the conventional therapies marketed by our competitors. We cannot assure you that our products will achieve the expected market acceptance and revenue if and when they obtain the requisite regulatory approvals. Alternatively, even if we obtain regulatory approval, that approval may be for indications or patient populations that are not as broad as intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. The market acceptance of each of our product candidates will depend on a number of factors, including:

- the efficacy and safety of the product candidate, as demonstrated in clinical trials;
- the clinical indications for which the product is approved, and the label approved by regulatory authorities for use with the product, including any warnings or contraindications that may be required on the label;
- acceptance by physicians, patients, and with pediatric indications by parents/caregivers of the product as a safe and effective treatment;

- the cost, safety and efficacy of treatment in relation to alternative treatments;
- the continued projected growth of markets for our various indications;
- relative convenience and ease of administration;
- the prevalence and severity of adverse side effects;
- the effectiveness of our, and our collaborators' sales and marketing efforts; and
- sufficient third-party insurance and other payor (e.g., governmental) coverage and reimbursement.

Market acceptance is critical to our ability to generate significant revenue. Any product candidate, if approved and commercialized, may be accepted in only limited capacities or not at all. If any approved products are not accepted by the market to the extent that we expect, we may not be able to generate significant revenue and our business would suffer.

If, in the future, we are unable to establish our own commercial capabilities across sales, marketing and distribution, or enter into licensing or collaboration agreements for these purposes, we may not be successful in independently commercializing any future products.

We have limited sales, marketing or distribution infrastructure and experience. Commercializing our product candidates, if such product candidates obtain regulatory approval, would require significant sales, distribution and marketing capabilities. Where and when appropriate, we may elect to utilize contract sales forces or distribution collaborators to assist in the commercialization of our product candidates. If we enter into arrangements with third parties to perform sales, marketing and distribution/price reporting services for our product candidates, the resulting revenue or the profitability from this revenue to us may be lower than if we had sold, marketed and distributed that product ourselves. In addition, we may not be successful in entering into arrangements with third parties to sell, market and distribute any future products or may be unable to do so on terms that are favorable to us. We may have little control over such third parties, and any of these third parties may fail to devote the necessary resources and attention to sell, market and distribute our current or any future products effectively.

To the extent we are unable to engage third parties to assist us with these functions, we will have to invest significant amounts of financial and management resources, some of which will need to be committed prior to any confirmation that any of our proprietary product candidates will be approved. For any future products for which we decide to perform sales, marketing and distribution functions ourselves, we could face a number of additional risks, including:

- our inability to recruit and retain adequate numbers of effective sales and marketing personnel or to develop alternative sales channels;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future products;
- the inability of account teams to obtain formulary acceptance for our products, allowing for reimbursement and hence patient access;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with multiple products; and
- unforeseen costs and expenses associated with creating and maintaining an independent sales and marketing organization.

We face substantial competition, which may result in others discovering, developing or commercializing products before, or more successfully, than we do.

The biopharmaceutical industry is highly competitive and subject to rapid change. The industry continues to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of our potential competitors have significantly greater development, financial, manufacturing, marketing, technical and human resources than we do. Large pharmaceutical companies, in particular, have extensive experience in conducting clinical trials, obtaining regulatory approvals, manufacturing pharmaceutical and biologic products and commercializing such therapies. Recent and potential future merger and acquisition activity in the biotechnology and pharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Established pharmaceutical companies may also invest heavily to accelerate discovery and development of novel compounds that could make our product candidates obsolete. As a result of all of these factors, our competitors may succeed in obtaining patent protection

and/or FDA approval or discovering, developing and commercializing our product candidates or competitors to our product candidates before we do. Specialized, smaller or early-stage companies may also prove to be significant competitors, particularly those with a focus and expertise in cell therapies. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful. If we are not able to compete effectively against potential competitors, our business will not grow and our financial condition and results of operations will suffer.

Our marketed products may be used by physicians for indications that are not approved by the FDA. If the FDA finds that we marketed our products in a manner that promoted off-label use, we may be subject to civil or criminal penalties.

Under the Federal Food, Drug and Cosmetic Act ("FDCA"), and other laws and regulations, if any of our product candidates are approved by the FDA, we would be prohibited from promoting our products for off-label uses. This means, for example, that we would not be able to make claims about the use of our marketed products outside of their approved indications, and we would not be able to proactively discuss or provide information on off-label uses of such products, with very specific and limited exceptions. The FDA does not, however, prohibit physicians from prescribing products for off-label uses in the practice of medicine. Should the FDA determine that our activities constituted the promotion of off-label use, the FDA could issue a warning or untitled letter or, through the Department of Justice, bring an action for seizure or injunction, and could seek to impose fines and penalties on us and our executives. In addition, failure to follow FDA rules and guidelines relating to promotion and advertising can result in, among other things, the FDA's refusal to approve a product, the suspension or withdrawal of an approved product from the market, product recalls, fines, disgorgement of money, operating restrictions, injunctions or criminal prosecutions, and also may figure into civil litigation against us.

Healthcare legislative reform measures may have a material adverse effect on our business and results of operations.

In the United States, there have been and continue to be a number of legislative initiatives to contain healthcare costs. For example, in 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the Affordable Care Act, was passed. The Affordable Care Act is a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and the health insurance industry, impose new taxes and fees on the healthcare industry and impose additional health policy reforms. In addition, on August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022, which, among other things, includes policies that are designed to have a direct impact on drug prices and reduce drug spending by the federal government. There have been a number of judicial challenges to certain aspects of each law. We can provide no assurance that laws such as the Affordable Care Act or the Inflation Reduction Act, as currently enacted or as amended in the future, will not adversely affect our business and financial results, and we cannot predict how future federal or state legislative or administrative changes relating to healthcare reform will affect our business.

Currently, the outcome of potential reforms and changes to government negotiation/regulation to healthcare costs are unknown. If changes in policy limit reimbursements that we are able to receive through federal programs, it could negatively impact reimbursement levels from those payors and private payors, and our business, revenues or profitability could be adversely affected.

If we or our collaborators fail to obtain and sustain an adequate level of reimbursement for our products by third-party payors, sales and profitability would be adversely affected.

Our and our collaborators' ability to commercialize any products successfully will depend, in part, on the extent to which coverage and reimbursement for our products and related treatments will be available from government healthcare programs, private health insurers, managed care plans, and other organizations. Additionally, even if there is a commercially viable market, if the level of third-party reimbursement is below our expectations, our revenue and profitability could be materially and adversely affected.

Third-party payors, such as government programs, including Medicare or Medicaid in the United States, or private healthcare insurers, carefully review and increasingly question the coverage of, and challenge the prices charged for medical products and services, and many third-party payors limit or delay coverage of or reimbursement for newly approved healthcare products. Reimbursement rates from private health insurance companies vary depending on the company, the insurance plan and other factors, including the third-party payor's determination that use of a product is:

- a covered benefit under its health plan;

- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

A current trend in the U.S. healthcare industry as well as in other countries around the world is toward cost containment. Large public and private payors, managed care organizations, group purchasing organizations and similar organizations are exerting increasing influence on decisions regarding the use of, and reimbursement levels for, particular treatments. In particular, third-party payors may limit the covered indications. Cost-control initiatives could decrease the price we might establish for any product, which could result in product revenue and profitability being lower than anticipated.

There may be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or other regulatory authorities. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution expenses. Interim reimbursement levels for new drugs, if applicable, may also be insufficient to cover our and any collaborator's costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments and treatment codes for other services. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products that we develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

Furthermore, reimbursement systems in international markets vary significantly by country and by region, and reimbursement approvals must be obtained on a country-by-country basis. Our existing or future collaborators, if any, may elect to reduce the price of our products in order to increase the likelihood of obtaining reimbursement approvals which could adversely affect our revenues and profits. In many countries, including for example in Japan, products cannot be commercially launched until reimbursement is approved. Further, the post-approval price negotiation process in some countries can exceed 12 months. In addition, pricing and reimbursement decisions in certain countries can be affected by decisions taken in other countries, which can lead to mandatory price reductions and/or additional reimbursement restrictions across a number of other countries, which may thereby adversely affect our sales and profitability. In the event that countries impose prices which are not sufficient to allow us or our collaborators to generate a profit, our collaborators may refuse to launch the product in such countries or withdraw the product from the market, which would adversely affect sales and profitability.

Due to the novel nature of our cell therapy and the potential for our product candidates to offer therapeutic benefit in a single administration, we face uncertainty related to pricing and reimbursement for these product candidates.

Our target patient populations for some of our product candidates may be relatively small, and as a result, the pricing and reimbursement of our product candidates, if approved, must be adequate to support commercial infrastructure. If we are unable to obtain adequate levels of reimbursement, our ability to successfully market and sell our product candidates will be adversely affected. Due to the novel nature of our cell therapy technology, the manner and level at which reimbursement is provided for services related to our product candidates (e.g., for administration of our product to patients) is uncertain. Inadequate reimbursement for such services may lead to physician resistance and adversely affect our ability to market or sell our products. Further, if the results of our clinical trials and related cost benefit analyses do not clearly demonstrate the efficacy or overall value of our product candidates in a manner that is meaningful to prescribers and payors, our pricing and reimbursement may be adversely affected.

Price controls may be imposed in foreign markets, which may adversely affect our future profitability.

In some countries, particularly EU member states, Japan, Australia and Canada, the pricing of prescription drugs is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after receipt of marketing approval for a product. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various EU member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. In some countries,

we or our collaborators may be required to conduct a clinical trial or other studies that compare the cost-effectiveness of our product candidates to other available therapies in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business, revenues or profitability could be adversely affected.

If the market opportunities for our product candidates are smaller than we believe they are, our revenues may be adversely affected and our business may suffer. Because the target patient populations of certain of our product candidates are small, we must be able to successfully identify physicians with access to appropriate patients and achieve a significant market share to maintain profitability and growth.

Our projections of the number of people with diseases targeted by our product candidates are based on estimates. These estimates may prove to be incorrect and new studies may change the estimated incidence or prevalence of these diseases. In addition, physicians who we believe have access to patients in need of our products may in fact not often treat the diseases targeted by our product candidates, and may not be amenable to use of our product. Further, the number of patients in the United States, Europe and elsewhere may turn out to be lower than expected, may not be otherwise amenable to treatment with our products, or new patients may become increasingly difficult to identify or gain access to, all of which would adversely affect our results of operations and our business.

We are exposed to risks related to our licensees and our international operations, and failure to manage these risks may adversely affect our operating results and financial condition.

We and our subsidiaries operate out of Australia, the United States, Singapore, the United Kingdom and Switzerland. We have licensees, with rights to commercialize products based on our MSC technology, including JCR in Japan. Our primary manufacturing collaborator, Lonza, serves us primarily out of their facilities in Singapore, and through contractual relationships with third parties, has access to storage facilities in the U.S., Europe, Australia and Singapore. As a result, a significant portion of our operations are conducted by and/or rely on entities outside the markets in which certain of our trials take place, our suppliers are sourced, our product candidates are developed, and, if any such product candidates obtain regulatory approval, our products may be sold. Accordingly, we import a substantial number of products and/or materials into such markets. We may be denied access to our customers, suppliers or other collaborators or denied the ability to ship products from any of these sites as a result of a closing of the borders of the countries in which we operate, or in which these operations are located, due to economic, legislative, political, health or military conditions in such countries. If any of our product candidates are approved for commercialization, we may enter into agreements with third parties to market them on a worldwide basis or in more limited geographical regions. We expect that we will be subject to additional risks related to entering into international business relationships, including:

- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- logistics and regulations associated with shipping cell samples and other perishable items, including infrastructure conditions and transportation delays;
- potential import and export issues and other trade barriers and restrictions with the U.S. Customs and Border Protection and similar bodies in other jurisdictions;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- reduced protection for intellectual property rights in some countries and practical difficulties of enforcing intellectual property and contract rights abroad;
- changes in diplomatic and trade relationships, including new tariffs, trade protection measures, import or export licensing requirements, trade embargoes and other trade barriers;
- tariffs imposed by the U.S. on goods from other countries, including the recently implemented tariffs and additional tariff that have been proposed by the U.S. government on various imports from China and the EU and by the governments of these jurisdictions on certain U.S. goods, and any other possible tariffs that may be imposed on products such as ours, the scope and duration of which, if implemented, remains uncertain;

- deterioration of political relations, for example between Russia and other nations, and between the U.K. and members of the EU, which could have a material adverse effect on our supply chains, and sales and operations in these countries;
- changes in social, political and economic conditions or in laws, regulations and policies governing foreign trade, manufacturing, development and investment both domestically as well as in the other countries and jurisdictions into which we sell our products;
- fluctuations in currency exchange rates and the related effect on our results of operations;
- increased financial accounting and reporting burdens and complexities;
- potential increases on tariffs or restrictions on trade generally;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geopolitical actions, including war (such as Russia's invasion of Ukraine) and terrorism, or climate related events and natural disasters including earthquakes, typhoons, floods and fires.

Use of animal-derived materials could harm our product development and commercialization efforts.

Some of the manufacturing materials and/or components that we use in, and which are critical to, implementation of our technology involve the use of animal-derived products, including FBS. Suppliers or regulatory changes may limit or restrict the availability of such materials for clinical and commercial use. While FBS is commonly used in the production of various marketed biopharmaceuticals, the suppliers of FBS that meet our strict quality standards are limited in number and region. As such, to the extent that any such suppliers or regions face an interruption in supply (for example, if there is a new occurrence of so-called "mad cow disease"), it may lead to a restricted supply of the serum currently required for our product manufacturing processes. Any restrictions on these materials would impose a potential competitive disadvantage for our products or prevent our ability to manufacture our cell products. The FDA has issued regulations for controls over bovine material in animal feed. These regulations do not appear to affect our ability to purchase the manufacturing materials we currently use. However, the FDA may propose new regulations that could affect our operations. Our inability to develop or obtain alternative compounds would harm our product development and commercialization efforts. There are certain limitations in the supply of certain animal-derived materials, which may lead to delays in our ability to complete clinical trials or eventually to meet the anticipated market demand for our cell products.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

We face an inherent risk of product liability as a result of the human clinical use of our product candidates and will face an even greater risk if we commercialize any products. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during product design, testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, and a breach of warranties. Claims could also be asserted under state consumer protection and other acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even a successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our products, even if such products are approved;
- injury to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigations;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals, or labeling, marketing or promotional restrictions;
- increased cost of liability insurance;

- loss of revenue;
- the inability to commercialize our product candidates; and
- a decline in our ordinary share price.

Failure to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop. Additionally, our insurance policies have various exclusions, and we may be subject to a product liability claim for which we have no coverage or reduced coverage. Any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts.

Risks Related to Our Intellectual Property

We may not be able to protect our proprietary technology in the marketplace.

Our success will depend, in part, on our ability to obtain patents, protect our trade secrets and operate without infringing on the proprietary rights of others. We rely upon a combination of patents, trade secret protection, and confidentiality agreements to protect the intellectual property of our product candidates. Patents might not be issued or granted with respect to our patent applications that are currently pending, and issued or granted patents might later be found to be invalid or unenforceable, be interpreted in a manner that does not adequately protect our current product or any future products, or fail to otherwise provide us with any competitive advantage. As such, we do not know the degree of future protection that we will have on our proprietary products and technology, if any, and a failure to obtain adequate intellectual property protection with respect to our product candidates and proprietary technology could have a material adverse impact on our business.

Filing, prosecuting and defending patents throughout the world would be prohibitively expensive, so our policy is to patent technology in jurisdictions with significant or otherwise relevant commercial opportunities or activities. However, patent protection may not be available for some of the products or technology we are developing. If we must spend significant time and money protecting or enforcing our patents, designing around patents held by others or licensing, potentially for large fees, patents or other proprietary rights held by others, our business, results of operations and financial condition may be harmed.

The patent positions of biopharmaceutical products are complex and uncertain.

The scope and extent of patent protection for our product candidates are particularly uncertain. To date, our principal product candidates have been based on specific subpopulations of known and naturally occurring adult stem cells. We anticipate that the products we develop in the future will continue to include or be based on the same or other naturally occurring stem cells or derivatives or products thereof. Although we have sought and expect to continue to seek patent protection for our product candidates, their methods of use and methods of manufacture, any or all of them may not be subject to effective patent protection. Publication of information related to our product candidates by us or others may prevent us from obtaining or enforcing patents relating to these products and product candidates. Furthermore, others may independently develop similar products, may duplicate our products, or may design around our patent rights. In addition, any of our issued patents may be declared invalid. If we fail to adequately protect our intellectual property, we may face competition from companies who attempt to create a generic product to compete with our product candidates. We may also face competition from companies who develop a substantially similar product to our other product candidates that may not be covered by any of our patents.

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the U.S. can be less extensive than those in the U.S. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the U.S. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the U.S., or from selling or importing products made using our inventions in and into the U.S. or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the U.S. These products may compete with our current or future products, if any, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

We may be unable to adequately prevent disclosure of trade secrets and other proprietary information.

We maintain certain of our proprietary know-how and technological advances as trade secrets, especially where we do not believe patent protection is appropriate or obtainable, including, but not exclusively, with respect to certain aspects of the manufacturing of our products. However, trade secrets are difficult to protect. We take a number of measures to protect our trade secrets including, limiting disclosure, physical security and confidentiality and non-disclosure agreements. We enter into confidentiality agreements with our employees, consultants, outside scientific collaborators, contract manufacturing partners, sponsored researchers and other advisors and third parties to protect our trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover our trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. Failure to obtain or maintain trade secret protection, or failure to adequately protect our intellectual property could enable competitors to develop generic products or use our proprietary information to develop other products that compete with our products or cause additional, material adverse effects upon our business, results of operations and financial condition.

We may be forced to litigate to enforce or defend our intellectual property rights, and/or the intellectual property rights of our licensors.

We may be forced to litigate to enforce or defend our intellectual property rights against infringement by competitors, and to protect our trade secrets against unauthorized use. In so doing, we may place our intellectual property at risk of being invalidated, unenforceable, or limited or narrowed in scope and may no longer be used to prevent the manufacture and sale of competitive product. Further, an adverse result in any litigation or other proceedings before government agencies such as the United States Patent and Trademark Office (“USPTO”), may place pending applications at risk of non-issuance. Further, interference proceedings, derivation proceedings, entitlement proceedings, ex parte reexamination, inter partes reexamination, inter partes review, post-grant review, and opposition proceedings provoked by third parties or brought by the USPTO or any foreign patent authority may be used to challenge inventorship, ownership, claim scope, or validity of our patent applications. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential and proprietary information could be compromised by disclosure during this type of litigation.

Intellectual property disputes could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and/or management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our ADSs and ordinary shares. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of litigation proceedings more effectively than we can because of their greater financial resources and personnel. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to conduct our clinical trials, continue our internal research programs, in-license needed technology or enter into strategic collaborations that would help us bring our product candidates to market. As a result, uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

U.S. patent reform legislation and court decisions could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued U.S. patents.

Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. Under the current patent laws, a third party that files a patent application in the USPTO before us for a particular invention could therefore be awarded a patent covering such invention even if we had made that invention before it was made by such third party. This requires us to be cognizant of the time from invention to filing of a patent application.

The current US legislation allows third party submissions of prior art to the USPTO during patent prosecution and additional procedures for attacking the validity of a patent through USPTO administered post-grant proceedings, including post-grant review, *inter partes* review, and derivation proceedings. Because a lower evidentiary standard applies in USPTO proceedings compared to the evidentiary standards applied in United States federal courts in actions seeking to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if challenged in a district court action. Accordingly, a third party may attempt to use available USPTO procedures to invalidate our patent claims that would not otherwise have been invalidated if first challenged by the third party in a district court action. These post-grant review (PGR) proceedings, which are similar to European "opposition" proceedings and provide third-party petitioners with the ability to challenge the validity of a patent on more expansive grounds than those permitted in other USTPO proceedings, allow for validity to be examined by the USPTO based not only on prior art patents and publications, but also on prior invalidating public use and sales, the presence of non-statutory subject matter in the patent claims and inadequate written description or lack of enablement. Discovery for PGR proceedings is accordingly likely to be expansive given that the issues addressed in PGR are more comprehensive than those addressed in other USPTO proceedings.

As compared to intellectual property-reliant companies generally, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. These rulings have created uncertainty with respect to the validity and enforceability of patents, even once obtained. Depending on future actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

If third parties claim that intellectual property used by us infringes upon their intellectual property, commercialization of our product candidates and our operating profits could be adversely affected.

There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biopharmaceutical industry. We may, from time to time, be notified of claims that we are infringing upon patents, trademarks, copyrights, or other intellectual property rights owned by third parties, and we cannot provide assurances that other companies will not, in the future, pursue such infringement claims against us or any third-party proprietary technologies we have licensed. Any such claims could also be expensive and time consuming to defend and divert management's attention and resources, and could delay or prevent us from commercializing our product candidates. Our competitive position could suffer as a result. Although we have reviewed certain third-party patents and patent filings that we believe may be relevant to our product candidates, we have not conducted a freedom-to-operate search or analysis for our product candidates, and we may not be aware of patents or pending or future patent applications that, if issued, would block us from commercializing our product candidates. Thus, we cannot guarantee that our product candidates, or our commercialization thereof, do not and will not infringe any third party's intellectual property.

If we do not obtain patent term extension in the United States under the Hatch-Waxman Act and in foreign countries under similar legislation, thereby potentially extending the term of our marketing exclusivity of our product candidates, our business may be materially harmed.

Depending on the timing, duration and specifics of FDA marketing approval of our product candidates, if any, one of the U.S. patents covering each of such approved product(s) or the use thereof may be eligible for up to five years of patent term restoration under the Hatch-Waxman Act. The Hatch-Waxman Act allows a maximum of one patent to be extended per FDA approved product. Patent term extension also may be available in certain foreign countries upon regulatory approval of our product candidates, including by the EMA in the EU or the PMDA in Japan. Nevertheless, we may not be granted patent term extension either in the United States or in any foreign country because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the term of extension, as well as the scope of patent protection during any such

extension, afforded by the governmental authority could be less than we request. In addition, if a patent we wish to extend is owned by another party and licensed to us, we may need to obtain approval and cooperation from our licensor to request the extension.

If we are unable to obtain patent term extension or restoration, or the term of any such extension is less than we request, the period before we might face generic or follow-on competition could be shortened and we may not be able to stop our competitors from launching competing products following our patent expiration, and our revenue could be reduced, possibly materially.

Risks Related to Our Business and Industry

If we fail to attract and keep senior management and key scientific, commercial, regulatory affairs and other personnel, we may be unable to successfully develop our product candidates, conduct our clinical trials and commercialize our product candidates.

We are highly dependent on members of our executive management, particularly Dr. Silviu Itescu, our Chief Executive Officer. Dr. Itescu was an early pioneer in the study and clinical development of cell therapeutics and is globally recognized in the field of regenerative medicine. The loss of the services of Dr. Itescu or any other member of the executive management team could impede the achievement of our research, development and commercialization objectives.

Recruiting and retaining qualified scientific, clinical, manufacturing, regulatory affairs, sales and marketing personnel will also be critical to our success. We may not be able to attract and retain these personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions.

Our employees, principal investigators, consultants and collaboration partners may engage in misconduct or other improper activities, including noncompliance with laws and regulatory standards and requirements and insider trading.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with FDA regulations, to provide accurate information to the FDA, to comply with manufacturing standards we have established, to comply with federal and state healthcare fraud and abuse laws and regulations, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements (including arrangements with healthcare providers, opinion leaders, research institutions, distributors and payors) in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations restrict or prohibit a wide range of activity relating to pricing, discounting, marketing and promotion, sales commissions, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation, or, given we are a listed company in Australia and the United States, breach of insider trading or other securities laws and regulations. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

We may acquire other companies or assets which could divert our management's attention, result in additional dilution to our shareholders and otherwise disrupt our operations and harm our operating results.

We have in the past and may in the future seek to acquire businesses, products or technologies that we believe could complement or expand our product offerings, enhance our technical capabilities or otherwise offer growth opportunities. For example, we acquired MSC assets in 2013. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated. If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- incurrence of acquisition-related costs;

- diversion of management's attention from other business concerns;
- unanticipated costs or liabilities associated with the acquisition;
- harm to our existing business relationships with collaborators as a result of the acquisition;
- harm to our brand and reputation;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results arising from the impairment assessment process. Acquisitions may also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our business, results of operations and financial condition may be adversely affected.

We and our collaborators must comply with environmental laws and regulations, and failure to comply with these laws and regulations could expose us to significant liabilities.

We and our collaborators are subject to various federal, state and local environmental laws, rules and regulations, including those relating to the discharge of materials into the air, water and ground, the manufacture, storage, handling, use, transportation and disposal of hazardous and biological materials, and the health and safety of employees with respect to laboratory activities required for the development of products and technologies. In the event of contamination or injury, or failure to comply with environmental, occupational health and safety and export control laws and regulations, it could cause an interruption of our commercialization efforts, research and development efforts, or business operations, and we could be held liable for any resulting damages and any such liability could exceed our assets and resources.

We work with outside scientists and their institutions in developing product candidates. These scientists may have other commitments or conflicts of interest, which could limit our access to their expertise and harm our ability to leverage our discovery platform.

We work with scientific advisors and collaborators at academic research institutions in connection with our product development. These scientific advisors serve as our link to the specific pools of trial participants we are targeting in that these advisors may:

- identify individuals as potential candidates for study;
- obtain their consent to participate in our research;
- perform medical examinations and gather medical histories;
- conduct the initial analysis of suitability of the individuals to participate in our research based on the foregoing; and
- collect data and biological samples from trial participants periodically in accordance with our study protocols.

These scientists and collaborators are not our employees, rather they serve as either independent contractors or the primary investigators under research collaboration agreements that we have with their sponsoring academic or research institution. Such scientists and collaborators may have other commitments that would limit their availability to us. Although our scientific advisors generally agree not to do competing work, if an actual or potential conflict of interest between their work for us and their work for another entity arises, we may lose their services. It is also possible that some of our valuable proprietary knowledge may become publicly known through these scientific advisors if they breach their confidentiality agreements with us, which would cause competitive harm to our business.

If our ability to use cumulative carry forward net operating losses is or becomes subject to certain limitations or if certain tax incentive credits from which we may benefit expire or no longer apply to us, our business, results of operations and financial condition may be adversely affected.

We are an Australian company subject to taxation in Australia and other jurisdictions. As of June 30, 2024, our cumulative operating losses have a total potential tax benefit of $214.7 million at local tax rates (excluding other temporary differences). These losses may be available for use once we are in a tax profitable position. These losses were incurred in

different jurisdictions and can only be offset against profits earned in the relevant jurisdictions. Tax losses are able to be carried forward at their nominal amount indefinitely in Australia and in Singapore, and for up to 20 years in the U.S. as long as certain conditions are met; however, new tax reform legislation in the United States allows for indefinite carryforward of any net operating loss arising in a tax year ending after December 31, 2018, subject to certain conditions. In order to use these tax losses, it is necessary to satisfy certain tests and, as a result, we cannot assure you that the tax losses will be available to offset profits if and when we earn them. Utilization of our net operating loss and research and development credit carryforwards in the U.S. may be subject to substantial annual limitation due to ownership change limitations that could occur in the future generally provided by Section 382 of the Internal Revenue Code of 1986, as amended. In addition, U.S. tax reform introduced a limitation on the amount of net operating losses arising in taxable years beginning after December 31, 2017, that a corporation may deduct in a single tax year equal to the lesser of the available net operating loss carryover or 80 percent of a taxpayer's pre-net operating loss deduction taxable income. With respect to carryforward net operating losses in the U.S. that are subject to the 20-year carry-forward limit, our carry forward net operating losses first start to expire in 2032.

In addition, we may be eligible for certain research and development tax incentive refundable credits in Australia that may increase our available cash flow. The Australian federal government's Research and Development Tax Incentive grant is available for eligible research and development purposes based on the filing of an annual application. The Australian government may in the future decide to modify the requirements of, reduce the amounts of the research and development tax incentive credits available under, or discontinue its research and development tax incentive program. For instance, the Australian government undertook a review of its Research and Development Tax Incentive program in the May 2020 Federal budget and in October 2020 introduced new legislation for the tax offset applicable to eligible companies for income tax years commencing from July 1, 2021. One of the legislation changes made was to allow a tax offset for companies with an aggregated turnover of A$20.0 million or more. For companies with an aggregated turnover of A$20.0 million or more, the rate of tax offset is the company's corporate tax rate plus a rate between 8.5% and 16.5% depending on the proportion of research and development expenditures in relation to total expenditures. For companies with an aggregated turnover below A$20.0 million, the rate of the refundable research and development tax offset was set as at 18.5% above the company's tax rate. If the Research and Development Tax program incentives are revoked or modified, or if we are no longer eligible for such incentives due to other circumstances, our business, results of operations and financial condition may be adversely affected.

We assess, on an annual basis, the quantum of previous research and development tax claims and on-going eligibility to claim this tax incentive in Australia. For the years ended June 30, 2024 and 2023, we recognized $0.9 million and $3.5 million in research and development tax incentive income, respectively. During the year ended June 30, 2023, management concluded its assessment of qualifying activities and recognized the relevant income for the years ended June 30, 2023, 2022 and 2021. No income was recognized in the years ended June 30, 2022 and 2021 as management were yet to confirm if our research and development activities were eligible under the incentive scheme and therefore had not applied for a tax offset. There can be no assurances that we will benefit from these incentives in the future if our activities are not eligible under the incentive scheme or that the tax incentive credit programs will not be revoked or modified in any way in the future.

Taxing authorities could reallocate our taxable income within our subsidiaries, which could increase our consolidated tax liability.

We conduct operations in multiple tax jurisdictions and the tax laws of those jurisdictions generally require that the transfer pricing between affiliated companies in different jurisdictions be the same as those between unrelated companies dealing at arms' length, and that such prices are supported by contemporaneous documentation. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, our transfer pricing procedures are not binding on applicable tax authorities. If tax authorities in any of these countries were to successfully challenge our transfer pricing as not reflecting arms' length transactions, they could require us to adjust our transfer pricing and thereby reallocate our income to reflect these revised transfer pricing, which could result in a higher tax liability to us, and possibly interest and penalties, and could adversely affect our business, results of operations and financial condition.

The pharmaceutical industry is highly regulated and pharmaceutical companies are subject to various federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act.

Healthcare fraud and abuse regulations are complex and can be subject to varying interpretations as to whether or not a statute has been violated. The laws that may affect our ability to operate include:

- the federal Anti-Kickback Statute which prohibits, among other things, the knowing and willful payment of remuneration to induce or reward patient referrals, prescribing or recommendation of products, or the generation of business involving any item or service which may be payable by the federal health care programs (e.g., drugs, supplies, or health care services for Medicare or Medicaid patients);
- the federal False Claims Act which prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment for government funds (e.g., payment from Medicare or Medicaid) or knowingly making, using, or causing to be made or used a false record or statement, material to a false or fraudulent claim for government funds;
- the federal *Health Insurance Portability and Accountability Act of 1996* ("HIPAA"), as amended by the *Health Information Technology for Economic and Clinical Health Act*, and its implementing regulations, imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information. Among other things, HIPAA imposes civil and criminal liability for the wrongful access or disclosure of protected health information;
- the federal *Physician Payments Sunshine Act*, created under Section 6002 of the *Patient Protection and Affordable Care Act* ("ACA"), as amended, requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report information related to certain payments or other transfers of value made or distributed to physicians and teaching hospitals, or to entities or individuals at the request of, or designated on behalf of, those physicians and teaching hospitals and to report annually certain ownership and investment interests held by physicians and their immediate family members;
- the FDCA, which, among other things, regulates the testing, development, approval, manufacture, promotion and distribution of drugs, devices and biologics. The FDCA prohibits manufacturers from selling or distributing "adulterated" or "misbranded" products. A drug product may be deemed misbranded if, among other things, (i) the product labeling is false or misleading, fails to contain requisite information or does not bear adequate directions for use; (ii) the product is manufactured at an unregistered facility; or (iii) the product lacks the requisite FDA clearance or approval;
- the U.S. *Foreign Corrupt Practices Act* ("FCPA"), which prohibits corrupt payments, gifts or transfers of value to non-U.S. officials; and
- non-U.S. and U.S. state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers.

Any failure to comply with these laws, or the regulations adopted thereunder, could result in administrative, civil, and/or criminal penalties, and could result in a material adverse effect on our reputation, business, results of operations and financial condition.

The federal fraud and abuse laws have been interpreted to apply to arrangements between pharmaceutical manufacturers and a variety of health care professionals and healthcare organizations. Although the federal Anti-Kickback Statute has several statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, all elements of the potentially applicable exemption or safe harbor must be met in order for the arrangement to be protected, and prosecutors have interpreted the federal healthcare fraud statutes to attack a wide range of conduct by pharmaceutical companies. In addition, most states have statutes or regulations similar to the federal anti-kickback and federal false claims laws, which apply to items and services covered by Medicaid and other state programs, or, in several states, apply regardless of the payor. Administrative, civil and criminal sanctions may be imposed under these federal and state laws.

Further, the ACA, among other things, amended the intent standard under the Anti-Kickback Statute such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the ACA makes clear that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim under the federal False Claims Act. Any

violations of these laws, or any action against us for violation of these laws, even if we successfully defend against it, could result in a material adverse effect on our reputation, business, results of operations and financial condition.

A failure to adequately protect private health information could result in severe harm to our reputation and subject us to significant liabilities, each of which could have a material adverse effect on our business.

Throughout the clinical trial process, we may obtain the private health information of our trial subjects. There are a number of state, federal and international laws protecting the privacy and security of health information and personal data. As part of the *American Recovery and Reinvestment Act 2009* ("ARRA"), Congress amended the privacy and security provisions of HIPAA. HIPAA imposes limitations on the use and disclosure of an individual's healthcare information by healthcare providers conducting certain electronic transactions, healthcare clearinghouses, and health insurance plans, collectively referred to as covered entities. The HIPAA amendments also impose compliance obligations and corresponding penalties for non-compliance on certain individuals and entities that provide services to or perform certain functions on behalf of healthcare providers and other covered entities involving the use or disclosure of individually identifiable health information, collectively referred to as business associates. ARRA also made significant increases in the penalties for improper use or disclosure of an individual's health information under HIPAA and extended enforcement authority to state attorneys general. The amendments also create notification requirements to federal regulators, and in some cases local and national media, for individuals whose health information has been inappropriately accessed or disclosed. Notification is not required under HIPAA if the health information that is improperly used or disclosed is deemed secured in accordance with certain encryption or other standards developed by the U.S. Department of Health and Human Services, or HHS. Most states have laws requiring notification of affected individuals and state regulators in the event of a breach of personal information, which is a broader class of information than the health information protected by HIPAA. Many state laws impose significant data security requirements, such as encryption or mandatory contractual terms to ensure ongoing protection of personal information. Activities outside of the U.S. implicate local and national data protection standards, impose additional compliance requirements and generate additional risks of enforcement for non-compliance. The EU's General Data Protection Regulation, Canada's *Personal Information Protection and Electronic Documents Act* and other data protection, privacy and similar national, state/provincial and local laws and regulations may also restrict the access, use and disclosure of patient health information abroad. We may be required to expend significant capital and other resources to ensure ongoing compliance with applicable privacy and data security laws, to protect against security breaches and hackers or to alleviate problems caused by such breaches, and the failure to so comply may lead to fines or penalties.

Our operations are subject to anti-corruption laws, including Australian bribery laws, the United Kingdom Bribery Act, and the FCPA and other anti-corruption laws that apply in countries where we do business.

Anti-corruption laws generally prohibit us and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. Although we believe that we have adequate policies and enforcement mechanisms to ensure legal and regulatory compliance with the FCPA, the U.K. *Bribery Act* 2010 and other similar regulations, we participate in collaborations and relationships with third parties, and it is possible that any of our employees, subcontractors, agents or partners may violate any such legal and regulatory requirements, which may expose us to criminal or civil enforcement actions, including penalties and suspension or disqualification from U.S. federal procurement contracting. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws or other laws including trade related laws. If we are not in compliance with these laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of these laws by respective government bodies could also have an adverse impact on our reputation, our business, results of operations and financial condition.

We may lose our foreign private issuer status, which would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur additional legal, accounting and other expenses.

In order to maintain our current status as a foreign private issuer, either (1) a majority of our ordinary shares must be either directly or indirectly owned of record by non-residents of the United States or (2) (a) a majority of our executive officers or directors must not be U.S. citizens or residents, (b) more than 50 percent of our assets cannot be located in the

U.S. and (c) our business must be administered principally outside the U.S. If we lost this status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC rules and Nasdaq listing standards. Further, we would be required to comply with U.S. GAAP, as opposed to IFRS, in the preparation and issuance of our financial statements for historical and current periods. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be higher than the cost we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs.

If we fail to maintain proper internal controls, our ability to produce accurate financial statements or comply with applicable regulations could be impaired.

Section 404(a) of the *Sarbanes-Oxley Act of 2002* (the "Sarbanes-Oxley Act") requires that our management assess and report annually on the effectiveness of our internal controls over financial reporting and identify any material weaknesses in our internal controls over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

If either we are unable to conclude that we have effective internal controls over financial reporting or our independent auditors are unwilling or unable to provide us with an unqualified report on the effectiveness of our internal controls over financial reporting as required by Section 404(b) of the Sarbanes-Oxley Act, investors may lose confidence in our operating results, the price of the ADSs could decline and we may be subject to litigation or regulatory enforcement actions. In addition, if we are unable to meet the requirements of Section 404 of the Sarbanes-Oxley Act, we may not be able to remain listed on Nasdaq Global Select Market ("Nasdaq").

We have incurred and will continue to incur significant increased costs as a result of operating as a company whose ADSs are publicly traded in the United States, and our management will continue to be required to devote substantial time to compliance initiatives.

As a company whose ADSs are publicly traded in the United States, we have incurred and will continue to incur significant legal, accounting, insurance and other expenses. The Sarbanes-Oxley Act, Dodd-Frank Wall Street Reform and Consumer Protection Act and related rules implemented by the SEC and Nasdaq, have imposed various requirements on public companies including requiring establishment and maintenance of effective disclosure and financial controls. Our management and other personnel will need to continue to devote a substantial amount of time to these compliance initiatives, and we will need to add additional personnel and build our internal compliance infrastructure. Moreover, these rules and regulations have increased and will continue to increase our legal and financial compliance costs and will make some activities more time-consuming and costly. These laws and regulations could also make it more difficult and expensive for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our senior management. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of the ADSs, fines, sanctions and other regulatory action and potentially regulatory investigations and enforcement and/or civil litigation.

We have never declared or paid dividends on our ordinary shares, and we do not anticipate paying dividends in the foreseeable future. Therefore, you must rely on price-appreciation of our ordinary shares or ADSs for a return on your investment.

We have never declared or paid cash dividends on our ordinary shares. For the foreseeable future, we currently intend to retain all available funds and any future earnings to support our operations and to finance the growth and development of our business. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to compliance with applicable laws and covenants under the loan facilities with Oaktree and NovaQuest or other current or future credit facilities, which may restrict or limit our ability to pay dividends, and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant. We do not anticipate paying any cash dividends on our ordinary shares in the foreseeable future. As a result, a return on your investment in our ordinary shares or ADSs will likely only occur if our ordinary share or ADS price appreciates. There is no guarantee that our ordinary shares or ADSs will appreciate in value in the future.

Australian takeover laws may discourage takeover offers being made for us or may discourage the acquisition of a significant position in our ordinary shares or ADSs.

We are incorporated in Australia and are subject to the takeover laws of Australia. Among other things, we are subject to the Australian *Corporations Act 2001* (the "Corporations Act"). Subject to a range of exceptions, the Corporations Act prohibits the acquisition of a direct or indirect interest in our issued voting shares if the acquisition of that interest will lead to a person's voting power in us increasing to more than 20%, or increasing from a starting point that is above 20% and below 90%. Australian takeover laws may discourage takeover offers being made for us or may discourage the acquisition of a significant position in our ordinary shares. This may have the ancillary effect of entrenching our board of directors and may deprive or limit our shareholders' opportunity to sell their ordinary shares or ADSs and may further restrict the ability of our shareholders to obtain a premium from such transactions.

Significant disruptions of information technology systems, data security breaches or unauthorized disclosure of sensitive data could adversely affect our business by exposing us to liability and affect our business and reputation.

The Company is increasingly dependent on critical, complex, and interdependent information technology systems (IT systems), including cloud-based software and external servers, some of which are managed or hosted by third parties, to support business processes as well as internal and external communications. The information and data processed and stored in our IT systems, and those of our research collaborators, CROs, contract manufacturers, suppliers, distributors, or other third parties for which we depend to operate our business, may be vulnerable to cybersecurity breaches from unauthorized activity by our employees, contractors or malware, hacking, business email compromise, phishing or other cyberattacks directed by other parties. Such breaches can result in loss, damage, denial-of-service, unauthorized access or misappropriation and may pose a risk that sensitive data, including our intellectual property, trade secrets or personal information of our employees, patients, customers or other business partners may be exposed to unauthorized persons or to the public. In addition, our increased reliance on personnel working from home may negatively impact productivity, or disrupt, delay, or otherwise adversely impact our business. The increase in working remotely could increase our cybersecurity risk, create data accessibility concerns, and make us more susceptible to communication disruptions, any of which could adversely impact our business operations or delay necessary interactions with local and federal regulators, manufacturing sites, clinical trial sites, and other third parties.

The rapidly moving nature of technology and the increasing sophistication of cybersecurity threats, may mean our measures to prevent, respond to and minimize such risks may be ineffective. If a material incident or interruption were to occur, it could result in a disruption of our development programs and future commercial operations, including due to a loss, corruption or unauthorized disclosure of our proprietary or sensitive information. Additionally, the costs to the company to investigate and mitigate cybersecurity incidents could be significant. Any disruption, security breach, or action by the company, its employees, or contractors that might be inconsistent with the rapidly evolving data privacy and security laws and regulations applicable within Australia and the United States and elsewhere where we conduct business, could result in; enforcement actions by both countries state and federal governments or foreign governments, liability or sanctions under data privacy laws including healthcare laws such as the Privacy Act or HIPAA that protect certain types of sensitive information, regulatory penalties, other legal proceedings such as but not limited to private litigation, the incurrence of significant remediation costs, disruptions to our development programs, business operations and collaborations, diversion of management efforts and damage to our reputation which could harm our business and operations.

Risks Related to Our Trading Markets

The market price and trading volume of our ordinary shares and ADSs may be volatile and may be affected by economic conditions beyond our control. Such volatility may lead to securities litigation.

The market price of our ordinary shares and ADSs may be highly volatile and subject to wide fluctuations. In addition, the trading volume of our ordinary shares and ADSs may fluctuate and cause significant price variations to occur. We cannot assure you that the market price of our ordinary shares and ADSs will not fluctuate or significantly decline in the future.

Some specific factors that could negatively affect the price of our ordinary shares and ADSs or result in fluctuations in their price and trading volume include:

- results of clinical trials of our product candidates;
- results of clinical trials of our competitors' products;

- regulatory actions with respect to our products or our competitors' products;
- actual or anticipated fluctuations in our quarterly operating results or those of our competitors;
- publication of research reports by securities analysts about us or our competitors in the industry;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- fluctuations of exchange rates between the U.S. dollar and the Australian dollar;
- additions to or departures of our key management personnel;
- issuances by us of debt or equity securities;
- litigation or investigations involving our company, including: shareholder litigation; investigations or audits by regulators into the operations of our company; or proceedings initiated by our competitors or clients;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the passage of legislation or other regulatory developments affecting us or our industry;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- changes in trading volume of ADSs on the Nasdaq and of our ordinary shares on the ASX;
- sales or perceived potential sales of the ADSs or ordinary shares by us, our directors, senior management or our shareholders in the future;
- short selling or other market manipulation activities;
- announcement or expectation of additional financing efforts;
- terrorist acts, acts of war or periods of widespread civil unrest (such as Russia's invasion of Ukraine);
- natural disasters, the impact of climate change and other calamities;
- changes in market conditions for biopharmaceutical companies; and
- conditions in the U.S. or Australian financial markets or changes in general economic conditions.

In the past, following periods of volatility in the market price of a company's securities, shareholders often instituted securities class action litigation against that company. If we were involved in a class action suit, it could divert the attention of senior management, require significant expenditure for defense costs, and, if adversely determined, could have a material adverse effect on our results of operations and financial condition.

A class action proceeding in the Federal Court of Australia was served on the Company in May 2022 by the law firm William Roberts Lawyers on behalf of persons who, between February 22, 2018, and December 17, 2020, acquired an interest in Mesoblast shares, American Depository Receipts, and/or related equity swap arrangements. In June 2022, the firm Phi Finney McDonald commenced a second shareholder class action against the Company in the Federal Court of Australia asserting similar claims arising during the same period. The Australian class actions relate to the Complete Response Letter released by the FDA in relation to our GvHD product candidate; they also relate to certain representations made by the Company in relation to our COVID-19 product candidate and the decline in the market price of our ordinary shares in December 2020. The Australian class actions have been consolidated into one lawsuit. On August 21, 2024, the Company announced that the class action had been resolved subject to Federal Court approval. The settlement (inclusive of interest and costs) will be funded entirely by Mesoblast's insurers and includes no admission of liability. The settlement will have no impact on Mesoblast's cashflow or financial results.

The dual listing of our ordinary shares and the ADSs may adversely affect the liquidity and value of these securities.

Our ADSs are listed on the Nasdaq and our ordinary shares are listed on the ASX. We cannot predict the effect of this dual listing on the value of our ordinary shares and ADSs. However, the dual listing of our ordinary shares and ADSs may dilute the liquidity of these securities in one or both markets and may adversely affect the development of an active trading market for the ADSs in the United States. The price of the ADSs could also be adversely affected by trading in our ordinary shares on the ASX, and vice versa.

If securities or industry analysts do not publish research reports about our business, or if they issue an adverse opinion about our business, the market price and trading volume of our ordinary shares and/or ADSs could decline.

The trading market for our ordinary shares and ADSs could be influenced by the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts may discontinue research on our company, to the extent such coverage currently exists, or in other cases, may never publish research on our company. If too few securities or industry analysts commence coverage of our company, the trading price for our ordinary shares and ADSs would likely be negatively impacted. If one or more of the analysts who cover us downgrade our ordinary shares or ADSs or publish inaccurate or unfavorable research about our business, the market price of our ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our ordinary shares and/or ADSs could decrease, which might cause our price and trading volume to decline.

Risks Related to Ownership of Our ADSs

An active trading market for the ADSs may not develop in the United States.

Our ADSs are listed in the United States on the Nasdaq under the symbol "MESO." However, we cannot assure you that an active public market in the United States for the ADSs will develop on that exchange, or if developed, that this market will be sustained.

We currently report our financial results under IFRS, which differs in certain significant respect from U.S. GAAP.

Currently we report our financial statements under IFRS. There have been and there may in the future be certain significant differences between IFRS and U.S. GAAP, including differences related to revenue recognition, intangible assets, share-based compensation expense, income tax and earnings per share. As a result, our financial information and reported earnings for historical or future periods could be significantly different if they were prepared in accordance with U.S. GAAP. In addition, we do not intend to provide a reconciliation between IFRS and U.S. GAAP unless it is required under applicable law. As a result, you may not be able to meaningfully compare our financial statements under IFRS with those companies that prepare financial statements under U.S. GAAP.

As a foreign private issuer, we are permitted and expect to follow certain home country corporate governance practices in lieu of certain Nasdaq requirements applicable to domestic issuers and we are permitted to file less information with the Securities and Exchange Commission than a company that is not a foreign private issuer. This may afford less protection to holders of our ADSs.

As a "foreign private issuer", as defined in Rule 405 under the *Securities Exchange Act of 1933*, as amended (the "Securities Act"), whose ADSs will be listed on the Nasdaq, we will be permitted to, and plan to, follow certain home country corporate governance practices in lieu of certain Nasdaq requirements. For example, we may follow home country practice with regard to certain corporate governance requirements, such as the composition of the board of directors and quorum requirements applicable to shareholders' meetings. This difference may result in a board that is more difficult to remove and less shareholder approvals required generally. In addition, we may follow home country practice instead of the Nasdaq Global Select Market requirement to hold executive sessions and to obtain shareholder approval prior to the issuance of securities in connection with certain acquisitions or private placements of securities. The above differences may result in less shareholder oversight and requisite approvals for certain acquisition or financing related decisions. Further, we may follow home country practice instead of the Nasdaq Global Select Market requirement to obtain shareholder approval prior to the establishment or amendment of certain share option, purchase or other compensation plans. This difference may result in less shareholder oversight and requisite approvals for certain company compensation related decisions. A foreign private issuer must disclose in its annual reports filed with the Securities and Exchange Commission, or SEC, and the Nasdaq Global Select Market, the requirements with which it does not comply followed by a description of its applicable home country practice. The Australian home country practices described above may afford less protection to holders of the ADSs than that provided under the Nasdaq Global Select Market rules.

Further, as a foreign private issuer, we are exempt from certain rules under the "Exchange Act", that impose disclosure requirements as well as procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as a company that files as a domestic issuer whose securities are registered under the Exchange Act, nor are we generally required to comply with the SEC's Regulation FD, which restricts the selective disclosure of material non-public information. Accordingly, the information may not be disseminated in as

timely a manner, or there may be less information publicly available concerning us generally than there is for a company that files as a domestic issuer.

ADS holders may be subject to additional risks related to holding ADSs rather than ordinary shares.

ADS holders do not hold ordinary shares directly and, as such, are subject to, among others, the following additional risks.

- As an ADS holder (and not the holder of ordinary shares underlying your ADSs), we will not treat you as one of our shareholders and you will not be able to exercise shareholder rights, except through the American depositary receipt, or ADR, depositary as permitted by the deposit agreement.
- Distributions on the ordinary shares represented by your ADSs will be paid to the ADR depositary, and before the ADR depositary makes a distribution to you on behalf of your ADSs, any withholding taxes that must be paid will be deducted. Additionally, if the exchange rate fluctuates during a time when the ADR depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.
- We and the ADR depositary may amend or terminate the deposit agreement without the ADS holders' consent in a manner that could prejudice ADS holders.

ADS holders must act through the ADR depositary to exercise your voting rights and, as a result, you may be unable to exercise your voting rights on a timely basis.

As a holder of ADSs (and not the ordinary shares underlying your ADSs), we will not treat you as one of our shareholders, and you will not be able to exercise shareholder rights. The ADR depositary will be the holder of the ordinary shares underlying your ADSs, and ADS holders will be able to exercise voting rights with respect to the ordinary shares represented by the ADSs only in accordance with the deposit agreement relating to the ADSs. There are practical limitations on the ability of ADS holders to exercise their voting rights due to the additional procedural steps involved in communicating with these holders. For example, holders of our ordinary shares will receive notice of shareholders' meetings by mail or email and will be able to exercise their voting rights by either attending the shareholders meeting in person or voting by proxy. ADS holders, by comparison, will not receive notice directly from us. Instead, in accordance with the deposit agreement, we will provide notice to the ADR depositary of any such shareholders meeting and details concerning the matters to be voted upon. As soon as practicable after receiving notice from us of any such meeting, the ADR depositary will mail to holders of ADSs the notice of the meeting and a statement as to the manner in which voting instructions may be given by ADS holders. To exercise their voting rights, ADS holders must then instruct the ADR depositary as to voting the ordinary shares represented by their ADSs. Due to these procedural steps involving the ADR depositary, the process for exercising voting rights may take longer for ADS holders than for holders of ordinary shares. The ordinary shares represented by ADSs for which the ADR depositary fails to receive timely voting instructions will not be voted. Under Australian law and our Constitution, any resolution to be considered at a meeting of the shareholders shall be decided on a show of hands unless a poll is demanded by the shareholders at or before the declaration of the result of the show of hands. Under voting by a show of hands, multiple "yes" votes by ADS holders will only count as one "yes" vote and will be negated by a single "no" vote, unless a poll is demanded.

If we are or become classified as a passive foreign investment company, our U.S. securityholders may suffer adverse tax consequences.

Based upon an analysis of our income and assets for the taxable year ended June 30, 2024, we do not believe we were a passive foreign investment company (a "PFIC") for our most recent tax year. In general, if at least 75% of our gross income for any taxable year consists of passive income or at least 50% of the average quarterly value of assets is attributable to assets that produce passive income or are held for the production of passive income, including cash, then we will be classified as a PFIC for U.S. federal income tax purposes. Passive income for this purpose generally includes dividends, interest, certain royalties and rents, and gains from commodities and securities transactions. Passive assets for this purpose generally includes assets held for the production of passive income. Accordingly, passive assets generally include any cash, cash equivalents and cash invested in short-term, interest bearing, debt instruments or bank deposits that are readily convertible into cash. Since PFIC status depends upon the composition of our income and assets and the market value of our assets from time to time, and since the determination of PFIC status must be made annually at the end of each taxable year, there can be no assurance that we will not be considered a PFIC for any future taxable year. Investors should be aware that our gross income for purposes of the PFIC income test depends on the receipt of active revenue, and there can be no assurances that such active revenue will continue, or that we will receive other gross income that is not considered passive for purposes of the PFIC income test. If we were a PFIC for any taxable year during a U.S. investor's

holding period for the ordinary shares or ADSs, we would ordinarily continue to be treated as a PFIC for each subsequent year during which the U.S. investor owned the ordinary shares or ADSs. If we were treated as a PFIC, U.S. investors would be subject to special punitive tax rules with respect to any "excess distribution" received from us and any gain realized from a sale or other disposition (including a pledge) of the ordinary shares or ADSs unless a U.S. investor made a timely "qualified electing fund" or "mark-to-market" election. For a more detailed discussion of the U.S. tax consequences to U.S. investors if we were classified as a PFIC, see Item 10.E - "Taxation — Certain Material U.S. Federal Income Tax Considerations to U.S. Holders — Passive Foreign Investment Company".

Changes in foreign currency exchange rates could impact amounts you receive as a result of any dividend or distribution we declare on our ordinary shares.

Any significant change in the value of the Australian dollar may impact amounts you receive in U.S. dollars as a result of any dividend or distribution we declare on our ordinary shares as a holder of our ADSs. More specifically, any dividends that we pay on our ordinary shares will be in Australian dollars. The depositary for the ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses, including any such fees or expenses incurred to convert any such Australian dollars into U.S. dollars. You will receive these distributions in U.S. dollars in proportion to the number of our ordinary shares your ADSs represent. Depreciation of the U.S. dollar against the Australian dollar would have a negative effect on any such distribution payable to you.

You may not receive distributions on our ordinary shares represented by the ADSs or any value for such distribution if it is illegal or impractical to make them available to holders of ADSs.

While we do not anticipate paying any dividends on our ordinary shares in the foreseeable future, if such a dividend is declared, the depositary for the ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of our ordinary shares your ADSs represent. However, in accordance with the limitations set forth in the deposit agreement, it may be unlawful or impractical to make a distribution available to holders of ADSs. We have no obligation to take any other action to permit the distribution of the ADSs, ordinary shares, rights or anything else to holders of the ADSs. This means that you may not receive the distributions we make on our ordinary shares or any value from them if it is unlawful or impractical to make them available to you. These restrictions may have a material adverse effect on the value of your ADSs.

You may be subject to limitations on transfers of your ADSs.

ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

U.S. investors may have difficulty enforcing civil liabilities against our company, our directors or members of our senior management.

Several of our officers and directors are non-residents of the United States, and a substantial portion of the assets of such persons are located outside the U.S. As a result, it may be impossible to serve process on such persons in the United States or to enforce judgments obtained in U.S. courts against them based on civil liability provisions of the securities laws of the U.S. Even if you are successful in bringing such an action, there is doubt as to whether Australian courts would enforce certain civil liabilities under U.S. securities laws in original actions or judgments of U.S. courts based upon these civil liability provisions. In addition, awards of punitive damages in actions brought in the U.S. or elsewhere may be unenforceable in Australia or elsewhere outside the U.S. An award for monetary damages under the U.S. securities laws would be considered punitive if it does not seek to compensate the claimant for loss or damage suffered and is intended to punish the defendant. The enforceability of any judgment in Australia will depend on the particular facts of the case as well as the laws and treaties in effect at the time. The U.S. and Australia do not currently have a treaty or statute providing for recognition and enforcement of the judgments of the other country (other than arbitration awards) in civil and commercial matters. As a result, our public shareholders and holders of the ADSs may have more difficulty in protecting their interests through actions against us, our management, our directors than would shareholders of a corporation incorporated in a jurisdiction in the United States.

Item 4. Information on the Company

4.A History and Development of Mesoblast

Mesoblast Limited

Mesoblast Limited was incorporated on June 8, 2004 as a public company in Australia under the *Corporations Act 2001* with an indefinite duration. On December 16, 2004 we became listed on the Australian Securities Exchange (the "ASX"). On November 13, 2015, we became listed on the Nasdaq Global Select Market ("Nasdaq") and from this date we have been dual-listed in Australia and the United States. Our registered office is located at the following address:

Mesoblast Ltd
Level 38
55 Collins Street
Melbourne VIC 3000
Australia
Telephone: +61 3 9639 6036
Web: www.mesoblast.com

Our agent for service of process in the United States is Mesoblast Inc., 505 Fifth Avenue, Level 3, New York, NY 10017. All information we file with the SEC is available through the SEC's Electronic Data Gathering, Analysis and Retrieval system, which may be accessed through the SEC's website at www.sec.gov.

For a list of our significant subsidiaries, see Exhibit 8.1 to this Annual Report.

Important Corporate Developments

Fiscal year 2024 to date of annual report

August 2024	Announced that the consolidated shareholder class action, filed in the Federal Court of Australia in 2022, has been resolved subject to Federal Court approval. The settlement (inclusive of interests and costs) will be funded entirely by Mesoblast's insurers and includes no admission of liability.
July 2024	Announced the United States Food and Drug Administration ("FDA") has accepted our Biologics License Application ("BLA") resubmission for Ryoncil® (remestemcel-L) in the treatment of children with steroid-refractory acute graft versus host disease ("SR-aGVHD"). FDA considered the resubmission to be a complete response and set a Prescription Drug User Fee Act ("PDUFA") goal date of January 7, 2025.
	The confirmatory Phase 3 trial of rexlemestrocel-L in patients with chronic low back pain ("CLBP") due to inflammatory degenerative disc disease of less than five years duration has commenced enrollment at multiple sites across the United States.
	Mesoblast resubmitted its BLA for approval of RYONCIL in the treatment of children with SR-aGVHD.
April 2024	Jane Bell AM appointed to the role of non-executive Chair of Mesoblast's Board of Directors.
March 2024	Announced that FDA has informed the company that following additional consideration the available clinical data from its Phase 3 study MSB-GVHD001 appears sufficient to support submission of the proposed BLA for remestemcel-L for treatment of pediatric patients with SR-aGVHD.
	Announced that US FDA supports an accelerated approval pathway for rexlemestrocel-L in patients with end-stage ischemic heart failure with reduced ejection fraction ("HFrEF") and a left ventricular assist device ("LVAD"). FDA provided this feedback in formal minutes to the company following the Type B meeting held with FDA on February 21, 2024 for rexlemestrocel-L (Revascor®) under the existing Regenerative Medicine Advanced Therapy ("RMAT") designation.

February 2024	Announced that the FDA granted Mesoblast's allogeneic cell therapy Revascor® (rexlemestrocel-L) an Orphan Drug Designation ("ODD") following submission of results from the randomized controlled trial in children with hypoplastic left heart syndrome ("HLHS"), a potentially life threatening congenital heart condition.
January 2024	Announced that the FDA granted Mesoblast's cell therapy Revascor® (rexlemestrocel-L) a Rare Pediatric Disease ("RPD") designation following submission of results from the randomized controlled trial in children with HLHS.
December 2023	Completed a private placement to institutional and sophisticated investors and 1 for 4 pro-rata accelerated non-renounceable entitlement offer to shareholders in Australia and certain other countries that raised A$60.3 million at an issue price of A$0.30 per ordinary share.
November 2023	Announced filing for RPD designation with the FDA for REVASCOR in the treatment of the congenital heart disease HLHS. The filings were based on results from a blinded, randomized, controlled prospective trial of REVASCOR conducted at a single center in the US in 19 children with HLHS and accepted for publication in peer reviewed *The Journal of Thoracic and Cardiovascular Surgery Open (JTCVS Open)*.
	Announced that the Blood and Marrow Transplant Clinical Trials Network (BMT CTN), a body including centers responsible for approximately 80% of all US allogeneic BMTs, has entered into an agreement to develop a pivotal trial of Mesoblast's lead product candidate Ryoncil® (remestemcel-L) in the treatment of adults with SR-aGvHD.
September 2023	Announced the appointment of independent director Ms. Jane Bell as Chair of the Mesoblast Board Audit and Risk Committee.
August 2023	The FDA provided a complete response to the BLA resubmission for remestemcel-L for the treatment of pediatric SR-aGVHD and requires more data to support marketing approval, including potency assay or clinical data. Mesoblast intends to conduct a targeted, controlled study in the highest-risk adults with the greatest mortality. This adult study is in line with our overall commercial strategy, which envisioned a sequenced progression from pediatric to adult SR-aGVHD indications. As part of its review FDA completed the Pre-License Inspection ("PLI") of the manufacturing facility, did not issue any Form 483, and found no objectionable conditions. In addition, FDA acknowledged in the resubmission review that changes implemented appear to improve assay performance relative to the original version of the assay used in the pediatric Phase 3 trial.

Environmental, Social and Governance ("ESG") Statement

Introduction: Our Approach to Sustainability

We consider the greatest contribution Mesoblast makes to sustainability is its purpose in seeking to provide access to treatment for patients suffering a range of hitherto unmet medical needs including cardiac diseases, immune-mediated and inflammatory conditions, oncology and haematology diseases, and spine orthopaedic disorders, subject to regulatory approval. This has not only a potentially high social and financial value, but in terms of adding value in the way it operates, the Company prizes and develops its people as key assets, while its environmental footprint is light. Together with a strong ethical and governance framework, this puts the Company on a sound footing for delivering on its purpose in the medium to long term.

Our commitment to sustainability is instilled through Mesoblast's five key corporate values which articulate who we are and what we stand for. Mesoblast values reflect our commitment to our customers, our colleagues, and the patients we serve. Integrity is at our core, while accountability to our commitments, collective teamwork, a pursuit of excellence, and

outside the-box thinking and innovation surround our every business decision. Mesoblast personnel are expected to practice these values each and every day.

Integrity - We act with integrity in all of our dealings, with the best interest of patients, care givers and our people as our guide. What we do we do with conviction.

Accountability - We hold ourselves and each other responsible and ensure that our words and actions support Mesoblast's vision and values

Teamwork - We believe in what we can achieve collectively and have an appreciation of our shared and unique ability to collaborate with our people and our partners, while focused on our patients and their families.

Excellence - We engage in continual learning so that we, as individuals and as an organization, can reach our highest potential.

Innovation - We are focused on the bold pursuit of developing and delivering novel treatments to improve patient outcomes through cutting edge science.

Acknowledging that sustainability is an overarching concept that can be applied to all areas of business finance, operations and impact, for the purposes of this Statement, we specifically focus on key environmental, social and governance ("ESG") matters. When assessing and reporting our ESG initiatives and performance, we take into account:

- Mesoblast's size and stage in its growth cycle: it is a small development-stage biotechnology company with fewer than 100 employees, limited manufacturing and currently no commercialized product. This means that some reporting topics will be less relevant for us and our stakeholders until we grow our product portfolio and operations; and
- Appropriate sustainability standards: for example, the Sustainability Accounting Standards Board's ("SASB") Biotechnology & Pharmaceuticals Sustainability Accounting Standard, the Global Reporting Initiative's ("GRI") Universal Standards, and the Biopharma Investor ESG Communications Guidance 4.0 are relevant.

We identified the following material ESG topics based on an assessment of their impact on the business and our understanding of their importance to stakeholders:

1. Corporate Governance
2. Business Ethics, Integrity, and Compliance
3. Risk Management
4. Human Capital Management
5. Product Quality and Patient Safety
6. Supply Chain Management
7. Access to Healthcare
8. Environmental Impacts

These are dealt with in turn below.

1. Corporate Governance

Mesoblast is committed to implementing and achieving an effective corporate governance framework to ensure that the Company is managed effectively, honestly and ethically. More information on our corporate governance practices is set out in Mesoblast's Corporate Governance Statement, available at www.mesoblast.com. The Company references and reports against ASX Corporate Governance Council's (Council) Corporate Governance Principles and Recommendations.

Mesoblast's Board of Directors (the "Board") provides oversight of the Company's ESG-related risks and opportunities on a regular basis at Board meetings, and in particular focus through its two committees:

- Nomination and Remuneration Committee ("NRC")
- Audit and Risk Committee ("ARC")

The NRC assists the Board in the discharge of its responsibilities, and in particular to ensure that there is an environment where the Board can carry out effective and responsible decision making and oversight, including on ESG matters such as fair remuneration and health & safety. Since June 2022, all independent, Non-Executive Directors of the Board are members of the NRC reflecting the importance the Board places on ESG.

In addition to its main financial reporting responsibilities, the ARC is tasked with overseeing the effective operation of Mesoblast's risk management framework, in which certain ESG matters are considered.

Management is responsible for assessing and managing ESG-related risks and opportunities within the board approved control framework, and for reporting progress against goals and targets to the Board.

2. Business Ethics, Integrity, and Compliance

We are committed to the highest standards of ethical conduct and transparency in the way we deal with our patients, employees, strategic partners, and other important stakeholders. We comply with all national and local laws and regulations applying to our Company. Zero cases of material non-compliance occurred in FY24.

Mesoblast has established a Code of Business Conduct & Ethics ("Code") to promote honest and ethical conduct, comprehensive disclosures of business dealings, compliance with government laws and regulations, and a positive work environment. All Mesoblast personnel, including Directors, officers, employees, contractors, and consultants, are expected to comply with the principles set out in the Code. The Code covers the following topics:

- Our Values
- Ethical business practices
- Safe workplace and respectful workplace conduct
- Fair competition
- Conflicts of interest
- Social media use
- Confidentiality and protection of assets
- Quality assurance
- Price reporting
- Financial reporting
- Securities trading
- Ethical research
- Interactions with the patient community
- Ensuring product quality and patient safety
- Interactions with healthcare professionals
- Ethical marketing and advertising
- Compliance with laws and regulations

The Code also states that it is against Mesoblast policy for personnel to use illegal drugs or be under the influence of or impaired by alcohol or drugs while on company property or performing company work.

No issues of Code non-compliance have been brought forward to the Board in FY24.

Mesoblast has an Anti-Bribery and Anti-Corruption Policy and complies with global and regional laws preventing corrupt business practices and bribery, including the U.S. Foreign Corrupt Practices Act and the United Kingdom Bribery Act.

We have a Disclosure of Complaints and Concerns Policy which addresses, among other things, breaches under the Company's Code, Anti-Bribery and Anti-Corruption Policy, or other Company policies. Under the Disclosure of Complaints and Concerns Policy, Mesoblast personnel are entitled to robust employment protections if they report concerns and suspected violations covered under the policy. Personnel can report to Legal, the Audit and Risk Committee, or other officers or senior managers, and may do so anonymously. Further, Mesoblast's Fair Treatment Policy requires personnel to report workplace harassment and prohibits retaliation of any kind against anyone who does so in good faith. During FY24, Mesoblast was in compliance with the Fair Treatment Policy. The Company is satisfied that it adhered to its policies.

In addition, Mesoblast has an 'Ethics Hotline' that is managed by a third-party, where our personnel and other stakeholders may make a report anonymously, 24 hours a day, seven days a week. There have been no whistle-blower reports to this hotline in the reporting period.

All Mesoblast personnel are required to acknowledge the Code and other key policies and are required to participate in annual compliance training.

The Company has a process in place to inform the Board or a committee of the Board of any material breaches of the Code, the Anti-Bribery and Anti-Corruption Policy, and material incidents reported under the Disclosure of Complaints and Concerns Policy.

A copy of the Code and other key policies can be found at www.mesoblast.com.

3. Risk Management

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented an effective system of risk management and internal control. Management is responsible for ensuring there are adequate policies in relation to risk management, compliance, and internal control systems. The ARC monitors Mesoblast's risk management by overseeing management's actions in the evaluation, management, monitoring, and reporting of material operational, financial, compliance, strategic, and certain ESG risks.

Mesoblast's risk management group is part of the Operating Committee comprising of executive management. This group is responsible for designing, implementing, monitoring, and reporting on Mesoblast's management of material business risks and the effectiveness of Mesoblast's risk management and internal control system. ESG risks have been incorporated into and are considered as part of Mesoblast's risk management system. The Operating Committee regularly reviews Mesoblast's risks across its business and operations, and Mesoblast's material business risks and risk management framework are reviewed at least annually by the ARC.

As part of the process of continual improvement, we introduced a standardized tool to assess our portfolio and corporate risk.

For cybersecurity management, see Section 16K of this Annual Report.

4. Human Capital Management

4.1 Diversity and Inclusion

Mesoblast has a Diversity Policy which encompasses differences in ethnicity, gender, language, age, sexual orientation, religion, socioeconomic status, physical and mental ability, thinking styles, experience, and education. We believe that the wide array of perspectives that results from such diversity promotes innovation and business success. Being diverse makes us more creative, flexible, and productive. Mesoblast's policy is to engage the most appropriate and relevant partner organizations, consultants, experts, and personnel. This includes recruiting people who are well-qualified for their position and those who as aligned to Mesoblast's five values and will embrace the Mesoblast culture and work ethic.

In order to meet and comply with our Diversity Policy, Mesoblast employs the following principles:

- Mesoblast seeks and encourages diversity in current and potential employees;

- Mesoblast promotes equal employment opportunities based on capability, performance and potential for growth and progression;
- Recruitment, professional development, succession management, promotion, and remuneration decisions are all based on performance and capability aligned to the specific job role, salary ranges, and a pre-set criteria prior to the activities to ensure any biases are reduced;
- Mesoblast seeks to build a safe working environment by recognizing and taking action against inappropriate workplace behavior, including bullying, discrimination, harassment, victimization, and vilification;
- Mesoblast promotes flexible work practices where possible and reasonable in the circumstances, to meet the differing needs of our employees; and
- Mesoblast ensures appropriate policies and procedures exist that encourage diversity and meet legislative requirements.

Line management is supported to manage diversity to ensure that employees are treated fairly and objectively. We have clear reporting procedures for any type of discrimination or harassment, combined with follow-up procedures to prevent future incidents.

The Board, through the NRC, is responsible for overseeing our Diversity Policy. Mesoblast's Head of Human Resources, with the support of the Chief Executive Officer and the executive team, is responsible for implementing the Diversity Policy.

The Board, through the NRC, is responsible for approving and reviewing measurable objectives for achieving gender diversity in the workplace. Mesoblast has set the following measurable objectives:

i) Increase the number of women on the Board as vacancies arise and circumstances permit;

ii) Increase the number of women who hold senior executive positions as vacancies arise and circumstances permit; and

iii) Ensure the opportunity exists for equal gender participation in all levels of professional development programs.

All Mesoblast employees were provided access to the same development programs. A copy of Mesoblast's Diversity Policy can be found at www.mesoblast.com.

Table – Gender diversity statistics*

Gender	FY24 Senior Executives**	FY24 Total Workforce	FY23 Senior Executives**	FY23 Total Workforce
Male	7	35	6	39
Female	3	38	3	44
Other	—	—	—	—
% Female	30 %	52 %	33 %	53 %

*Based on number of employees as at June 30. Excludes contractors and consultants.

**A senior executive position is one held by an executive who reports directly to the Chief Executive.

Every employee, consultant and service provider has the right to work with Mesoblast in an environment that is safe, and free from intimidation, harassment, and abuse. Mesoblast prohibits harassment for any reason, including veteran status, uniform service member status, or any other protected class under federal, state, or local law. Inappropriate behavior, including verbal or physical conduct by any individual that harasses another, disrupts another's work performance, or creates an intimidating, offensive, abusive, or hostile workplace, is not tolerated. In addition, we will not tolerate comments, jokes, or materials, including emails, which others might consider offensive. All Mesoblast personnel are required to complete mandatory training on an annual basis to recognize and deal with inappropriate behavior in our workplaces, including the New York City Commission on Human Rights – Accredited Program: Confronting Sexual Harassment; Tools & Strategies to Create a Harassment Free Workplace and Mesoblast's Fair Treatment policy. No cases of harassment reported in FY24, FY23 or in FY22.

4.2 Health and Safety

Mesoblast provides a workplace that is clean and safe for all associates and one that complies with health and safety laws. As an organization whose activities are predominantly office and laboratory based, Mesoblast chooses to track its safety record using total recordable incident frequency rate ("TRIFR") i.e., number of recorded injuries for each one million hours worked. No incidents were recorded for FY24. An Environment Health and Safety Management System and supporting policies have been developed and aligned for each jurisdiction in preparation for company wide training. Mesoblast continued to implement hybrid/flexible working arrangements and the employee assistance program was made available across all sites.

4.3 Recruitment, Development and Retention

Mesoblast operates at the forefront of a highly specialized industry and we recognize that our talented people are key to developing our cell therapy technology.

Our policies and procedures follow equal employment opportunities principles for fair treatment, including diversity and compensation. Our employees are given equal access to job opportunities and promotions based on capability, performance and potential for growth and progression as part of our retention program.

Mesoblast's recruitment process enables our line managers to prepare a job description that outlines accountabilities and selection criteria that emphasize the skills, knowledge and experience. Job criteria and interview guides are prepared for each role advertised to ensure consistency across all the interviews. Jobs are advertised through multiple channels based on the specialization of the job role. All job roles are published on the Mesoblast intranet site providing transparency to all employees within the company and an equal opportunity to apply. Job descriptions are prepared in a way that enables employees to consider lateral moves based on competence rather than expertise in years of service.

In FY24, the voluntary turnover rate was approximately 5% with 60% male and 40% females departing the Company. Exit interviews are conducted with all departing employees and trends are monitored so that actions to minimize the turnover can be taken. Mesoblast employed one female and one male for two approved replacement roles. While acting and higher duty opportunities were minimal during this period, job profiles were prepared to enable existing employees to consider lateral moves based on competence rather than years of service, where appropriately credentialed.

We provide opportunities for all colleagues to participate in professional training and education so they can enhance their skill sets and career. During FY24, employees were given the opportunity to participate in a development program that is linked to the annual Performance Management System.

During the reporting period, Mesoblast continued with an online performance and merit management program and integrated an online professional development program that links the recording of participation in professional development aligned to job role. The online performance management program enables employees to track their performance and receive regular feedback from their manager. The formal annual review process assesses the individual employee's performance against objectives and quantifiable criteria that are aligned to the Mesoblast business plan, reducing the risk of bias. All employees below the executive level participated in this program during the period.

5. Product Quality and Safety

5.1 Scientific Research and Innovation

Over the past decade there has been a surge of interest internationally in the cutting-edge science of cellular medicines and their use in treating a wide range of diseases.

Mesoblast is a clinical stage biotechnology company and works in close collaborative associations with leading cell therapy research centers, as well as having our own in-house R&D laboratories and specialists. We ensure rigorous scientific investigations are performed with well characterized cell populations in order to understand mechanisms of action for each potential medical application. We undertake extensive pre-clinical translational studies to guide subsequent clinical trials.

5.2 Use of Stem Cells

Mesoblast's novel allogeneic product candidates are based on rare (approximately 1:100,000 in bone marrow) mesenchymal lineage cells that respond to tissue damage, secreting mediators that promote tissue repair and modulate immune responses.

Mesenchymal lineage cells are collected from the bone marrow of healthy adult donors, and proprietary processes are utilized to expand them to a uniform, well characterized, and highly reproducible cell population. This enables manufacturing at industrial scale for commercial purposes. Mesoblast's cells can be administered to patients without the need for donor-recipient matching or recipient immune suppression.

The distinction between embryonic stem cells ("ESCs") and non-ESCs, such as our mesenchymal lineage cells, can be easily misunderstood by the public and has the potential to create negative public attitudes toward cell therapy. As Mesoblast's cells are not ESCs, we minimize the risk of being exposed to ethical, legal, or social concerns that have arisen in relation to the collection and use of ESCs.

5.3 Use of Animal in Research

Mesoblast is committed to the welfare and humane treatment of animals and only undertakes development studies in animal models where required by applicable regulatory bodies. These studies are undertaken by expert third-party providers who are specialists in the management of animals and their welfare.

Mesoblast's approach to product development is to ensure rigorous scientific investigations are performed with well-characterized cell populations in order to understand mechanisms of action for each potential indication. Extensive preclinical translational studies guide clinical trials that are structured to meet stringent safety and efficacy criteria set by international regulatory agencies.

In the United States where the majority of our clinical development takes place, all of our product candidates are regulated as biological products by the Center for Biologics Evaluation and Research ("CBER") in the FDA. Biological products are subject to federal regulation under the Federal Food, Drug, and Cosmetic Act ("FDCA"), the Public Health Service ("PHS") Act, and other federal, state, local and foreign statutes and regulations. Both the FDCA and the PHS Act, as applicable, and their corresponding regulations govern, among other things, the testing, manufacturing, safety, efficacy, labeling, packaging, storage, record keeping, distribution, import, export, reporting, advertising and other promotional practices involving drugs and biological products.

The process required by the FDA before a biological product may be marketed in the U.S. generally involves years of studies and many complex steps. The first of these is completion of nonclinical laboratory studies, meaning in vivo and in vitro experiments in which an investigational product is studied prospectively in a test system under laboratory conditions to determine its safety, must be conducted according to Good Laboratory Practice ("GL") regulations, as well as, in the case of nonclinical laboratory studies involving animal test systems, in accordance with applicable requirements for the humane use of laboratory animals and other applicable regulations.

Some of the manufacturing materials and/or components that we use in, and which are critical to, implementation of our technology involve the use of animal-derived products. Our media is sourced from fetal bovine serum ("FBS"), and is the main consumable used in our manufacturing process.

While FBS is commonly used in the production of various marketed biopharmaceuticals, our suppliers of FBS must meet our strict quality standards are thus limited in number and region.

5.4 Product Quality

The Company has a Quality Management Department with appropriate controls in place for monitoring and compliance of clinical and non-clinical studies as well as manufacturing operations. Our quality assurance processes align with the widely accepted quality standards from the ICH Guidelines created by The International Conference on Harmonization of Technical Requirements for Pharmaceuticals for Human Use ("ICH") as well as FDA Regulations. All Mesoblast personnel are responsible for the identification and prompt reporting of all actual or potential adverse events or product quality complaints. This may include any reported problem with a finished product, its packaging, inappropriate healthcare professional use, or unintended patient reaction. We have a regulatory obligation to report all adverse events and

product complaints, with serious adverse events requiring reporting within 24 hours of receiving notification. The Company provides personnel with regular training in relation to our obligations and responsibilities.

5.5 Clinical Trials and Patient Safety

Mesoblast works with healthcare professionals, academic organizations, and contract research organizations ("CRO") to perform company-sponsored pre-clinical and clinical research. The Company also provides financial support or drug product for independent third-party studies such as Investigator Initiated Trials (IITs) via grant requests. All studies must be scientifically valid and likely to generate data that will be relevant to a defined product development or other clinical and/or business need. These research initiatives are never used as a way to induce a healthcare professional or healthcare organization to use, recommend, or purchase Mesoblast products, or to encourage off-label use of marketed products.

Each potential study subject/study subject legal guardian is provided with an Informed Consent Form ("ICF") by the clinical trial site study team. The ICF contains information that must be provided to each possible study candidate, such as an explanation of the purpose of the research, possible risks/benefits as well as statements describing the confidentiality of information collected, how the information may be used and who may view this information. Each potential study subject/legal guardian is given time to read the ICF and to ask questions about anything they don't understand. In addition, the ICF provides the Primary Investigator's ("PI") and Independent Review Board's ("IRB") contact information to the subject to ask questions and/or report any study related concerns. Once all questions are answered, signatures are obtained to record consent. Mesoblast, as the Sponsor, together with the CRO, monitors the sites for any protocol deviations throughout the course of the study. If and when protocol deviations are identified, we will work with the CRO and site(s) to address them as quickly as possible. Study subject safety is front and foremost in our conduct of all our clinical studies. Between our Therapeutic Area Heads, Quality Assurance ("QA"), and Safety and Clinical Operations, we monitor the conduct of our clinical trials extremely thoroughly and work to protect the well-being of the study subjects as well as the integrity of the trial.

Company exploration of innovative therapies, including research projects, database reviews, and pre-clinical and clinical trials, are designed to first and foremost protect the rights and safety of study subjects and to maintain the integrity of research data. We do this by complying with all regulatory standards regarding research programs and encouraging all involved persons to report any deviations, including inaccurate reporting of study data, inappropriate use of study funds or pharmaceutical product, falsification of study reports, or failure to obtain Independent Review Board or other required approval prior to conducting a study. This process includes all clinical trial investigators attesting that they've read and understood the contents of the clinical trial protocol and agree to conduct the trial in compliance with the protocol, good clinical practice and applicable regulatory requirements.

6. Supply Chain Management

Mesoblast has an established vendor assurance program through which suppliers are audited for purposes of being qualified and added to an approved suppliers list. All approved suppliers are audited on a routine basis. Our Supplier Management procedure describes the detailed process for qualifying and managing suppliers which includes quality agreements, supply agreements, due diligence activities, and audits.

6.1 Manufacturing Safe Products

Given the current scale of our operations, elements of our business including manufacturing are outsourced to third-party providers. Mesoblast has established a strategic alliance with Lonza, a global leader in biopharmaceutical manufacturing. We monitor Lonza and other third-party providers through our vendor assurance program. In addition, all entities involved in the preparation of therapeutics for clinical studies or commercial sale, including Lonza, are subject to extensive external regulation. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical studies must be manufactured in accordance with current international Good Manufacturing Practice ("GMP") and other international regulatory requirements. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale.

Mesoblast, our collaborators, and our suppliers as appropriate must supply all necessary documentation in support of any application for product approval and must adhere to current GLP and current GMP regulations enforced by the FDA and other regulators through their facilities inspection program. Before we can begin commercial manufacture of our

products for sale in the United States, we must obtain FDA regulatory approval for the product. In addition, the processes and quality systems associated with the manufacturing of such product must also be approved, which requires a successful FDA inspection of the manufacturing facilities, including Lonza's manufacturing facilities.

In addition, regulators may at any time audit or inspect a manufacturing facility involved with the preparation of our product candidates, raw materials, or the associated quality systems. Although we cannot control the manufacturing process of, and are dependent on, the contract manufacturer for compliance with the regulatory requirements, through our vendor assurance program, we monitor the performance and undertake an annual audit of each contract manufacturer involved in the production of our product candidates. In addition, Lonza is monitored through an established governance structure with multiple feedback loops to ensure compliance to established contracts, specifications, and policies. In addition to having staff onsite and personnel in the plant to oversee ongoing activities, the organizations review numerous manufacturing and quality metrics to ensure consistent product manufacture.

6.2 Bone Marrow

The initial stage of manufacturing involves obtaining mesenchymal lineage cell-containing bone marrow from healthy consenting donors. The process of identifying new donor tissue, testing and verifying its validity in order to create new cell banks is tightly regulated and validated with the FDA and other regulators. For example, U.S. federal and state governments and other jurisdictions impose restrictions on the acquisition and use of tissue, including those incorporated in federal Good Tissue Practice regulations. Our manufacturing partner Lonza also has a dedicated U.S. facility for bone marrow acquisition. Lonza maintains all documents and records generated during the lifecycle of donor screening and bone marrow aspiration in a donor-specific file under its site quality system.

6.3 Storage and Distribution

Storage and distribution of our product candidates are contracted to CSM on Demand, ICS AmerisourceBergen, CryoSite, and CryoPort Solutions who are experts in innovative storage and/or distribution solutions for pharmaceutical manufacturers. Performance is monitored through established contractual agreements, and the interactions of our joint project teams, as well as through regular supplier audits and qualifications.

7. Access to Healthcare

Mesoblast does not currently have a product approved and commercialized. In July 2024, we resubmitted a BLA to the FDA for approval of Ryoncil (remestemcel-L) in the treatment of children with SR-aGVHD. FDA considered the resubmission to be a complete response and set a PDUFA goal date of January 7, 2025. If approved by FDA, this product would constitute the Company's first commercialized product. We acknowledge and support the social importance of providing access to healthcare across all geographic regions regardless of socio-economic status and recognize this is frequently regarded as one of the top ESG topics for the Biopharma sector. Despite our current size, financial status, and stage of clinical development, we have in place elements that reflect this important social topic.

7.1 Expanded Access Programs

Under a compassionate use protocol in the US, Mesoblast has continued to make remestemcel-L available to children as 'salvage therapy' where all other treatment avenues have been exhausted and the risk of mortality is high. More than 250 children have had access to remestemcel-L under these circumstances, provided by us at no cost.

In 2020, an Expanded Access Protocol ("EAP") was initiated in the US for compassionate use of remestemcel-L in the treatment of COVID-19 infected children with cardiovascular and other complications of MIS-C (multisystem inflammatory syndrome in children). MIS-C is a life-threatening complication of COVID-19 in otherwise healthy children and adolescents that includes massive simultaneous inflammation of multiple critical organs and their vasculature. Mesoblast has provided treatment at no charge to three children under this EAP.

7.2 Product Pricing

In the United States, Federal and state government agencies may purchase Mesoblast products and provide reimbursement on those products via the state and federal healthcare programs, such as Medicare and Medicaid, once Mesoblast's product receives regulatory approval and is able to be commercialized. Various federal laws and/or government contracting requirements give some of these purchasers and reimbursors the right to discounted prices and/or

rebates on Company products. Depending on the requirements that apply to the pricing terms the Company is reporting, our prices should reflect any reductions, rebates, up-front payments, coupons, goods in kind, free or reduced-price services, grants, price concessions, or other benefits offered to induce a sale may be considered pricing terms. Mesoblast is committed to accurately taking these items into account.

8. Environment

Mesoblast is committed to protecting the world in which we live and work, and we aim to minimize our impact on the wider environment and its component parts. Currently, Mesoblast's direct physical footprint is limited to office and laboratory space for our employee base of less than 100, so our direct, physical environmental impact is currently limited. Nonetheless, Mesoblast has begun initiatives to improve our impact such as sourcing our electricity from green energy providers and introducing office waste recycling programs. In addition, as noted above, many of our employees and consultants are dispersed and are infrequently in our office spaces.

We are also driving initiatives to minimize the inputs and outputs to our manufacturing processes through our investment in research and development that focuses on the scaling of technologies and minimizing waste. We are developing a 3D bioreactor process to expand our cell product which will replace our current 2D process involving plates. This will reduce the amount of plastic and biohazardous waste that will be generated by our manufacturing processes.

As mentioned above, we rely on third-party providers for important elements of our business. We and our partners must comply with environmental laws and regulations, including those relating to the discharge of materials into the air, water and ground, the manufacture, storage, handling, use, transportation and disposal of hazardous and biological materials, and the health, wellbeing and safety of employees with respect to laboratory activities required for the development of products and technologies.

4.B Business Overview

Mesoblast has developed a range of late-stage product candidates derived from our first and second generation proprietary mesenchymal lineage cell therapy technology platforms.

Remestemcel-L is our first-generation mesenchymal lineage stromal cell ("MSC") product platform and is in late stage development for treatment of systemic inflammatory diseases including:

- Steroid refractory acute graft versus host disease (SR-aGVHD); and
- Biologic refractory inflammatory bowel disease, including Crohn's disease.

Rexlemestrocel-L is our second generation mesenchymal lineage precursor cell product platform and is in late stage development for treatment of:

- Chronic heart failure (CHF); and
- Chronic low back pain (CLBP) due to degenerative disc disease.

Both platforms have life cycle management strategies with promising emerging pipelines.

The Company's proprietary manufacturing processes yield industrial-scale, cryopreserved, off-the-shelf, cellular medicines. These cell therapies, with defined pharmaceutical release criteria, are planned to be readily available to patients worldwide upon receiving marketing authorizations.

Mesoblast's immuno-selected, culture expanded cellular medicines are based on mesenchymal precursor cells ("MPCs") and their progeny, MSCs. These are rare cells (approximately 1:100,000 in bone marrow) found around blood vessels that are central to blood vessel maintenance, repair and regeneration. These cells have a unique immunological profile with immunomodulatory effects that reduce inflammation allowing healing and repair. This mechanism of action enables the targeting of multiple disease pathways across a wide spectrum of complex diseases with significant unmet medical needs.

Mesenchymal lineage cells are collected from the bone marrow of healthy adult donors and proprietary processes are utilized to expand them to a uniform, well characterized, and highly reproducible cell population. This enables

manufacturing at industrial scale for commercial purposes. Another key feature of Mesoblast's cells is they can be administered to patients without the need for donor–recipient matching or recipient immune suppression.

Mesoblast's approach to product development is to ensure rigorous scientific investigations are performed with well-characterized cell populations in order to understand mechanisms of action for each potential indication. Extensive preclinical translational studies guide clinical trials that are structured to meet stringent safety and efficacy criteria set by international regulatory agencies. All trials are conducted under the continuing review of independent Data Safety Monitoring Boards comprised of independent medical experts and statisticians. These safeguards are intended to ensure the integrity and reproducibility of results, and to ensure that outcomes observed are scientifically reliable.

Allogeneic, Off-the-Shelf, Commercially Scalable Products

Our technology platform enables development of a diverse range of products derived from the mesenchymal cell lineage in adult tissues. MPCs constitute the earliest known cell type in the mesenchymal lineage in-vivo.

MPCs can be isolated using monoclonal antibodies and culture-expanded using methods that enable efficient expansion without differentiation. MSCs are defined biologically in culture following density gradient separation from other tissue cell types and following culture by plastic adherence. MSCs presumably represent culture-expanded in-vitro progeny of the undifferentiated MPCs present in-vivo. The functional characteristics of each cell type enable product development for specific indications.

Our proprietary mesenchymal lineage cell-based products have distinct biological characteristics enabling their use for allogeneic purposes.

Immune Privilege: Mesenchymal lineage cells are immune privileged, in that they do not express specific cell surface co-stimulatory molecules that initiate immune allogeneic responses.

Expansion: We have developed proprietary methods that enable the large-scale expansion of our cells while maintaining their ability to produce the key biomolecules associated with tissue health and repair. This allows us to produce a cellular product intended to demonstrate consistent and well-defined characterization and activity.

Products Commercialized by Licensees

Two allogeneic mesenchymal stromal cell (MSC) products developed and commercialized by Mesoblast licensees have been approved in Japan and Europe, with both licensees the first to receive full regulatory approval for an allogeneic cellular medicine in these major markets.

Mesoblast's licensee in Japan, JCR Pharmaceuticals Co. Ltd. ("JCR"), is marketing its MSC-based product in Japan for the treatment of aGVHD in children and adults. TEMCELL® HS Inj. ("TEMCELL") was the first allogeneic cellular medicine to receive full regulatory approval in Japan. Mesoblast receives royalty income on sales of TEMCELL® in Japan.

In 2017, Mesoblast granted TiGenix S.A.U ("TiGenix"), now a wholly owned subsidiary of Takeda Pharmaceutical Co. Ltd. ("Takeda"), exclusive access to certain of its patents to support global commercialization of Alofisel®, the first allogeneic MSC therapy to receive central marketing authorization approval from the European Commission. Mesoblast receives royalty income on Takeda's worldwide sales of Alofisel® in the local treatment of perianal fistulae.

Mesoblast Product Candidates

This chart is figurative and does not purport to show individual trial progress within a clinical program

Notes:

- JCR Pharmaceuticals Co., Ltd. (JCR), has the right to develop mesenchymal stromal cells (MSCs) in certain fields for the Japanese market, including for the treatment of hematological malignancies, such as Graft vs Host Disease, and for hypoxic ischemic encephalopathy (HIE).
- Grünenthal has an exclusive license to develop and commercialize rexlemestrocel-L for chronic low back pain in Europe and Latin America/Caribbean.
- Tasly Pharmaceuticals has exclusive rights for rexlemestrocel-L for the treatment or prevention of chronic heart failure in China.

Ryoncil® *(remestemcel-L) for the Treatment of Steroid Refractory Acute Graft Versus Host Disease*

Overview

Ryoncil® (remestemcel-L) is an intravenously delivered product candidate for the treatment of steroid-refractory acute graft versus host disease, or SR-aGVHD, following an allogeneic bone marrow transplant ("BMT").

In a bone marrow transplant, donor cells can attack the recipient, causing a-GVHD. The donor T-cell mediated inflammatory response involves secretion of TNF-alpha and IFN-gamma, resulting in activation of pro-inflammatory T-cells and tissue damage in the skin, gut and liver, which can be fatal.

Remestemcel-L is suggested to have immunomodulatory properties to counteract the cytokine storm that is implicated in various inflammatory conditions. The mechanism of action is thought to involve down-regulating the production of pro-inflammatory cytokines, increasing production of anti-inflammatory cytokines, and enabling recruitment of naturally occurring anti-inflammatory cells to involved tissues.

This life-threatening disease occurs in approximately 50% of patients who receive an allogeneic BMT. Over 30,000 patients worldwide undergo an allogeneic BMT annually, primarily during treatment for blood cancers, and these numbers are increasing. In patients with the most severe form of SR-aGVHD (Grade C/D or III/IV) mortality can be as high as 90% despite optimal best available therapy. There are currently no FDA-approved treatments in the United States for children under 12 with SR-aGVHD.

Current Status and Anticipated Milestones

Mesoblast submitted its completed BLA to the FDA for RYONCIL in January 2020. The BLA was subsequently accepted for priority review by the FDA on March 30, 2020, with a Prescription Drug User Fee Act ("PDUFA") action date set for September 30, 2020. In August 2020, the FDA's Oncologic Drugs Advisory Committee ("ODAC") voted overwhelmingly in favor (nine to one[(1)]) that the available data support the efficacy of RYONCIL in pediatric patients with SR-aGVHD. FDA issued a CRL on September 30, 2020, noting deficiencies related to clinical and Chemistry, Manufacturing and Controls ("CMC") data.

Mesoblast has worked to address the issues noted in the Complete Response Letter, through multiple interactions with FDA for guidance. Mesoblast provided these new data to FDA to address all CMC outstanding items as required in January 2023. In March, 2023, the FDA accepted the BLA resubmission considering the resubmission to be a complete

response and set a PDUFA goal date of August 2, 2023. In August 2023, the FDA provided a CRL to the BLA resubmission for RYONCIL for the treatment of pediatric SR-aGVHD requiring more data to support marketing approval, including potency assay or clinical data. As part of the BLA review, FDA completed the PLI of the manufacturing facility, did not issue any Form 483, and found no objectionable conditions.

In February 2024, ahead of a scheduled meeting with FDA, Mesoblast provided new data from a second potency assay for RYONCIL that provided additional product characterization as requested by FDA. In March 2024, FDA informed Mesoblast that following additional consideration the available clinical data from its Phase 3 study MSB-GVHD001 appears sufficient to support submission of the proposed BLA for remestemcel-L for treatment of pediatric patients with SR-aGVHD. In July 2024, Mesoblast resubmitted the BLA for approval. FDA considered the resubmission to be a complete response and provided a Prescription Drug User Fee Act ("PDUFA") goal date of January 7, 2025.

There are currently no FDA-approved treatments in the US for children under 12 with SR-aGVHD and only one FDA-approved treatment in the US for other SR-aGVHD patients.

Mesoblast intends to conduct a targeted, controlled study in the highest-risk adults with the greatest mortality. This adult study is in line with our overall commercial strategy, which envisioned a sequenced progression from pediatric to adult SR-aGVHD indications. Adults comprise 80% of the SR-aGVHD market. Mesoblast is collaborating with Blood and Marrow Transplant Clinical Trials Network (BMT CTN) in the United States, a body that is funded by the National Institutes of Health (NIH) and is responsible for approximately 80% of all US allogeneic BMTs, to conduct a pivotal trial in adults with SR-aGVHD.

We believe the U.S. adult and pediatric SR-aGVHD market requires a small, targeted commercial footprint. The target call point for SR-aGVHD will primarily be physicians in hematology/oncology who perform hematopoietic stem cell transplants. In the U.S., there are approximately 80 centers that perform pediatric transplants, with 50% of all transplants occurring at approximately 15 centers. Similarly, there are approximately 110 centers that perform adult transplants with half of those transplants occurring at approximately 20 centers.

The Company has put in place a lifecycle extension strategy to generate evidence-based clinical outcomes to maximize the value of remestemcel-L in other pediatric and adult rare diseases that do not require large distribution channels. In addition, we plan to expand investigator-initiated clinical trials for chronic GVHD and other indications that are currently underway or planned for the near future.

(1) This vote included a change to the original vote by one of the ODAC panel members after electronic voting closed.

Remestemcel-L for Inflammatory Bowel Disease (IBD) – Ulcerative Colitis (UC) and Crohn's Colitis

Overview

According to recent estimates, more than three million people (1.3%) in the United States alone have inflammatory bowel disease, with more than 33,000 new cases of Crohn's disease and 38,000 new cases of ulcerative colitis diagnosed every year. Despite recent advances, approximately 30% of patients are primarily unresponsive to anti-TNFα agents and even among responders, up to 10% will lose their response to the drug every year. Up to 80% of patients with medically refractory Crohn's disease eventually require surgical treatment of their disease, which can have a devastating impact on quality of life.

Current Status

A small investigator-initiated randomized, controlled study of remestemcel-L delivered by an endoscope directly to the areas of inflammation and tissue injury with medically refractory Crohn's disease and ulcerative colitis was undertaken at Cleveland Clinic. The study is the first in humans using local cell delivery in the gut and will enable Mesoblast to compare clinical outcomes using this delivery method with results from an ongoing randomized, placebo-controlled trial in patients with biologic-refractory Crohn's disease where remestemcel-L was administered intravenously. Results from the randomized, controlled study of remestemcel-L by direct endoscopic delivery to areas of inflammation in patients with medically refractory Crohn's colitis were published in the peer-reviewed journal *British Journal of Surgery*.

Strategically, Mesoblast views UC and Crohn's colitis as a potentially important label extension for remestemcel-L given the gastrointestinal involvement common to acute graft versus host disease and inflammatory bowel disease.

Gastrointestinal damage is the major driver of aGVHD mortality and is linked to systemic inflammation in aGVHD. Biomarkers that predict high mortality in aGVHD, such as blood levels of soluble suppression of tumorigenicity 2 (ST2) have shown to be significantly reduced in patients treated with remestemcel-L. ST2 has also been shown to be associated with active IBD (UC & Crohn's).

Rexlemestrocel-L for Chronic Low Back Pain (CLBP) associated with Degenerative Disc Disease (DDD)

Overview

Rexlemestrocel-L (MPC-06-ID) for CLBP consists of a unit dose of 6 million MPCs administered by syringe directly into a damaged disc.

In CLBP, damage to the disc is the result of a combination of factors related to aging, genetics, and micro-injuries, which compromises the disc's capacity to act as a fluid-filled cushion between vertebrae and to provide anatomical stability. Damage to the disc also results in an inflammatory response with ingrowth of nerves which results in chronic pain. This combination of anatomic instability and nerve ingrowth results in CLBP and functional disability.

With respect to mechanisms of action in CLBP, extensive pre-clinical studies have established that MLCs have anti-inflammatory effects and secrete multiple paracrine factors that stimulate new proteoglycan and collagen synthesis by chondrocytes in vitro and by resident cells in the nucleus and annulus in vivo.

It is estimated that over 7 million people in the U.S. alone suffer from CLBP associated with DDD, of which 3.2 million patients have moderate disease. This market is projected to have annual growth rate similar to that of the US population annual growth rate. After failure of conservative measures (medication, injections, physical therapy etc.), there is a need for non-opioid treatments that are effective over a sustained period of time. When disc degeneration has progressed to a point that pain and loss of function can no longer be managed by conservative means, major invasive surgery such as spinal fusion is the most commonly offered option.

All non-surgical therapies for progressive, severe and debilitating pain due to degenerating intervertebral discs treat the symptoms of the disease. However, they do not address the underlying cause of the disease. Surgical intervention is not always successful in addressing the patient's pain and functional deficit. It has been estimated that the incidence of failed back surgery is as high as 50% for standard procedures and may increase for more complex surgeries. Total costs of low back pain are estimated to be between $100.0 billion and $200.0 billion annually with two thirds attributed to patients' decreased wages and productivity.

As a result, we believe that the most significant unmet need and commercial opportunity in the treatment of CLBP is a therapy that has the ability to impact the chronic pain and disability associated with the condition.

Current Status and Anticipated Milestones

The Phase 3 clinical trial for CLBP completed enrollment in March 2018 with 404 patients enrolled across 48 centers in the United States and Australia randomized 1:1:1 to receive either 6 million MPCs with hyaluronic acid (MPC+HA), 6 million MPCs without hyaluronic acid (MPC) or saline control. Although the trial's composite outcomes of pain reduction together with functional responses to treatment were not met by either MPC group; the MPC+HA treatment group achieved substantial and durable reductions in pain compared to control through 24 months across the entire evaluable study population (n=391) compared with saline controls. Greatest pain reduction was observed in the pre-specified population with CLBP of shorter duration than the study median of 68 months (n=194) and subjects using opioids at baseline (n=168) with the MPC+HA group having substantially greater reduction at all time points (1, 3, 6, 12, 18 and 24 months) compared with saline controls. There was no appreciable difference in the safety of MPC groups compared to saline control over the 24-month period of follow-up in the entire study population. In subjects using opioids at baseline, the MPC+HA demonstrated a reduction in the average opioid dose over 24 months, while saline control subjects had essentially no change.

In July 2024, enrollment commenced at multiple sites across the United States in a confirmatory Phase 3 trial of rexlemestrocel-L in patients with CLBP due to inflammatory degenerative disc disease of less than five years duration. The FDA has previously confirmed alignment with Mesoblast on the design of the 300-patient randomized, placebo-controlled trial and the 12-month primary endpoint of pain reduction as an approvable indication. Key secondary measures include improvement in quality of life, function, and reduced opioid usage.

In February 2023, FDA granted Regenerative Medicine Advanced Therapy ("RMAT") designation for rexlemestrocel-L in the treatment of CLBP associated with disc degeneration, in combination with HA as delivery agent for injection into the lumbar disc. RMAT designations aim to expedite the development of regenerative medicine therapies intended to treat, modify, reverse, or cure a serious or life-threatening disease or condition where preliminary clinical evidence indicates that the drug has the potential to address unmet medical needs for the disease or condition. An RMAT designation for rexlemestrocel-L provides all the benefits of Breakthrough and Fast Track designations, including rolling review and eligibility for priority review on filing of a BLA.

Revascor® *(rexlemestrocel-L) for Chronic Heart Failure with Reduced Ejection Fraction (HFrEF)*

Overview

Mesoblast is developing rexlemestrocel-L to fill the treatment gap for chronic heart failure (CHF). Patients with CHF continue to represent high unmet medical need despite recent advances in new therapeutic agents for chronic heart failure. The American Heart Association (AHA) estimated in 2017 that prevalence is expected to grow 46% by 2030 in the U.S., affecting more than 8 million Americans. CHF causes severe economic, social, and personal costs. In the U.S., it is estimated that CHF results in direct costs of $60.2 billion annually when identified as a primary diagnosis and $115.0 billion as part of a disease milieu. Mesoblast believes that targeting high-risk chronic patients with the highest unmet clinical needs provides the company with the most efficient path to market.

Revascor® (rexlemestrocel-L) for HFrEF consists of 150 million mesenchymal precursor cells (MPCs) administered by direct cardiac injection. MPCs release a range of factors when triggered by specific receptor-ligand interactions within damaged tissue. Based on preclinical data, we believe that the factors released from the MPCs induce functional cardiac recovery by simultaneous activation of multiple pathways, including induction of endogenous vascular network formation, reduction in harmful inflammation, reduction in cardiac fibrosis, and reversal of endothelial dysfunction through activation of intrinsic tissue precursors.

CHF is classified in relation to the severity of the symptoms experienced by the patient. The most commonly used classification system for functional severity of heart failure, established by the NYHA, is:

- Class I (mild): patients experience none or very mild symptoms with ordinary physical activity
- Class II (mild/moderate): patients experience fatigue and shortness of breath during moderate physical activity
- Class III (moderate/severe): patients experience shortness of breath during even light physical activity
- Class IV or end-stage (severe): patients are exhausted even at rest

Risk for recurrent heart failure-related hospitalizations, occurrence of non-fatal myocardial infarction (MI, heart attack) or non-fatal stroke, or death increases progressively with increases in left ventricular volumes, reduction in left ventricular ejection fraction (LVEF), and progression in NYHA functional class. Approximately 50% of all CHF patients have heart failure with reduced ejection fraction (HFrEF) defined as LVEF $\leq$40%, and are at considerable risk of repeated hospitalizations and death despite maximal drug therapy.

Program in End Stage Heart Failure Patients Requiring Mechanical Support

REVASCOR is being evaluated in patients with end-stage HFrEF implanted with a left ventricular assist device (“LVAD”).

Every year in the United States over 100,000 patients progress to end-stage HFrEF. In these patients, more than 2,500 life prolonging LVADs are implanted in the U.S. annually, of whom approximately 80% undergo the procedure as destination or permanent therapy. Most patients receiving LVADs as destination therapy have an ischemic HFrEF etiology. Compared to patients with non-ischemic HFrEF, patients with ischemic HFrEF have a 76% lower likelihood of LV functional recovery following LVAD implantation, and increased mortality over the initial 1-2 years. Resistance to functional recovery in ischemic HFrEF patients is thought to be due to excessive inflammation and microvascular insufficiency in the ischemic myocardium.

A Phase 2 trial was conducted by a multi-center team of researchers within the United States National Institutes of Health (“NIH”)-funded Cardiothoracic Surgical Trials Network (“CTSN”), led by Icahn School of Medicine at Mount Sinai, New York. The National Institute of Neurological Disorders and Stroke, and the Canadian Institutes for Health

Research also supported this trial. Results of this Phase 2 trial were released in November 2018. The trial was a prospective, multi-center, double-blind, placebo controlled, 2:1 randomized (MPC to placebo), single-dose cohort trial to evaluate the safety and efficacy of injecting a dose of 150 million MPCs into the native myocardium of LVAD recipients. Patients with advanced CHF, implanted with an FDA-approved LVAD as bridge-to-transplant or destination therapy, were eligible to participate in the trial. All patients were followed until 12 months post randomization.

Across the 159 patients in this Phase 2 trial, the trial did not show a significant difference in the ability for patients to tolerate a wean for a period of 60 minutes. In the, 70 patients with end-stage ischemic HFrEF the key findings were:

- Ischemic controls were characterized by persistently elevated levels of the inflammatory cytokine IL-6, by reduced ability to be weaned from LVAD support, and by high mortality.
- In contrast, in ischemic patients treated with rexlemestrocel-L, IL-6 levels returned to normal by 2 months and remained low through 12 months.
- 63% of ischemic patients who received a single administration of rexlemestrocel-L successfully underwent temporary weaning from full LVAD support as early as month 2 as compared with 36% of controls ($p = 0.008$).
- The cumulative incidence of successful temporary weans off the LVAD device over 6 months was also increased by 1.55-fold over control in ischemic patients who received rexlemestrocel-L ([95% CI 1.01, 2.36]; $p=0.02$).
- Only 4.9% of ischemic patients treated with a single administration of rexlemestrocel-L died from month 2 through month 12, as compared with 26.9% of ischemic controls, an 82% reduction ($p = 0.02$).

Current Status and Anticipated Milestones

In March 2024, FDA provided this feedback in formal minutes to the company following the Type B meeting held with FDA in February, 2024 for rexlemestrocel-L (Revascor®) under the existing Regenerative Medicine Advanced Therapy (RMAT) designation. The FDA supported an accelerated approval pathway for rexlemestrocel-L in patients with end-stage ischemic HFrEF and a left ventricular assist device (LVAD).

In feedback provided to Mesoblast regarding potential pathways to licensure for rexlemestrocel-L, FDA's comments indicated that the presented results may support a reasonable likelihood of clinical benefit of MPCs against mortality in LVAD patients, consistent with the criteria for accelerated approval.

Mesoblast intends to request a pre-BLA meeting with FDA to discuss data presentation, timing and FDA expectations for an accelerated approval filing in end-stage ischemic HFrEF patients with LVAD implantation.

Rexlemestrocel-L has regenerative medicine advanced therapy (RMAT) designation from the FDA for treatment of chronic heart failure with left ventricular systolic dysfunction in patients with an LVAD.

Program for Class II/III CHF patients

A multicenter, double-blinded, 1:1 randomized, sham-procedure-controlled Phase 3 study of remestemcel-L was completed across North America with 565 NYHA Class II/III patients at high risk of repeated heart failure hospitalizations or a terminal cardiac event (cardiac death, LVAD placement, heart transplant or insertion of an artificial heart). The enrollment criteria for this trial included a prior decompensated heart failure event (e.g. hospitalization) within the previous nine months and/or very high level of NT-proBNP, a protein used in diagnosis and screening of CHF. These inclusion criteria were designed for enrichment in patients with substantial left ventricular contractile abnormality, advanced CHF due to left ventricular systolic dysfunction and higher risk of recurrent decompensated heart failure hospitalizations and TCEs. This target patient population was shown to respond effectively to treatment with rexlemestrocel-L in our previous Phase 2 trial.

Topline results from the 537 patients who met the criteria which allowed for treatment to occur on a 1:1 randomization basis between rexlemestrocel-L and sham control were announced in December 2021. Over a mean 30 months of follow-up, patients with advanced chronic heart failure who received a single endomyocardial treatment with rexlemestrocel-L on top of maximal therapies had 60% reduction in incidence of heart attacks or strokes and 60% reduction in death from cardiac causes when treated at an earlier stage in the progressive disease process. Despite significant

reduction in the pre-specified endpoint of cardiac death, there was no reduction in study primary end point of recurrent non-fatal decompensated heart failure events, which was the trial's primary endpoint.

The combination of the three pre-specified outcomes of cardiac death, heart attack or stroke into a single composite outcome - called the three-point major adverse cardiovascular event (MACE) is a well-established endpoint used by the FDA to determine cardiovascular risk. Rexlemestrocel-L reduced this three-point MACE by 30% compared to controls across the population of 537 patients. In the NYHA class II subgroup of 206 patients, rexlemestrocel-L reduced the three-point MACE by 55% compared to controls.

DREAM-HF Phase 3 trial results were published in the premier peer-reviewed journal for cardiovascular medicine, the *Journal of the American College of Cardiology (JACC) in February 2023*.

Complementary Technologies

In addition to having the most mature and diverse allogeneic cell therapy product pipeline and technology platform in the field of cellular medicines, we have strategically targeted the acquisition of rights to technologies that are complementary to and synergistic with our mesenchymal lineage cell technology platform. The aim of this activity is to maintain our technology leadership position in the regenerative medicine space, while simultaneously expanding our targeted disease applications and managing the life-cycle of our current lead programs.

Our complementary technologies and additional product candidates include other types of mesenchymal lineage cells, cell surface modification technologies, pay-loading technology and protein and gene technologies.

Manufacturing and Supply Chain

Our manufacturing strategy for our cellular product candidates focuses on the following important factors:

(i) ability for product delineation to protect pricing and partner markets by creating distinct products using discrete manufacturing processes, culture conditions, formulations, routes of administration, and/or dose regimens;

(ii) establishing proprietary commercial scale-up and supply to meet increasing demand;

(iii) implementing efficiencies and yield improvement measures to reduce cost-of-goods;

(iv) maintaining regulatory compliance with best practices; and

(v) establishing and maintaining multiple manufacturing sites for product supply risk mitigation.

The cell therapy manufacturing and distribution process generally involves five major steps.

- Procure bone marrow—acquire bone marrow from healthy adults with specific FDA-defined criteria, which is accompanied by significant laboratory testing to establish the usability of the donated tissues.
- Create master cell banks—isolate MLCs from the donated bone marrow and perform a preliminary expansion to create master cell banks. Each individual master cell bank comes from a single donor.
- Expand to therapeutic quantities—expand master cell banks to produce therapeutic quantities, a process that can yield thousands of doses per master cell bank, with the ultimate number depending on the dose for the respective product candidate being produced.
- Formulate, package and cryopreserve.
- Distribute—our cellular products are cryopreserved at the manufacturer and shipped to storage sites in the U.S. and other jurisdictions via cryoshippers. Those distribution centers then re-package and send the products on to treatment centers in cryoshippers. Treatment centers will either move the products into their own freezers or receive the cryoshipper in "real time" and the product stays in the cryoshipper until thawed for patient use within a well-defined window. We intend to continue utilizing this approach in the future.

To date our product candidates have been manufactured in two-dimensional, or 2D, planar, 10-layer cell factories, using media containing fetal bovine serum, or FBS.

The relatively small patient numbers and orphan drug designation for remestemcel-L lead us to believe that 2D manufacturing will be adequate to meet demand for this product candidate if fully approved. We also believe that 2D manufacturing process and facilities are commercially feasible for Phase 3 trial supply and the initial launch of MPC-06-ID for CLBP.

However, to build up commercial supply for certain of our product candidates long-term, we are developing novel manufacturing processes using three-dimensional, or 3D, bioreactors with greater capacity to improve efficiency and yields, with resulting lower-cost of goods. We intend to evaluate products produced in 3D bioreactors in pre-clinical and potentially clinical studies, which may serve as FDA required comparability studies to 2D if successful.

We are also focusing on the introduction of FBS-free media which has the potential to result in efficiency and yield improvements to the current 2D process. We intend to conduct comparability studies to illustrate that products produced with this media are equivalent to those produced using FBS based media. While we remain confident in our ability to deliver successful outcomes from each of these activities, any unexpected issues or challenges faced in doing so could delay our programs or prevent us from continuing our programs.

Our manufacturing activities to date have met stringent criteria set by international regulatory agencies, including the FDA. By using well-characterized cell populations, our manufacturing processes promote reproducibility and batch-to-batch consistency for our allogeneic cell product candidates. We have developed robust quality assurance procedures and lot release assays to support this reproducibility and consistency.

Intellectual Property

We have a large patent portfolio of issued and pending claims covering compositions of matter, uses for our mesenchymal lineage cell-based technologies and other proprietary regenerative product candidates and technologies, as well as for elements of our manufacturing processes. As of July 2024, the patent portfolio comprises approximately 1,085 patents and patent applications across 66 patent families, with protection extending through to at least 2045 in all major markets.

One of our major objectives is to continue to protect and expand our extensive estate of patent rights and trade secrets, which we believe enables us to deliver commercial advantages and long-term protection for our product candidates based on our proprietary technologies, and support our corporate strategy to target large, mature and emerging healthcare markets for our exploratory therapeutic product candidates.

More specifically, our patent estate includes issued patent and patent applications in major markets, including, but not limited to, the United States, Europe, Japan and China. The patents that we have obtained, and continue to apply for, cover mesenchymal lineage cell technologies and product candidates derived from these technologies, irrespective of the tissue source, including bone marrow, adipose, placenta, umbilical cord and dental pulp.

These patents cover, among other technology areas, a variety of MLCs (including MPCs and MSCs), and the use of MLC for expansion of hematopoietic stem cells, or HSCs. Among the indication-specific issued or pending patents covering product candidates derived from our mesenchymal lineage cells are those which are directed to our lead product candidates: aGVHD, ARDS, CLBP, CHF and chronic inflammatory conditions such as RA. We also have issued and pending patents covering other pipeline indications, including diabetic kidney disease, inflammatory bowel disease (e.g., Crohn's disease), neurologic diseases, eye diseases and additional orthopedic diseases. In addition, we have in-licensed patents covering complementary technologies, such as other types of mesenchymal lineage cells, cell surface modification technologies, pay-loading technology and protein and gene technologies, as part of our strategy to expand our targeted disease applications and manage the life-cycle of our current lead programs.

Our patent portfolio also includes issued and pending coverage of proprietary manufacturing processes that are being used with our current two-dimensional manufacturing platform as well as the 3D bioreactor manufacturing processes currently under development. These cell manufacturing patents cover isolation, expansion, purification, scale up, culture conditions, aggregates minimization, cryopreservation, release testing and potency assays. In addition, we maintain as a trade secret, among other things, our proprietary FBS-free media used in our 3D bioreactor manufacturing processes.

We maintain trade secrets covering a significant body of know-how and proprietary information relating to our core product candidates and technologies. We protect our confidential know-how and trade secrets in a number of ways, including requiring all employees and third parties that have access to our confidential information to sign non-disclosure

agreements, limiting access to confidential information on a need-to-know basis, maintaining our confidential information on secure computers, and providing our contract manufacturers with certain key ingredients for our manufacturing process.

In addition, in many major jurisdictions there are other means that may be available to us by which we would be able to extend the period during which we have commercial exclusivity for our product candidates, which include, but are not limited to the exclusive right to reference our data, orphan drug exclusivity and patent term extensions.

As part of our strategy, we seek patent protection for our product candidates and technologies in major jurisdictions including the United States, Europe, Japan, China, and Australia and file independent and/or counterpart patents and patent applications in other jurisdictions globally that we deem appropriate under the circumstances, including India, Canada, Hong Kong, Israel, Korea and Singapore. As of July 2024, our patent portfolio includes the following patents and patent applications in the following major jurisdictions: 67 granted U.S. patents and 51 pending U.S. patent applications; 64 granted Japanese patents and 35 pending Japanese patent applications; 31 granted Chinese patents and 32 pending Chinese patent applications; 50 granted European patents and 37 pending European patent applications; and 51 granted Australian patents and 32 pending Australian patent applications.

Our policy is to patent the technology, inventions and improvements that we consider important to the development of our business, only in those cases in which we believe that the costs of obtaining patent protection is justified by the commercial potential of the technology and associated product candidates, and typically only in those jurisdictions that we believe present significant commercial opportunities to us. In those cases where we choose neither to seek patent protection nor protect the inventions as trade secrets, we may publish the inventions so that it defensively becomes prior art in order for us to secure a freedom to operate position and to prevent third parties from patenting the invention.

We also seek to protect as trade secrets our proprietary and confidential know-how and technologies that are either not patentable or where we deem it inadvisable to seek patent protection. To this end, we generally require all third parties with whom we share confidential information and our employees, consultants and advisors to enter into confidentiality agreements prohibiting the disclosure of confidential information. These agreements with our employees and consultants engaged in the development of our technologies require disclosure and assignment to us of the ideas, developments, discoveries and inventions, and associated intellectual property rights, important to our business. Additionally, these confidentiality agreements, among others, require that our employees, consultants and advisors do not bring to us, or use without proper authorization, any third party's proprietary technology.

License and Collaboration Agreements

All of our revenue relates to upfront, royalty and milestone payments recognized under the license and collaboration agreements below. For further information on the categorical revenue breakdown during the last three fiscal years, see "Item 18. Financial Statements – Note 3".

Grünenthal arrangement

In September 2019, Mesoblast entered into a strategic partnership with Grünenthal GmbH (Grünenthal) to develop and commercialize MPC-06-ID, the Company's Phase 3 allogeneic cell therapy candidate for the treatment of chronic low back pain due to degenerative disc disease in patients who have exhausted conservative treatment options. The agreement was amended by the parties in June 2021. Under the partnership, Grünenthal will have exclusive commercialization rights to MPC-06-ID for Europe and Latin America. Mesoblast may receive up to $112.5 million in upfront and milestone payments prior to product launch, inclusive of $17.5 million already received, if certain clinical and regulatory milestones are satisfied and reimbursement targets are achieved. Cumulative milestone payments could exceed $1.0 billion depending on the final outcome of Phase 3 studies and patient adoption. Mesoblast will also receive tiered double-digit royalties on product sales. There cannot be any assurance as to the total amount of future milestone and royalty payments that Mesoblast will receive nor when they will be received.

JCR Pharmaceuticals Co., Ltd.—Hematological Malignancies and Hepatocytes Collaboration in Japan

In October 2013, we acquired all of Osiris Therapeutics, Inc.'s business and assets related to culture expanded MSCs. These assets included assumption of a collaboration agreement with JCR ("JCR Agreement"), which will continue in existence until the later of 15 years from the first commercial sale of any product covered by the agreement and expiration of the last Osiris patent covering any such product. JCR is a research and development oriented pharmaceutical

company in Japan. Under the JCR Agreement we assumed from Osiris, JCR has the right to develop our MSCs in two fields for the Japanese market: exclusive in conjunction with the treatment of hematological malignancies by the use of HSCs derived from peripheral blood, cord blood or bone marrow, or the First JCR Field; and non-exclusive for developing assays that use liver cells for non-clinical drug screening and evaluation, or the Second JCR Field. Under the JCR Agreement, JCR obtained rights in Japan to our MSCs, for the treatment of aGVHD. JCR also has a right of first negotiation to obtain rights to commercialize MSC-based products for additional orphan designations in Japan. We retain all rights to those products outside of Japan.

JCR received full approval in September 2015 for its MSC-based product for the treatment of children and adults with aGVHD, TEMCELL. TEMCELL is the first culture-expanded allogeneic cell therapy product to be approved in Japan. It was launched in Japan in February 2016.

Under the JCR Agreement, JCR is responsible for all development and manufacturing costs including sales and marketing expenses. With respect to the First JCR Field, we have received all sales milestone payments, a total of $3.0 million. Ongoing we are entitled to escalating double-digit royalties in the twenties. These royalties are subject to possible renegotiation downward in the event of competition from non-infringing products in Japan. With respect to the Second JCR Field, we are entitled to an approximately 50% profit share.

Intellectual property is licensed both ways under the JCR Agreement, with JCR receiving exclusive and non-exclusive rights as described above from us and granting us non-exclusive, royalty-free rights (excluding in the First JCR Field and Second JCR Field in Japan) under the intellectual property arising out of JCR's development or commercialization of MSC-based products licensed in Japan.

JCR has the right to terminate the JCR Agreement for any reason, and we have a limited right to terminate the JCR Agreement, including a right to terminate in the event of an uncured material breach by JCR. In the event of a termination of the JCR Agreement other than for our breach, JCR must provide us with its owned product registrations and technical data related to MSC-based products licensed in Japan and all licenses of our intellectual property rights will revert to us.

We expanded our partnership with JCR in Japan for two new indications: for wound healing in patients with EB in October 2018, and for neonatal hypoxic ischemic encephalopathy ("HIE"), a condition suffered by newborns who lack sufficient blood supply and oxygen to the brain, in June 2019.

We will receive royalties on TEMCELL product sales for licensed indications, if and when such indications receive marketing approval in Japan.

We have the right to use all safety and efficacy data generated by JCR in Japan to support our development and commercialization plans for our MSC product candidate remestemcel-L in the United States and other major healthcare markets, including for GVHD, EB and HIE.

Lonza—Manufacturing Collaboration

In September 2011, we entered into a manufacturing services agreement, or MSA, with Lonza Walkersville, Inc. and Lonza Bioscience Singapore Pte. Ltd., collectively referred to as Lonza, a global leader in biopharmaceutical manufacturing. Under the MSA, we pay Lonza on a fee for service basis to provide us with manufacturing process development capabilities for our product candidates, including formulation development, establishment and maintenance of master cell banks, records preparation, process validation, manufacturing and other services.

We have agreed to order a certain percentage of our clinical requirements and commercial requirements for MPC products from Lonza. Lonza has agreed not to manufacture or supply commercially biosimilar versions of any of our product candidates to any third party, during the term of the MSA, subject to our meeting certain thresholds for sales of our products.

We can trigger a process requiring Lonza to construct a purpose-built manufacturing facility exclusively for our product candidates. In return if we exercise this option, we will purchase agreed quantities of our product candidates from this facility. We also have a right to buy out this manufacturing facility at a pre-agreed price two years after the facility receives regulatory approval.

The MSA will expire on the three-year anniversary of the date of the first commercial sale of product supplied under the MSA, unless it is terminated earlier. We have the option of extending the MSA for an additional 10 years, followed by the option to extend for successive three-year periods subject to Lonza's reasonable consent. We may terminate the MSA with two years prior written notice, and Lonza may terminate with five years prior written notice. The MSA may also terminate for other reasons, including if the manufacture or development of a product is suspended or abandoned due to the results of clinical trials or guidance from a regulatory authority. In the event we request that Lonza construct the manufacturing facility described above, neither we nor Lonza may terminate before the third anniversary of the date the facility receives regulatory approval to manufacture our product candidates, except in certain limited circumstances. Upon expiration or termination of the MSA, we have the right to require Lonza to transfer certain technologies and lease the Singapore facility or the portion of such facility where our product candidates are manufactured, subject to good faith negotiations.

We currently rely, and expect to continue to rely, on Lonza for the manufacture of our product candidates for preclinical and clinical testing, as well as for commercial manufacture of our product candidates if marketing approval is obtained.

In October 2019, we entered into an agreement with Lonza for commercial manufacture of remestemcel-L for pediatric SR-aGVHD. This agreement has facilitated inventory build ahead of the planned US market launch of remestemcel-L and commercial supply to meet Mesoblast's long-term market projections. The agreement provides for Lonza to expand its Singapore cGMP facilities if required to meet long-term growth and capacity needs for the product. Additionally, it anticipates introduction of new technologies and process improvements which are expected to result in significant increases in yields and efficiencies.

Singapore Economic Development Board (EDB)—Singapore Operations

In 2014, the Economic Development Board of Singapore, or EDB, granted us certain financial incentives tied to revenues generated by our Singapore operations, among other things. The incentive for manufacturing activities is for a 15-year period (broken into five-year increments). We will be eligible for this incentive if we meet certain investment or activity thresholds in Singapore, including employment levels, amounts of business or manufacturing related expenses.

For example, in order to obtain full financial benefits from the EDB for our manufacturing-related incentives, we must manufacture at least 50% of the global volume of our first three commercial products in Singapore (subject to certain exceptions), and we would be required to construct and operate a manufacturing facility in Singapore, and hire and maintain a specified number of professionals (including supply chain personnel) in connection with the operation of that facility. The activities under our MSA with Lonza could be used to fulfill all or part of the requirements to obtain the EDB financial incentives.

Central Adelaide Local Health Network Incorporated—Mesenchymal Precursor Cell Intellectual Property

In October 2004, we, through our wholly-owned subsidiary, Angioblast Systems Inc., now Mesoblast, Inc., acquired certain intellectual property relating to our MPCs, or Medvet IP, pursuant to an Intellectual Property Assignment Deed, or IP Deed, with Medvet Science Pty Ltd, or Medvet. Medvet's rights under the IP Deed were transferred to Central Adelaide Local Health Network Incorporated, or CALHNI, in November 2011. In connection with our use of the Medvet IP, we are obligated to pay CALHNI, as successor in interest to Medvet, (i) certain aggregated milestone payments of up to $2.2 million and single-digit royalties on net sales of products covered by the Medvet IP, for cardiac muscle and blood vessel applications and bone and cartilage regeneration and repair applications, subject to minimum annual royalties beginning in the first year of commercial sale of those products and (ii) and single-digit royalties on net sales of the specified products for applications outside the specified fields. Additionally, we are obligated to pay CALHNI a double-digit percentage in the teens of any revenue that we receive in exchange for a grant of a sublicense to the Medvet IP in the specified fields. Under the IP Deed, we also granted to Medvet a non-exclusive, royalty-free license to the Medvet IP for non-commercial, internal research and academic research.

Pursuant to the IP Deed, we were assigned the rights in three U.S. patents or patent applications (including all substitutions, continuations, continuations-in-part, divisional, supplementary protection certificates, renewals, all letters patent granted thereon, and all reissues, reexaminations, extensions, confirmations, revalidations, registrations and patents of addition and foreign equivalents thereof) and all future intellectual property rights, including improvements, that might arise from research conducted at CALHNI related to MPCs and methods of isolating, culturing and expanding MPCs and their use in any therapeutic area. We also acquired all related materials, information and know-how.

Osiris Acquisition—Continuing Obligations

In October 2013, we and Osiris entered into a purchase agreement, as amended, or the Osiris Purchase Agreement, under which we acquired all of Osiris' business and assets related to culture expanded MSCs. Pursuant to the Osiris Purchase Agreement, we also agreed to make certain milestone and royalty payments to Osiris pertaining to remestemcel-L for the treatment of aGVHD and Crohn's disease. Each milestone payment is for a fixed dollar amount and may be paid in cash or our ordinary shares or ADSs, at our option. The maximum amount of future milestone payments we may be required to make to Osiris is $40.0 million. Any ordinary shares or ADSs we issue as consideration for a milestone payment will be subject to a contractual one year holding period, which may be waived in our discretion. In the event that the price of our ordinary shares or ADSs decreases between the issue date and the expiration of any applicable holding period, we will be required to make an additional payment to Osiris equal to the reduction in the share price multiplied by the amount of issued shares under that milestone payment. This additional payment can be made either wholly in cash or 50% in cash and 50% in our ordinary shares, in our discretion. We have also agreed to pay varying earnout amounts as a percentage of annual net sales of acquired products, ranging from low single-digit to 10% of annual sales in excess of $750.0 million. These royalty payments will cease after the earlier of a ten year commercial sales period and the first sale of a relevant competing product. The first royalty payments were made in 2016.

Tasly Pharmaceutical Group — Cardiovascular Alliance for China

In July 2018, we entered into a Development and Commercialization Agreement with Tasly.

The Development and Commercialization Agreement provides Tasly with exclusive rights to develop, manufacture and commercialize REVASCOR in China for the treatment or prevention of CHF and MPC-25-IC for the treatment or prevention of AMI. Tasly will fund all development, manufacturing and commercialization activities in China for REVASCOR and MPC-25-IC. On closing, we received a $20.0 million upfront technology access fee. Further, we will receive $25.0 million upon product regulatory approvals in China. Mesoblast will receive double-digit escalating royalties on net product sales. Mesoblast is eligible to receive six escalating milestone payments upon the product candidates reaching certain sales thresholds in China.

Tasly can terminate the Development and Commercialization Agreement with a specified amount of notice, on the later of (a) third anniversary of the agreement coming into effect and (b) receipt of marketing approval in China for each of REVASCOR or MPC-25-IC. Mesoblast has termination rights with respect to certain patent challenges by Tasly and if certain competing activities are undertaken by Tasly. Either party may terminate the agreement on material breach of the agreement if such breach is not cured within the specified cure period or if certain events related to bankruptcy of the other party occur.

TiGenix NV – patent license for treatment of fistulae

In December 2017, we entered into a Patent License Agreement with TiGenix, now a wholly owned subsidiary of Takeda, which granted Takeda exclusive access to certain of our patents to support global commercialization of the adipose-derived MSC product Alofisel®, previously known as Cx601, a product candidate of Takeda, for the local treatment of fistulae. The agreement includes the right for Takeda to grant sub-licenses to affiliates and third parties.

As part of the agreement, we received $5.9 million (€5.0 million) before withholding tax as a non-refundable upfront payment, a further payment of $5.9 million (€5.0 million) before withholding tax 12 months after the patent license agreement date, and a further $1.2 million (€1.0 million) product regulatory milestone payment in the year ended June 30, 2022. We are entitled to further payments of up to €9.0 million when Takeda reaches certain product regulatory milestones. Additionally, we receive single digit royalties on net sales of Alofisel®.

The agreement will continue in full force in each country (other than the United States) until the date upon which the last issued claim of any licensed patent covering Alofisel® expires in such country (currently expected to be 2029) or, with respect to the United States, until the later of (i) the date upon which the last issued claim of any licensed patent covering Alofisel® in the United States expires (currently expected to be around 2031) or (ii) the expiration of the regulatory exclusivity period in the United States with an agreed maximum term.

Either we or Takeda may terminate the agreement for any material breach that is not cured within 90 days after notice thereof. We also have the right to terminate the agreement, with a written notice in the event that Takeda file a petition in bankruptcy or insolvency or Takeda makes an assignment of substantially all of its assets for the benefit of its creditors.

Takeda have the right to terminate their obligation to pay royalties for net sales in a specific country if it is of the opinion that there is no issued claim of any licensed patent covering Alofisel® in such country, subject to referral of the matter to the joint oversight/cooperation committee established under the agreement if we disagree.

Competition

The biotechnology and pharmaceutical industries are highly competitive and are characterized by rapidly advancing technologies and a strong emphasis on proprietary products. Any product candidates that we and our collaborators successfully develop and commercialize will compete with existing products and new products that may become available in the future.

A number of our potential competitors, particularly large biopharmaceutical companies, have significantly greater financial resources and general expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Our market has been characterized by significant consolidation by pharmaceutical and biotechnology companies, which is likely to result in even more resources being concentrated among a smaller number of our potential competitors.

Government Regulation

We are developing cellular therapy product candidates. These products are subject to extensive legislation. Governmental authorities around the world, including the FDA, are charged with the administration and enforcement of numerous laws and regulations that impact all aspects of the development, production, importing, testing, approval, labeling, promotion, advertising, and sale of products such as ours. Such governmental authorities are also charged with administering what is often a lengthy and technical review and approval process before candidate therapies such as ours may be marketed for any use. Authorization or approval for marketing must generally be obtained from the local health authorities in each country in which the product is to be sold. Approval and authorization procedures may differ from country to country, as may the requirements for maintaining approvals. It is typical however for these procedures to require evidence of rigorous testing and documentation regarding the candidate therapy, which may include significant non-clinical and clinical evaluations. Extensive controls and requirements apply to the non-clinical and clinical development of our therapeutic candidates. Those requirements and their enforcement and implementation by local regulatory authorities around the world significantly impact whether a product candidate can be developed into a marketable product, and notably impact the cost, resources and timing for any such development. Changes in regulatory requirements and differences in requirements from country to country may also increase the costs of bringing new technologies such as ours to market and maintaining approvals, if obtained.

To obtain marketing approval of a new product, an extensive dossier of evidence establishing the safety, efficacy and quality of the product must be submitted for review by regulatory authorities. Dossier form and substance, while often similar may have notable differences in different countries. Submission of an application to regulators does not guarantee approval to market that product, despite the fact that criteria for approval in many countries may be quite similar. Some regulatory authorities may require additional data and analyses, and may have standards that apply that are more stringent than others for review of the submitted dossier and content. Additionally, the review process, risk tolerance, and openness to new technologies may vary from country to country.

Obtaining marketing approval can take several months to several years, depending on the country, the quality of the data, the efficiencies and procedures of the reviewing regulatory authority and their familiarity with the product technology. Some countries, like the US, may have accelerated approval processes for certain categories of products, for example products which represent a breakthrough in the field, or which meet certain thresholds and have obtained certain designations of particular interest. Nevertheless, ultimate availability to patients may be affected, even post approval, by requirements in some countries to negotiate selling prices and reimbursement terms with government regulators or other payors.

Maintaining marketing approval may require the conduct of additional post-approval studies in some situations, and the continued capture, monitoring and assessment of safety and other information about the product, as well as adherence to requirements to ensure the purity and integrity of manufactured product. The process for obtaining and maintaining regulatory authorizations and approvals to market our products and the subsequent compliance with appropriate federal, state, local and foreign laws and regulations require the expenditure of substantial time and the commitment of significant financial and other resources, and we may not be able to obtain the required regulatory approvals.

Product Development Process

All of our product candidates are regulated as biological products by the Center for Biologics Evaluation and Research in the FDA. In the United States, biological products are subject to federal regulation under the Federal Food, Drug, and Cosmetic Act ("FDCA"), the Public Health Service ("PHS") Act, and other federal, state, local and foreign statutes and regulations. Both the FDCA and the PHS Act, as applicable, and their corresponding regulations govern, among other things, the testing, manufacturing, safety, efficacy, labeling, packaging, storage, record keeping, distribution, import, export, reporting, advertising and other promotional practices involving drugs and biological products. Before clinical testing of a new drug or biological product may commence, the sponsor of the clinical study must submit an application for investigational new drug ("IND") application to FDA, which must include, among other information, the proposed clinical study protocol(s). To obtain marketing authorization once clinical testing has concluded, a BLA must be submitted for FDA approval.

The process required by the FDA before a biological product may be marketed in the U.S. generally involves the following:

- completion of nonclinical laboratory studies, meaning in vivo and in vitro experiments in which an investigational product is studied prospectively in a test system under laboratory conditions to determine its safety, must be conducted according to cGLP (good laboratory practice) regulations, as well as, in the case of nonclinical laboratory studies involving animal test systems, in accordance with applicable requirements for the humane use of laboratory animals and other applicable regulations;
- submission to the FDA of an application for an IND, which must become effective before human clinical studies may begin;
- performance of adequate and well-controlled human clinical studies according to the FDA's cGCPs (good clinical practices) and all other applicable regulatory requirements for the protection of human research subjects and their health information, to establish the safety, purity and potency of the proposed product for its intended use and to ensure the product has an appropriate risk-benefit profile;
- development and demonstration of a manufacturing process that can produce product of consistent and adequate quality;
- submission to the FDA of a BLA for marketing approval demonstrating the quality, safety, and efficacy of the product which must be supported by substantial evidence from adequate and well-controlled clinical investigations as well as demonstration of mode of action through non-clinical studies, evidence to support appropriate manufacturing capabilities and controls, and evidence of the stability of the product in the form it is intended to be provided;
- negotiation with FDA of proposed product labeling (and determination of appropriate risk mitigation strategies and programs, if any required), as well as participation in any required advisory committee proceedings;
- satisfactory completion of an FDA inspection of all manufacturing, testing and distribution facilities where the product is produced, tested or stored and distributed, to assess compliance with cGMP (good manufacturing practices) to assure that the facilities, methods and controls for production are adequate to preserve the product's identity, strength, purity and potency;
- potential FDA inspection of nonclinical facilities and likely inspection of select clinical study sites that generated the data in support of the BLA; and
- FDA review and approval of the BLA.

Human testing of a biological product candidate is preceded by preclinical testing, including nonclinical laboratory studies in which the product candidate is studied prospectively in a test system under laboratory conditions to determine its safety. A test system may include any animal, plant, microorganism, or subparts thereof to which the test or control article is administered or added for study.

The clinical study sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. Some preclinical testing may continue even after the IND is submitted. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA places the clinical study covered by the IND on a clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical

study can begin. The FDA may also impose clinical holds on a product candidate at any time during clinical studies due to safety concerns or non-compliance. If the FDA imposes a clinical hold, studies may not recommence unless FDA removes the clinical hold and then only under terms authorized by the FDA. Accordingly, we cannot be sure that submission of an IND will result in the FDA allowing clinical studies to begin, or that, once begun, issues will not arise that suspend or terminate such studies.

Clinical studies involve the administration of the product candidate to subjects under the supervision of qualified independent investigators, generally physicians or other qualified scientists and medical personnel who are not employed by or under the study sponsor's control. Clinical studies are conducted under protocols detailing, among other things, the objectives of the clinical study, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety, including stopping rules that assure a clinical study will be stopped if certain adverse events, or AEs, should occur. Each new protocol and certain amendments to the protocol must be submitted to the FDA. Clinical studies must be conducted in accordance with the FDA's cGCP regulations and guidance, and monitored to ensure compliance with applicable regulatory requirements. These include the requirement that written informed consent is obtained from all subjects who participate in the study. Further, each clinical study must be reviewed and approved by an independent Institutional Review Board, or IRB, at or servicing each institution at which the clinical study will be conducted. An IRB is charged with protecting the welfare and rights of study participants and considers such items as whether the risks to individuals participating in the clinical studies are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the form and content of the informed consent document that must be signed by each clinical study subject or his or her legal representative and must monitor the clinical study until completed. Throughout the study, certain information about certain serious adverse events must be reported to the IRB, in some cases on an expedited basis, and to FDA (as well as to regulators in other countries in which studies of the product are also being conducted).

Human clinical studies are typically conducted in three sequential phases that may in some cases overlap or be combined:

- ***Phase 1***. The product candidate is initially introduced into a small number of human subjects. In the case of cellular therapy products, the initial human testing is conducted in patients with the disease or condition targeted by the biological product candidate. Phase 1 studies are intended to determine the metabolism and pharmacologic actions (including adverse reactions), the side effects associated with increasing doses, immunogenicity, and, if possible, to gain early evidence of effectiveness. The information obtained in Phase 1 should be sufficient to permit the design of well-controlled, scientifically valid Phase 2 studies.
- ***Phase 2***. Controlled clinical studies are conducted in a larger number of human subjects to evaluate the effectiveness of the drug for a particular indication or indications in patients with the disease or condition under study. Phase 2 studies are intended to assess side effects and risks, and to examine exposure–response relationships, and to further explore pharmacologic actions and immunogenicity associated with the drug. These studies also provide helpful information for the design of phase 3 studies.
- ***Phase 3***. Assuming preliminary evidence suggesting effectiveness has been obtained in phase 2 (generally considered to be "proof of concept"), controlled studies are conducted in a larger group of subjects to gather additional information about effectiveness and safety in order to evaluate the overall benefit-risk relationship of the drug and to provide an adequate basis for physician labeling.

Post-approval clinical studies, sometimes referred to as Phase 4 clinical studies, may be conducted after initial marketing approval. In some cases, FDA may require a Phase 4 study to be performed as a condition of product approval. Sponsors also can voluntarily conduct Phase 4 studies to gain additional experience from the treatment of patients in the intended therapeutic indication, particularly for long-term safety follow-up or in select populations. FDA regulations extend to all phases of clinical development and apply to sponsors and investigators of clinical studies. FDA oversight includes inspection of the sites and investigators involved in conducting the studies.

Concurrent with clinical studies, companies usually complete additional animal studies, and must also develop additional information about the physical characteristics of the biological product as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements.

To help reduce the risk of the introduction of adventitious agents with use of biological products, the PHS Act emphasizes the importance of manufacturing control for products whose attributes cannot be precisely defined. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among

other things; the sponsor must develop methods for testing the identity, purity and potency of the final biological product. All such testing and controls requires the application of significant human and financial resources.

Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the biological product candidate does not undergo unacceptable deterioration over its shelf life.

U.S. Review and Approval Processes

After the completion of clinical studies of a product candidate, FDA approval of a BLA must be obtained before commercial marketing of the biological product. The BLA must include results of product development, laboratory and animal studies, human studies, information on the manufacture and composition of the product, proposed labeling and other relevant information. In addition, under the Pediatric Research Equity Act ("PREA"), a BLA or supplement to a BLA must contain data to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of data or full or partial waivers. Unless otherwise required by regulation, PREA does not apply to any biological product for an indication for which orphan designation has been granted. The testing and approval processes require substantial time and effort and there can be no assurance that the FDA will accept the BLA for filing and, even if filed, that any approval will be granted on a timely basis, if at all.

Under the Prescription Drug User Fee Act ("PDUFA"), as amended, each BLA must be accompanied by a substantial user fee. PDUFA also imposes an annual product fee for biologics and an annual establishment fee on facilities used to manufacture prescription biologics. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business.

Additionally, an application fee is not assessed on BLAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

Within 60 days following submission of the application, the FDA reviews the BLA submitted to determine if it is substantially complete before the agency accepts it for filing. The FDA may refuse to file any marketing application that it deems incomplete or not properly reviewable at the time of submission and may request additional information. In this event, the BLA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review of the BLA. The FDA reviews the application to determine, among other things, whether the proposed product is safe and effective, for its intended use, and has an acceptable purity profile, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, safety, potency and purity. The FDA may refer applications for novel products or products that present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions. During the product approval process, the FDA also will determine whether a Risk Evaluation and Mitigation Strategy, or REMS, is necessary to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS; the FDA will not approve the application without a REMS, if required.

Before approving a BLA, the FDA will typically inspect the facilities at which the product is manufactured. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving a BLA, the FDA will typically inspect one or more clinical sites to assure that the clinical studies were conducted in compliance with IND study and cGCP requirements. To assure cGMP and cGCP compliance, an applicant must incur significant expenditure of time, money and effort in the areas of training, record keeping, production, and quality control.

Notwithstanding the submission of relevant data and information, the FDA may ultimately decide that the BLA does not satisfy its regulatory criteria for approval and deny approval. Data obtained from clinical studies are not always conclusive and the FDA may interpret data differently than we interpret the same data. If the agency decides not to approve the marketing application, it will issue a complete response letter describing specific deficiencies in the application identified by the FDA. Additionally, the complete response letter may recommend actions that the applicant might take to place the application in a condition for approval. Such recommended actions could include the conduct of additional

studies. If a complete response letter is issued, the applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, or withdraw the application.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. The FDA may impose restrictions and conditions on product distribution, prescribing, or dispensing in the form of a risk management plan, or otherwise limit the scope of any approval. In addition, the FDA may require post-approval clinical studies, to further assess a product's safety and effectiveness, and testing and surveillance programs to monitor the safety of approved products that have been commercialized.

One of the performance goals agreed to by the FDA under the PDUFA is to complete its review of 90% of standard BLAs within 10 months from filing and 90% of priority BLAs within six months from filing, whereupon a review decision is to be made. The FDA does not always meet its PDUFA goal dates and its review goals are subject to change from time to time. The review process and the PDUFA goal date may be extended by three months if the FDA requests or the application sponsor otherwise provides additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA goal date.

Post-Approval Requirements

Maintaining substantial compliance with applicable federal, state, and local statutes and regulations requires the expenditure of substantial time and the commitment of substantial human and financial resources. Rigorous and extensive FDA regulation of biological products continues after approval, particularly with respect to cGMP. We will rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of any products that we may commercialize. Manufacturers of our products are required to comply with applicable requirements in the cGMP regulations, including quality control and quality assurance and maintenance of records and documentation.

Other post-approval requirements applicable to drug and biological products include reporting post marketing surveillance to continuously monitor the safety of the approved product. This is done through the collection of spontaneous reports of adverse events and side effects, the assessment of safety signals, if any, and prescription event monitoring, among other methods. FDA maintains a system of postmarketing surveillance because all possible side effects of a new drug may not be evident in preapproval studies, which involve only several hundred to several thousand patients. Through postmarketing surveillance and risk assessment programs, FDA and sponsors seek to identify adverse events that did not appear during the drug approval process. In addition, FDA monitors adverse events such as adverse reactions and poisonings. FDA may use this information for a variety of purposes to identify safety signals not previously identified with the product, to update drug labeling, and, on rare occasions, to reevaluate the approval or marketing decision with respect to a product.

In addition, post-approval regulatory requirements include reporting of cGMP deviations that may affect the identity, potency, purity and overall safety of a distributed product, record-keeping requirements, and complying with electronic record and signature requirements. After a BLA is approved, the product also may be subject to official lot release. As part of the manufacturing process, the manufacturer is required to perform certain tests on each lot of the product before it is released for distribution. If the product is subject to official release by the FDA, the manufacturer submits samples of each lot of product to the FDA together with a release protocol showing a summary of the history of manufacture of the lot and the results of all of the manufacturer's tests performed on the lot. The FDA also may perform certain confirmatory tests on lots of some products before releasing the lots for distribution by the manufacturer. In addition, the FDA conducts laboratory research related to the regulatory standards on the safety, purity, potency, and effectiveness of drug and biological products. The FDA will also conduct routine scheduled and unannounced inspections of drug production and control facilities and processes, using field investigators and analysts, to assure ongoing safety and effectiveness of approved marketed products. Inspections may be made in conjunction with regulators from other jurisdictions and in certain cases, inspection findings and observations may be made public or may impair our ability to use the inspected facility, or to continue to produce and market a product.

We also must comply with the FDA's advertising and promotion requirements, such as those related to direct- to-consumer advertising, the prohibition on promoting products for uses or in patient populations that are not described in the product's approved labeling (known as "off-label use"), industry-sponsored scientific and educational activities, and promotional activities involving the internet and notably, social media. In addition, discovery of previously unknown problems or the failure to comply with the applicable regulatory requirements may result in restrictions on the marketing of

a product or withdrawal of the product from the market as well as possible civil or criminal sanctions. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant or manufacturer to administrative or judicial civil or criminal sanctions and adverse publicity. Sanctions authorized under FDA's legal authorities could include refusal to approve pending applications, withdrawal of an approval, clinical hold, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, mandated corrective advertising or communications with doctors, debarment, restitution, disgorgement of profits, or civil or criminal penalties.

Violations of the FDCA may serve as a basis for the refusal of, or exclusion from, government contracts, including federal reimbursement programs, as well as other adverse consequences including lawsuits and actions by state attorneys general. Any agency or judicial enforcement action could have a material adverse effect on us. Drug and biological product manufacturers and other entities involved in the manufacture and distribution of approved drug or biological products are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMPs and other laws. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance. Discovery of problems with a product after approval may result in restrictions on a product, manufacturer, or holder of an approved BLA, including withdrawal of the product from the market. In addition, changes to a manufacturing process or facility generally require prior FDA approval before being implemented and other types of changes to the approved product, such as adding new indications and additional labeling claims, are also subject to further FDA review and approval.

U.S. Patent Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of the FDA approval of the use of our product candidates, some of our U.S. patents may be eligible for limited patent term extension under the *Drug Price Competition and Patent Term Restoration Act* of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of a new drug application, or NDA, or BLA plus the time between the submission date of an NDA or BLA and the approval of that application. Only one patent applicable to an approved product can be extended and the application for the extension must be submitted prior to the expiration of the patent. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration.

A drug or biological product can obtain pediatric market exclusivity in the U.S. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric study in accordance with an FDA-issued "Written Request" for such a study.

The *Biologics Price Competition and Innovation Act* of 2009 created an abbreviated approval pathway for biological products shown to be similar to, or interchangeable with, an FDA-licensed reference biological product. Biosimilarity, which requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency, can be shown through analytical studies, animal studies, and a clinical study or studies. Interchangeability requires that a product is biosimilar to the reference product and the product must demonstrate that it can be expected to produce the same clinical results as the reference product and, for products administered multiple times, the biologic and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic.

A new biologic is granted 12 years of exclusivity from the time of first licensure during which a biosimilar may not be launched.

Government Regulation Outside of the U.S.

European Union Regulation

In addition to regulations in the U.S., we will be subject to a variety of regulations in other jurisdictions governing, among other things, clinical studies and any commercial sales and distribution of our products. In particular, we view the EU and Japan as important jurisdictions for our business.

For purposes of developing our products, we must obtain the requisite approvals from regulatory authorities in each country prior to the commencement of clinical studies or marketing of the product in those countries. Certain countries outside of the U.S. have a similar process that requires the submission of a clinical study application much like the IND prior to the commencement of human clinical studies. In the EU, for example, a clinical trial application ("CTA"), must be submitted to each country's national health authority and an independent ethics committee, much like the FDA and the IRB, respectively. Once the CTA is approved in accordance with a country's requirements, clinical study development may proceed.

The EU has two main procedures for obtaining marketing authorizations in the EU Member States: a centralized procedure or national authorization procedure, under the latter of which one can seek to go through the mutual recognition procedure or the decentralized procedure. All biotechnology products are assessed through the centralized procedure.

Under the centralized authorization procedure, sponsors submit a single marketing-authorization application to the EMA. This allows the marketing-authorization holder to market the product and make it available to patients and healthcare professionals throughout the EU on the basis of a single marketing authorization. EMA's Committee for Medicinal products for Human Use ("CHMP") carries out a scientific assessment of the application and give a recommendation on whether the medicine should be marketed or not. Once granted by the EMA, the centralized marketing authorization is valid in all EU Member States as well as in the European Economic Area countries Iceland, Liechtenstein and Norway. The centralized procedure is mandatory for biotechnology products.

Any product candidates we seek to commercialize in the EU are subject to review and approval by the European Medicines Authority ("EMA"). Submissions for marketing authorization to the EMA must be received and validated by that body which appoints a Rapporteur and Co-Rapporteur to review it. The entire review process must be completed within 210 days, with a "clock-stop" at day 120 to allow the submitting company to respond to questions set forth in the Rapporteur and Co-Rapporteur's assessment report. Once the company responds in full, the clock for review re-starts on day 121. If further clarification is needed, the EMA may request an Oral Explanation on day 180, and the company submitting the application must appear before the CHMP to provide the requested information. On day 210, the CHMP will vote to recommend for or against the approval of the application. The final decision of EMA for marketing authorization following a positive CHMP recommendation is typically made within 60 days, with a draft decision within 15 days of the CHMP recommendation.

After Marketing Authorizations have been granted, the company must submit periodic safety reports to the EMA (if approval was granted under the Centralized Procedure) or to the National Health Authorities (if approval was granted under the DCP or the MRP). In addition, pharmacovigilance measures must be implemented and monitored to ensure appropriate adverse event collection, evaluation and expedited reporting, as well as timely updates to any applicable risk management plans. For some medications, post approval studies may be required to complement available data with additional data to evaluate long term effects or to gather additional efficacy data.

European marketing authorizations have an initial duration of five years. After this time, the marketing authorization may be renewed by the competent authority on the basis of re-evaluation of the risk/benefit balance. Any marketing authorization which is not followed within three years of its granting by the actual placing on the market of the corresponding medicinal product ceases to be valid.

United Kingdom (post BREXIT)

Marketing Authorization in the United Kingdom no longer falls under the EMA centralized process, and requires compliance to local laws and regulations, with a separate application required either concurrently or sequentially with the centralized procedure.

EU Exclusivity Periods

To obtain regulatory approval of an investigational biological product under EU regulatory systems, we must submit a marketing authorization application. The application used to file the BLA in the U.S. is similar to that required in the EU, with the exception of, among other things, country-specific document requirements. The EU also provides opportunities for market exclusivity. For example, in the EU, upon receiving marketing authorization, new chemical entities generally receive eight years of data exclusivity and an additional two years of market exclusivity. If granted, data exclusivity prevents regulatory authorities in the EU from referencing the innovator's data to assess a generic application. During the additional two-year period of market exclusivity, a generic marketing authorization can be submitted, and the innovator's data may be referenced, but no generic product can be marketed until the expiration of the market exclusivity. However, there is no guarantee that a product will be considered by the EU's regulatory authorities to be a new chemical entity, and products may not qualify for data exclusivity. Products receiving orphan designation in the EU can receive 10 years of market exclusivity, during which time no similar medicinal product for the same indication may be placed on the market. An orphan product can also obtain an additional two years of market exclusivity in the EU for pediatric studies. No extension to any supplementary protection certificate can be granted on the basis of pediatric studies for orphan indications.

The criteria for designating an "orphan medicinal product" in the EU are similar in principle to those in the U.S. Under Article 3 of Regulation (EC) 141/2000, a medicinal product may be designated as orphan if (1) it is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition; (2) either (a) such condition affects no more than five in 10,000 persons in the EU when the application is made, or (b) the product, without the benefits derived from orphan status, would not generate sufficient return in the EU to justify investment; and (3) there exists no satisfactory method of diagnosis, prevention or treatment of such condition authorized for marketing in the EU, or if such a method exists, the product will be of significant benefit to those affected by the condition, as defined in Regulation (EC) 847/2000. Orphan medicinal products are eligible for financial incentives such as reduction of fees or fee waivers and are, upon grant of a marketing authorization, entitled to 10 years of market exclusivity for the approved therapeutic indication. The application for orphan drug designation must be submitted before the application for marketing authorization. The applicant will receive a fee reduction for the marketing authorization application if the orphan drug designation has been granted, but not if the designation is still pending at the time the marketing authorization is submitted. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

The 10-year market exclusivity may be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for orphan designation, for example, if the product is sufficiently profitable not to justify maintenance of market exclusivity. Additionally, marketing authorization may be granted to a similar product for the same indication at any time if:

- the second applicant can establish that its product, although similar, is safer, more effective or otherwise clinically superior;
- the applicant consents to a second orphan medicinal product application; or
- the applicant cannot supply enough orphan medicinal product.

In addition to law and regulation specific to drug development, we note that new data protection regulations that have gone into effect in Europe are likely to have a significant impact on our activities, personnel, and may have an impact on our ability to timely complete clinical trials and effectively develop and commercialize our product candidates. The General Data Protection Regulation (the "GDPR") was approved and adopted by the EU Parliament in April 2016 and went into effect on May 25, 2018. Unlike a Directive, the GDPR does not require any enabling legislation to be passed by any government. The GDPR not only applies to organizations located within the EU but may also apply to organizations located outside of the EU if they offer goods or services to, or monitor the behavior of, EU data subjects or if they process the personal data of subjects residing in the European Union. The implications of this regulation are therefore far reaching and may impose significant burdens on the Company and its processes and systems. Additionally, the UK government has implemented data protection legislation, which also went into effect on May 25, 2018, that substantially implements the GDPR. For other countries outside of the EU, such as countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical studies, product licensing, coverage, pricing and reimbursement vary from country to country. In all cases, again, the clinical studies are conducted in accordance with cGCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Pharmaceutical Coverage, Pricing and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any product candidates for which we obtain regulatory approval. In the U.S. and markets in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend, in part, on the availability of coverage and adequate reimbursement from third-party payors. Third-party payors include government programs such as Medicare or Medicaid, managed care plans, private health insurers, and other organizations. These third-party payors may deny coverage or reimbursement for a product or therapy in whole or in part if they determine that the product or therapy was not medically appropriate or necessary or if another less expensive potential alternative exists. Third-party payors may attempt to control costs by limiting coverage to specific drug products on an approved list, or formulary, which might not include all of the FDA-approved drug products for a particular indication, and by limiting the amount of reimbursement for particular procedures or drug treatments. In addition, in the United States, participation in government health programs such as Medicare and Medicaid are subject to complex rules and controls relating to price reporting and calculation of prices to ensure that pricing provided to government entities for periodic reporting purposes is aligned and compliant with numerous complex statutory requirements and the lowest possible price is the one used by government programs. The infrastructure and/or external resources necessary to ensure continued compliance with these requirements is extensive and manufacturers are subject to audit both by the Centers for Medicare and Medicaid Services and by State Medicaid authorities.

The cost of pharmaceuticals and devices continues to generate substantial governmental and third-party payor interest. We expect that the pharmaceutical industry will experience pricing pressures due to the trend toward managed healthcare, the increasing influence of managed care organizations and additional legislative proposals. Third-party payors are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. We may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of our products, in addition to the costs required to obtain the FDA approvals. More recently in the US and for certain high-cost rare disease drugs, payors have negotiated a provision that requires manufactures to refund the cost of the treatment if patients discontinue the drug for clinical reasons. Our product candidates may not be considered medically necessary or cost-effective. A payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development.

Some third-party payors also require pre-approval of coverage for new or innovative devices or drug therapies before they will reimburse healthcare providers who use such therapies. While we cannot predict whether any proposed cost-containment measures will be adopted or otherwise implemented in the future, these requirements or any announcement or adoption of such proposals could have a material adverse effect on our ability to obtain adequate prices for our product candidates and to operate profitably.

In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings (or mandatory price decreases) on specific products and therapies. There can be no assurance that our products will be considered medically reasonable and necessary for a specific indication, that our products will be considered cost-effective by third-party payors, that coverage or an adequate level of reimbursement will be available or that the third-party payors reimbursement policies will not adversely affect our ability to sell our product profitably.

Healthcare Reform

In the U.S. and foreign jurisdictions, there have been a number of legislative and regulatory changes to the healthcare system that could affect our future results of operations. In particular, there have been and continue to be a number of initiatives at the U.S. federal and state levels that seek to reduce healthcare costs. In the U.S., the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or the Medicare Modernization Act, changed the way Medicare covers and pays for pharmaceutical products. The Medicare Modernization Act expanded Medicare coverage for drug purchases by the elderly by establishing Medicare Part D and introduced a new reimbursement methodology based on average sales prices for physician administered drugs under Medicare Part B. In addition, this legislation provided authority for limiting the number of drugs that will be covered in any therapeutic class under the new Medicare Part D program. Cost reduction initiatives and other provisions of this legislation could decrease the coverage and reimbursement rate that we receive for any of our approved products. While the Medicare Modernization Act applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates.

Therefore, any reduction in reimbursement that results from the Medicare Modernization Act may result in a similar reduction in payments from private payors.

In March 2010, the Affordable Care Act ("ACA") came into effect, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against healthcare fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on pharmaceutical and medical device manufacturers and impose additional health policy reforms. We expect that the rebates, discounts, taxes and other costs resulting from the ACA over time will have a negative effect on our expenses and profitability in the future. Furthermore, expanded government investigative authority and increased disclosure obligations may increase the cost of compliance with new regulations and programs.

The current presidential administration and Congress are also expected to continue recent attempts to make changes to the current health care laws and regulations. The impact of those changes on us and potential effect on the pharmaceutical industry as a whole is currently unknown. But, any changes to the health care laws or regulations, especially to Medicare drug reimbursement, are likely to have an impact on our results of operations and may have a material adverse effect on our results of operations. We cannot predict what other health care programs and regulations will ultimately be implemented at the federal or state level or the effect of any future legislation or regulation in the United States may have on our business.

It is possible that healthcare reform measures that have been and may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product, and could seriously harm our future revenue. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors, and formulary restrictions among private payors including the largest pharmacy benefit managers have increased over recent months, especially as regards to new and high cost market entrants. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products.

In addition, different pricing and reimbursement schemes exist in other countries. In the European Community, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national healthcare systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products may be marketed only once a reimbursement price has been agreed upon. Some of these countries may require, as condition of obtaining reimbursement or pricing approval, the completion of clinical trials that compare the cost- effectiveness of a particular product candidate to currently available therapies. Other member states allow companies to fix their own prices for medicines but monitor and control company profits. The downward pressure on healthcare costs in general, particularly prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross- border imports from low-priced markets exert a commercial pressure on pricing within a country.

Other Healthcare Laws and Compliance Requirements

In the U.S., the research, manufacturing, distribution, sale and promotion of drug products, including biologics, and medical devices are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, divisions of the U.S. Department of Health and Human Services, including the Office of Inspector General and the Centers for Medicare and Medicaid Services, the U.S. Department of Justice, state Attorneys General, and other state and local government agencies. For example, sales, marketing and scientific/educational grant programs must comply with fraud and abuse laws such as the federal Anti-Kickback Statute, as amended, the federal False Claims Act, as amended, and similar state laws. Pricing and rebate programs must comply with the Medicaid Drug Rebate Program requirements of the Omnibus Budget Reconciliation Act of 1990, as amended, and the Veterans Health Care Act of 1992, as amended. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. All of these activities are also potentially subject to federal and state consumer protection and unfair competition laws.

The federal Anti-Kickback Statute prohibits any person, including a prescription drug manufacturer (or a party acting on its behalf), from knowingly and willfully soliciting, receiving, offering or providing remuneration, directly or indirectly, to induce or reward either the referral of an individual, or the furnishing, recommending, or arranging for a good or service, for which payment may be made under a federal healthcare program such as the Medicare and Medicaid programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on one hand and prescribers, purchasers, and formulary managers on the other. The term "remuneration" has been broadly interpreted to

include anything of value, including for example, gifts, discounts, the furnishing of supplies or equipment, credit arrangements, payments of cash, waivers of payments, ownership interests and providing anything at less than its fair market value. Even the award of grant moneys, or the provision of in kind support, publicity and even authorship, in certain cases, may be deemed to be "remuneration." Although there are a number of statutory exceptions and regulatory safe harbors protecting certain business arrangements from prosecution, the exception and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exception or safe harbor. Our practices may not in all cases meet all of the criteria for safe harbor protection from federal Anti-Kickback Statute liability. The reach of the Anti-Kickback Statute was broadened by the ACA, so that the government need no longer prove, for purposes of establishing intent under the federal Anti-Kickback Statute, that a person or entity had actual knowledge of the statute or specific intent to violate it. In addition, the ACA provides that a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act (discussed below). Additionally, many states have adopted laws similar to the federal Anti-Kickback Statute, and some of these state prohibitions apply to the referral of patients for healthcare items or services reimbursed by any third-party payor, including private payors. In at least some cases, these state laws do not contain safe harbors.

The federal False Claims Act imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal healthcare program. The qui tam provisions of the False Claims Act allow a private individual to bring civil actions on behalf of the federal government and share in any recovery. In recent years, the number of suits brought by private individuals has increased dramatically. In addition, various states have enacted false claims laws analogous to the False Claims Act. Many of these state laws apply where a claim is submitted to any third-party payor and not merely a federal healthcare program. There are many potential bases for liability under the False Claims Act. Liability arises, primarily, when an entity knowingly submits, or causes another to submit, a false claim for reimbursement to the federal government. The False Claims Act has been used to assert liability on the basis of inadequate care, kickbacks and other improper referrals, improperly reported government pricing metrics such as Best Price or Average Manufacturer Price, improper use of Medicare numbers when detailing the provider of services, improper promotion of off-label uses (i.e., uses not expressly approved by FDA in a drug's label), and allegations as to misrepresentations with respect to the services rendered.

Substantial resources have been allocated by both the Department of Justice and the Federal Bureau of Investigation, among other branches of the US government to identify and investigate possible health care fraud activities. Recent investigations include those relating to allegedly egregious price increases by manufacturers and alleged fraud involving co-pay arrangements supported by sponsors. As new theories of liability arise, there is a corresponding cost of doing business in order to maintain compliance.

Our future activities relating to the reporting of discount and rebate information and other information affecting federal, provincial, state and third party reimbursement of our products, and the sale and marketing of our products and our service arrangements or data purchases, among other activities, may be subject to scrutiny under these laws. We are unable to predict whether we would be subject to actions under the False Claims Act or a similar state law, or the impact of such actions. However, the cost of defending such claims, as well as any sanctions imposed, could adversely affect our financial performance. Also, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), created several new federal crimes including healthcare fraud and false statements relating to healthcare matters. The healthcare fraud provision of HIPAA prohibits knowingly and willfully executing a scheme to defraud any healthcare benefit program, including private third-party payors. The false statements provision prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services.

In addition, we may be subject to, or our marketing activities may be limited by, data privacy and security regulation by both the federal government and the states in which we conduct our business. For example, HIPAA and its implementing regulations established uniform federal standards for certain "covered entities" (healthcare providers, health plans and healthcare clearinghouses) governing the conduct of certain electronic healthcare transactions and protecting the security and privacy of protected health information. The American Recovery and Reinvestment Act of 2009, commonly referred to as the economic stimulus package, included expansion of HIPAA's privacy and security standards called the Health Information Technology for Economic and Clinical Health Act ("HITECH"), which became effective on February 17, 2010. Among other things, HITECH makes HIPAA's privacy and security standards directly applicable to "business associates"—independent contractors or agents of covered entities that create, receive, maintain, or transmit protected health information in connection with providing a service for or on behalf of a covered entity. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons,

and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions.

There are also an increasing number of state "sunshine" laws that require manufacturers to make reports to states on pricing and marketing information, as well as regarding payments to healthcare professionals. Several states have enacted legislation requiring pharmaceutical companies to, among other things, establish marketing compliance programs, file periodic reports with the state, make periodic public disclosures on sales, marketing, pricing, clinical trials and other activities, and/or register their sales representatives, as well as to prohibit certain other sales and marketing practices. State laws are not harmonized and contain different reporting requirements and restrictions which must be noted and adhered to. We currently do not report under these state laws, but will be required to do if we are successful in obtaining marketing authorization for our products. We will need to develop the infrastructure or rely on third party contractors to assist us in our compliance with these laws, and failure to comply may result in financial and other penalties and consequences. In addition, beginning in 2013, a similar "sunshine" federal requirement began requiring manufacturers to track and report to the federal government certain payments and other transfers of value made to certain covered recipients, including physicians and other healthcare professionals, and teaching hospitals. In addition to payments, reporting may encompass requirements to report on ownership or investment interests held by physicians and their immediate family members. The efforts and resources needed to track and report payments go well beyond our affiliates operating in the United States, as reporting is required also for payments made by affiliated entities in many cases to US covered recipients. In other jurisdictions (eg, Australia, Japan and Europe) similar "sunshine-like" laws have also been adopted, which may require disclosure of certain payment and other information to covered recipients. Extensive administration and systems, including to aggregate and categorize spend, are necessary in order to enable compliant and timely reporting under these requirements. The US federal government began disclosing the reported information on a publicly available website in 2014. These laws may affect our development, sales, marketing, and other promotional activities by imposing administrative and compliance burdens on us. If we fail to track and report as required by these laws or otherwise fail to comply with these laws, we could be subject to the penalty and sanctions of the pertinent state and federal authorities.

Because of the breadth of these laws and the narrowness of available statutory and regulatory exemptions, it is possible that some of our business activities could be subject to challenge under one or more of such laws. If our operations are found to be in violation of any of the federal and state laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including criminal and significant civil monetary penalties, damages, fines, imprisonment, exclusion from participation in government healthcare programs, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of premarketing product approvals, private qui tam actions brought by individual whistleblowers in the name of the government or refusal to allow us to enter into supply contracts, including government contracts, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. To the extent that any of our products are sold in a foreign country, we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post-approval requirements, including safety surveillance, anti-fraud and abuse laws, implementation of corporate compliance programs and reporting of payments or transfers of value to healthcare professionals.

Australian Disclosure Requirements

Business Strategies and Prospects for Future Years

We are focused on the following core strategic imperatives:

- continue to innovate and optimize our disruptive technology platform for cell-based therapeutics;
- develop a portfolio of clinically distinct products;
- focus on bringing late-stage products to market and portfolio prioritization;
- enabling manufacturing scale-up to meet demands of the portfolio;
- leverage talent base to continue to establish a culture of shared leadership and accountability;
- focus on strategic partnerships;
- focus on prudent cash management; and
- continue to strengthen our substantial and robust intellectual property estate.

Dividends

No dividends were paid during the course of the fiscal year ended June 30, 2024. There are no dividends or distributions recommended or declared for payment to members, but not yet paid, during the year.

4.C Organizational Structure

See "Item 4. Information on the Company – 4.B Business Overview – Overview", "Item 18. Financial Statements – Note 12" and Exhibit 8.1 to this Annual Report.

4.D Property, Plants and Equipment

We lease approximately 11,150 square feet of office space in Melbourne, Australia, where our headquarters are located. We pay approximately A$1,100,000 per year for this lease, which expires in April 2026. We have sub-leased approximately 5,400 square feet of this space and we receive approximately A$360,000 per year for this sub-lease, which expires in April 2026. We also lease approximately 15,600 square feet in New York City, where significant development and pre-commercial activities are conducted. We pay approximately $1,000,000 per year for this lease, which expires in September 2024. We also lease laboratory and office space in Singapore. We pay approximately S$270,000 per year for this lease, which expires in September 2025. We also lease laboratory space in Texas and pay approximately $320,000 per year for this lease, which expires in December 2026. Our manufacturing operations are primarily located at Lonza's manufacturing facilities. See "Item 4.B Business Overview – Manufacturing and Supply Chain."

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

5.A Operating Results

This operating and financial review should be read together with our consolidated financial statements in this Annual Report, which have been prepared in accordance with IFRS as published by the IASB.

Financial Overview

We have incurred significant losses since our inception. We have incurred net losses during most of our fiscal periods since our inception. As at June 30, 2024, we had an accumulated deficit of $908.8 million. Our net loss for the year ended June 30, 2024 was $88.0 million.

We anticipate that we may continue to incur significant losses for the foreseeable future. There can be no assurance that we will ever achieve or maintain profitability.

We expect our future capital requirements will continue as we:

- continue the research and clinical development of our product candidates;
- initiate and advance our product candidates into larger clinical studies;
- seek to commercialize remestemcel-L for pediatric steroid refractory acute graft versus host disease ("SR-aGVHD") in the United States in the event that we receive marketing authorization by the United States Food and Drug Administration ("FDA");
- seek to identify, assess, acquire, and/or develop other product candidates and technologies;
- seek regulatory and marketing approvals in multiple jurisdictions for our product candidates that successfully complete clinical studies;
- establish collaborations with third parties for the development and commercialization of our product candidates, or otherwise build and maintain a sales, marketing, and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- further develop and implement our proprietary manufacturing processes and expand our manufacturing capabilities and resources for commercial production;

- seek coverage and reimbursement from third-party payors, including government and private payors for future products;
- make interest payments, principal repayments and other charges on our debt financing arrangements;
- make milestone or other payments under our agreements pursuant to which we have licensed or acquired rights to intellectual property and technology;
- seek to maintain, protect, and expand our intellectual property portfolio; and
- seek to attract and retain skilled personnel.

Subject to us achieving successful regulatory approval, we expect an increase in our total expenses driven by an increase in our planned research and development, manufacturing commercialization and selling, general and administrative expenses as we move towards commercialization. Therefore, we will need additional capital to fund our operations, which we may raise through equity offerings, debt financings, other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. We do not know when, or if, we will generate revenues from our product sales significant enough to generate profits. We do not expect to generate significant revenue from product sales unless and until we obtain regulatory approval of and commercialize one or more of our cell-based product candidates. For further discussion on our ability to continue as a going concern, see Note 1(i) in our accompanying financial statements.

Commercialization and Milestone Revenue. Commercialization and milestone revenue relates to upfront, royalty and milestone payments recognized under development and commercialization agreements; milestone payments, the receipt of which is dependent on certain clinical, regulatory or commercial milestones; as well as royalties on product sales of licensed products, if and when such product sales occur; and revenue from the supply of products. Payment is generally due on standard terms of 30 to 60 days.

Amounts received prior to satisfying the revenue recognition criteria are recorded as deferred consideration in our consolidated balance sheet, depending on the nature of the arrangement. Amounts expected to be recognized as revenue within the 12 months following the consolidated balance sheet date are classified within current liabilities. Amounts not expected to be recognized as revenue within the 12 months following the consolidated balance sheet date are classified within non-current liabilities.

Research and Development. Research and development expenditure is recognized as an expense as incurred.

Our research and development expenses consist primarily of:

- third party costs comprising all external expenditure on our research and development programs such as fees paid to Contract Research Organizations (“CROs”) and on our pre-commercial activities, such as research pertaining to market access and pricing, brand marketing and initiation of trade and distribution contracts. Third party costs also comprise fees paid to consultants who perform research on our behalf and under our direction, rent and utility costs for our research and development facilities, and database analysis fees;
- third party costs under license and/or sub-license arrangements for the research and development, license, manufacture and/or commercialization of products and/or product candidates, such as payments for options to acquire rights to products and product candidates as well as contingent obligations under the agreements;
- product support costs consisting primarily of salaries and related overhead expenses for personnel in research and development and pre-commercial functions (for example wages, salaries and associated on costs such as superannuation, share-based incentives and payroll taxes, plus travel costs and recruitment fees for new hires);
- intellectual property support costs comprising payments to our patent attorneys to progress patent applications and all costs of renewing our granted patents; and
- amortization of currently marketed products on a straight-line basis over the life of the asset.

Our research and development expenses are not charged to specific products or programs, since the number of clinical and preclinical product candidates or development projects tends to vary from period to period and since internal resources are utilized across multiple products and programs over any given period of time. As a result, our management does not maintain and evaluate research and development costs by product or program. Acquired in-process research and development is capitalized as an asset and is not amortized but is subject to annual impairment review during the

development phase. Upon completion of its development, the acquired in-process research and development amortization will commence.

Manufacturing Commercialization. Manufacturing commercialization expenditure is recognized as an expense as incurred. Our manufacturing commercialization expenses consist primarily of:

- salaries and related overhead expenses including share-based incentives for personnel in manufacturing functions;
- fees paid to our contract manufacturing organizations, which perform process development on our behalf and under our direction;
- costs related to laboratory supplies used in our manufacturing development efforts; and
- provision for the carrying value of pre-launch inventory costs on the balance sheet.

Management and Administration. Management and administration expenses consist primarily of salaries and related costs including share-based incentives for directors and employees in corporate and administrative functions, including the executives of those areas. Other significant management and administration expenses include legal and professional services, rent and depreciation of leasehold improvements, insurance and information technology services.

Fair Value Remeasurement of Contingent Consideration. Remeasurement of contingent consideration pertains to the acquisition of the MSC assets from Osiris Therapeutics, Inc. (“Osiris”). The fair value remeasurement of contingent consideration is recognized as a net result of changes to the key assumptions of the contingent consideration valuation such as developmental timelines, market growth, probability of success and payment, market penetration, product pricing and the increase in valuation as the time period shortens between the valuation date and the potential settlement dates of contingent consideration.

Fair Value Movement of Warrants. Remeasurement of warrants pertain to the warrants granted to Oaktree Capital Management, L.P ("Oaktree") in relation to the refinancing and amendment of our senior debt facility. The fair value movement of warrants is recognized when there is a change in the valuation assumptions such as share price, risk-free interest rates and volatility.

Other Operating Income and Expenses. Other operating income and expenses primarily comprise foreign exchange gains and losses.

Tax incentives comprise payments from the Australian government’s Innovation Australia Research and Development Tax Incentive program for research and development activities conducted in relation to our qualifying research that meets the regulatory criteria. The research and development tax incentive credit is available for our research and development activities in Australia. Eligible companies can receive a refundable tax offset for a percentage of their research and development spending.

Foreign exchange gains and losses relate to unrealized foreign exchange gains and losses on our foreign currency amounts in our Australian based entity, whose functional currency is the A$, and foreign currency amounts in our Switzerland and Singapore based entities, whose functional currencies are the US$, plus realized gains and losses on any foreign currency payments to our suppliers due to movements in exchange rates.

Interest Revenue. Interest revenue is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Finance Costs. Finance costs primarily consists of remeasurement of borrowing arrangements, interest expense in relation to finance lease charges, accrued interest expense and interest expense in relation to the amortization of transaction costs and other charges associated with the borrowings as represented in our consolidated balance sheet using the effective interest rate method over the period of initial recognition through maturity.

Remeasurement of borrowing arrangements recognized pertain to our loan and security agreements with NovaQuest Capital Management, L.L.C. (“NovaQuest”) and Oaktree. Remeasurement of borrowing arrangements is recognized when there is a modification of the borrowing arrangement with no significant change to the contractual cash flows of the borrowings at the remeasurement date or when there is a revision in the estimated future cash flows which is recorded as an

adjustment of the carrying amount of the financial liability. The carrying amount is recalculated by computing the present value of the revised estimated future cash flows at the financial instrument's original effective interest rate.

Income Tax Benefit/Expense. Income tax benefit/expense consists of net changes in deferred tax assets and liabilities recognized on the balance sheet during the period.

Results of Operations

Comparison of Our Results for the Year ended June 30, 2024 with the Year ended June 30, 2023

The following table summarizes our results of operations for the years ended June 30, 2024 and 2023, together with the changes in those items in dollars and as a percentage.

(in U.S. dollars, in thousands except per share information)	Year ended June 30, 2024	2023	$ Change	% Change
Consolidated Income Statement Data:				
Revenue:				
Commercialization revenue	$ 5,902	$ 7,501	(1,599)	(21 %)
Total revenue	**5,902**	**7,501**	**(1,599)**	**(21 %)**
Research & development	(25,353)	(27,189)	1,836	(7 %)
Manufacturing commercialization	(15,717)	(27,733)	12,016	(43 %)
Management and administration	(23,626)	(25,374)	1,748	(7 %)
Fair value remeasurement of contingent consideration	(9,693)	8,771	(18,464)	NM
Fair value movement of warrants	779	(2,205)	2,984	(135 %)
Other operating income and expenses	2,570	4,250	(1,680)	(40 %)
Finance costs	(23,009)	(20,122)	(2,887)	14 %
Loss before income tax	**(88,147)**	**(82,101)**	**(6,046)**	**7 %**
Income tax benefit	191	212	(21)	(10 %)
Loss attributable to the owners of Mesoblast Limited	**$ (87,956)**	**$ (81,889)**	**(6,067)**	**7 %**

Losses per share from continuing operations attributable to the ordinary equity holders:	Cents	Cents	Cents	% Change
Basic - losses per share	(8.91)	(10.53)	1.62	(15 %)
Diluted - losses per share	(8.91)	(10.53)	1.62	(15 %)

* NM = not meaningful.

Revenue

Revenues were $5.9 million for the year ended June 30, 2024, compared with $7.5 million for the year ended June 30, 2023, a decrease of $1.6 million. The following table shows the movement within revenue for the years ended June 30, 2024 and 2023, together with the changes in those items.

(in U.S. dollars, in thousands)	Year ended June 30, 2024	2023	$ Change	% Change
Revenue:				
Commercialization revenue	5,902	7,501	(1,599)	(21 %)
Revenue	**$ 5,902**	**$ 7,501**	**(1,599)**	**(21 %)**

Commercialization revenue from royalty income earned on sales of TEMCELL in Japan and Alofisel® decreased by $1.6 million for the year ended June 30, 2024. Royalty income on sales of TEMCELL in Japan by our licensee JCR were $5.5 million in the year ended June 30, 2024 compared to $7.1 million in the year ended June 30, 2023, a decrease of $1.6 million. Of this $1.6 million decrease, $0.4 million was due to foreign exchange rate changes as the Japanese Yen depreciated against the U.S. dollar. Royalty income on sales of Alofisel® by our licensee Takeda were consistent at $0.4 million in the years ended June 30, 2024 and 2023.

Research and development

Research and development expenses were $25.4 million for the year ended June 30, 2024, compared with $27.2 million for the year ended June 30, 2023, a decrease of $1.8 million. The $1.8 million decrease in research and development expenses is primarily due to the movements in third party costs and product support costs.

(in U.S. dollars, in thousands)	Year ended June 30, 2024	2023	$ Change	% Change
Research and development:				
Third party costs	3,776	8,398	(4,622)	(55 %)
Product support costs	17,338	14,107	3,231	23 %
Intellectual property support costs	2,784	3,222	(438)	(14 %)
Amortization of current marketed products	1,455	1,462	(7)	0 %
Research and development	**$ 25,353**	**$ 27,189**	**(1,836)**	**(7 %)**

Third party costs, which consist of all external expenditure on our research and development programs and pre-commercial activities, decreased by $4.6 million in the year ended June 30, 2024 compared with the year ended June 30, 2023.

This $4.6 million decrease was due to a reduction in our third party costs for our Phase 3 clinical trials for the treatment of MPC-150-IM (CHF) and ARDS in COVID-19 patients. The decrease of these costs were primarily due to higher activities in relation to patient monitoring during follow up visits and higher data analysis being performed in the year ended June 30, 2023 compared with the year ended June 30, 2024. In the year ended June 30, 2024, we incurred costs associated with start-up activities for our confirmatory Phase 3 clinical trial for MPC-06-ID (CLBP). In the year ended June 30, 2024, we also incurred costs of $0.6 million associated with our pre-commercial activities as we prepared for the potential launch of remestemcel-L in the United States.

Product support costs, which consist primarily of salaries and related overhead expenses for personnel in research and development and pre-commercial functions, have increased by $3.2 million, for the year ended June 30, 2024 compared with the year ended June 30, 2023 due to an increase of $3.2 million in product support costs for research and development functions. The product support costs for pre-commercial functions remained relatively consistent for the year ended June 30, 2024 compared with the year ended June 30, 2023.

The $3.2 million increase in product support costs for personnel in research and development functions is primarily due to an increase of $2.7 million in short-term incentives. In the year ended June 30, 2024, we recognized short-term incentives of $1.8 million related to the year ended June 30, 2023 given that subsequent to June 30, 2023 the conditions of achievement of the short-term incentive for year ended June 30, 2023 were modified to make it dependent on Mesoblast achieving FDA marketing authorization. There was also an increase of $1.2 million in share-based payment expenses for the year ended June 30, 2024 compared with the year ended June 30, 2023. These increases were offset by a decrease of $0.2 million in consulting expenses for the year ended June 30, 2024 compared with the year ended June 30, 2023. There was also a decrease of $0.5 million across salaries and associated costs as full time equivalents decreased by 1.7 (4%) from 43.7 for the year ended June 30, 2023 to 42.0 for the year ended June 30, 2024.

Also included in research and development expenses are intellectual property support costs, which consist of payments to our patent attorneys to progress patent applications and costs of renewing our granted patents. These costs have decreased by $0.4 million in the year ended June 30, 2024 compared with the year ended June 30, 2023 due to decreased activities across our entire patent portfolio.

Manufacturing commercialization

Manufacturing commercialization expenses were $15.7 million for the year ended June 30, 2024, compared with $27.7 million for the year ended June 30, 2023, a decrease of $12.0 million. This decrease is due to a decrease in platform technology costs.

(in U.S. dollars, in thousands)	Year ended June 30, 2024	2023	$ Change	% Change
Manufacturing commercialization:				
Platform technology	13,472	25,964	(12,492)	(48 %)
Manufacturing support costs	2,245	1,769	476	27 %
Manufacturing commercialization	**$ 15,717**	**$ 27,733**	**(12,016)**	**(43 %)**

Platform technology costs decreased by $12.5 million for the year ended June 30, 2024 compared with year ended June 30, 2023. These costs consist of fees paid to our contract manufacturing organizations, potency assay work that supported the aGVHD Biologics License Application ("BLA") resubmission, process development of our proprietary technology that facilitates the increase in yields necessary for the long-term commercial supply of our product candidates and next generation manufacturing processes to reduce labor, drive down cost of goods and improve manufacturing efficiencies in our MPC and MSC based products. The decrease of these costs was primarily due to lower MSC development activities during the year ended June 30, 2024 compared with the year ended June 30, 2023.

Manufacturing support costs, which consist primarily of salaries and related overhead expenses for personnel in manufacturing commercialization functions increased by $0.5 million for the year ended June 30, 2024 compared with the year ended June 30, 2023 primarily due to an increase in short-term incentives for the year ended June 30, 2024 compared with the year ended June 30, 2023. In the year ended June 30, 2024, we recognized short-term incentives of $0.2 million related to the year ended June 30, 2023 given that subsequent to June 30, 2023 the conditions of achievement of the short-term incentive for year ended June 30, 2023 were modified to make it dependent on Mesoblast achieving FDA marketing authorization.

Management and administration

Management and administration expenses were $23.6 million for the year ended June 30, 2024, compared with $25.3 million for the year ended June 30, 2023, a decrease of $1.7 million. This decrease was primarily due to a decrease in corporate overheads.

(in U.S. dollars, in thousands)	Year ended June 30, 2024	2023	$ Change	% Change
Management and administration:				
Labor and associated expenses	10,059	9,854	205	2 %
Corporate overheads	11,129	12,501	(1,372)	(11 %)
Legal and professional fees	2,438	3,019	(581)	(19 %)
Management and administration	**$ 23,626**	**$ 25,374**	**(1,748)**	**(7 %)**

Labor and associated expenses increased by $0.2 million from $9.9 million for the year ended June 30, 2023 to $10.1 million for the year ended June 30, 2024. This $0.2 million increase is primarily due to an increase of $1.0 million in share-based payment expenses and $1.3 million in short-term incentives. In the year ended June 30, 2024, we recognized short-term incentives of $0.9 million related to the year ended June 30, 2023 given that subsequent to June 30, 2023 the conditions of achievement of the short-term incentive for year ended June 30, 2023 were modified to make it dependent on Mesoblast achieving FDA marketing authorization. As a result of managements cost containment strategy, these increases were offset by a decrease of $0.8 million in consulting expenses and $0.3 million in recruitment. There was also a decrease in overall cost of salaries and associated expenses by $0.8 million in the year ended June 30, 2024, compared with the year ended June 30, 2023 due to full time equivalents decreasing by 2.6 (11%) from 24.5 for the year ended June 30, 2023 to 21.9 for the year ended June 30, 2024. Labor and associated expenses also experienced favorable exchange rate fluctuations of $0.2 million in the year ended June 30, 2024 compared with the year ended June 30, 2023, as the A$

weakened against the US$ given the majority of management and administration expenses are incurred in A$ by our headquarter office located in Australia.

Corporate overhead expenses decreased by $1.4 million from $12.5 million for the year ended June 30, 2023 to $11.1 million for the year ended June 30, 2024 primarily due to a decrease of insurance premiums.

Legal and professional fees decreased by $0.6 million from $3.0 million for the year ended June 30, 2023 to $2.4 million for the year ended June 30, 2024 as legal activities decreased in the period.

Fair value remeasurement of contingent consideration

Fair value remeasurement of contingent consideration was a $9.7 million loss for the year ended June 30, 2024 compared with a $8.8 million gain for the year ended June 30, 2023. The $9.7 million loss for the year ended June 30, 2024 was due to the remeasurement of contingent consideration pertaining to the acquisition of assets from Osiris. This loss was a net result of changing the key assumptions of the contingent consideration valuation such as probability of success, development timelines and the increase in valuation as the time period shortens between the valuation date and the potential settlement dates of contingent consideration.

The $8.8 million gain for the year ended June 30, 2023 was due to the remeasurement of contingent consideration pertaining to the acquisition of assets from Osiris. This gain was a net result of changing the key assumptions of the contingent consideration valuation such as probability of payment, development timelines and the increase in valuation as the time period shortens between the valuation date and the potential settlement dates of contingent consideration, including the impact from the complete response from the FDA on our BLA for remestemcel-L for the treatment of pediatric SR-aGVHD in August 2023. The assumptions relating to development timelines were updated to reflect expectations as a result of the complete response.

With respect to future milestone payments, contingent consideration will be payable in cash or shares at our discretion. With respect to commercialization, product royalties will be payable in cash which will be funded from royalties received from net sales.

Fair value movement of warrants

Fair value movement of warrants was a $0.8 million gain for the year ended June 30, 2024 compared with a $2.2 million loss for the year ended June 30, 2023. This $0.8 million gain for the year ended June 30, 2024 is a net result of changes to the key valuation inputs of the warrants such as the share price, risk-free interest rates and volatility.

Other operating income and expenses

In relation to other operating income and expenses, we recognized an income of $2.6 million for the year ended June 30, 2024, compared with an income of $4.3 million for the year ended June 30, 2023, a decrease in income of $1.7 million. The following table shows movements within other operating income and expenses for the year ended June 30, 2024 and 2023, together with the changes in those items:

	Year ended June 30,			
(in U.S. dollars, in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Other operating income and expenses:				
Research and development tax incentive income	(859)	(3,506)	2,647	(75 %)
Interest income	(1,824)	(831)	(993)	119 %
Foreign exchange losses (net)	76	163	(87)	(53 %)
Derecognition of right of use asset	—	(76)	76	(100 %)
Foreign withholding tax	37	—	37	NM
Other operating (income) and expenses	**$ (2,570)**	**$ (4,250)**	**1,680**	**(40 %)**

* NM = not meaningful.

Research and development tax incentive income decreased by $2.6 million from $3.5 million for the year ended June 30, 2023 to $0.9 million for the year ended June 30, 2024. We have recognized incentive income pertaining to the

eligible expenditure undertaken in each of these periods. At each period end, management estimates the refundable tax incentive available to us based on available information at the time. We employ independent tax specialist to review, on an annual basis, the quantum of our previous research and development tax claims and our on-going eligibility to claim the research and development tax incentive in Australia.

Within the $3.5 million recognized for the year ended June 30, 2023, $1.2 million pertains to the year ended June 30, 2023, $1.1 million pertains to the year ended June 30, 2022 and $1.2 million pertains to the year ended June 30, 2021, whereas in the year ended June 30, 2024 we recognized $0.9 million which pertains to income for the year ended June 30, 2024. Therefore the decrease in income is due to the impact of management concluding its assessment of qualifying activities of prior periods in the year ended June 30, 2023.

The $1.0 million increase in interest income for the year ended June 30, 2024 compared with the year ended June 30, 2023 was primarily driven by higher interest rates on A$ and US$ cash deposits in the year ended June 30, 2024, when compared to the year ended June 30, 2023.

We are subject to foreign exchange gains and losses on foreign currency cash balances, creditors and debtors. In the year ended June 30, 2024, we recognized a foreign exchange loss of $0.1 million, primarily due to movements in exchange rates on US$ liabilities held in Mesoblast Limited, whose functional currency is the A$, as the A$ depreciated against the US$. In the year ended June 30, 2023, we recognized a foreign exchange loss of $0.2 million.

In the year ended June 30, 2023, we recognized an income of $0.1 million for the derecognition of right of use asset. There was no derecognition of right of use asset in the year ended June 30, 2024.

Finance costs

(in U.S. dollars, in thousands)	Year ended June 30, 2024	2023	$ Change	% Change
Finance costs:				
Remeasurement of borrowing arrangements	2,351	678	1,673	NM
Interest expense	20,658	19,444	1,214	6 %
Finance costs	**$ 23,009**	**$ 20,122**	**2,887**	**14 %**

* NM = not meaningful.

In the year ended June 30, 2024, we recognized an overall loss of $2.4 million for remeasurement of borrowing arrangements in relation to the adjustment of the carrying amount of our financial liability to reflect the revised estimated future cash flows from our credit facilities with NovaQuest and Oaktree, an increase in losses of $1.7 million as compared with a $0.7 million loss for the year ended June 30, 2023.

Within the $2.4 million loss in the year ended June 30, 2024, in relation to our existing credit facility with NovaQuest, we recognized a $0.1 million loss for remeasurement of borrowing arrangements in relation to the adjustment of the carrying amount of our financial liability to reflect the revised estimated future cash flows as a net result of changes to the key assumption in development timelines, a decrease in gains of $1.0 million as compared with a $0.9 million gain recognized for the year ended June 30, 2023.

Also within the $2.4 million loss in the year ended June 30, 2024, in relation to our existing credit facility with Oaktree, we recognized a $2.3 million loss for remeasurement of borrowing arrangements in relation to the adjustment of the carrying amount of our financial liability to reflect the revised estimated future cash flows, an increase in losses of $0.7 million as compared with a $1.6 million loss for the year ended June 30, 2023. Within the $1.6 million loss recognized in the year ended June 30, 2023, $1.0 million related to the remeasurement due to additional warrants being issued to Oaktree as a result of the first amendment to the loan agreement and $0.6 million related to the adjustment of the carrying amount of our financial liability to reflect the revised estimated future cash flows.

Interest expense increased by $1.2 million from $19.4 million for the year ended June 30, 2023 to $20.6 million for the year ended June 30, 2024.

In the year ended June 30, 2024, in relation to our loan and security agreement with Oaktree, we recognized $9.4 million of interest expense, compared with $9.2 million for the year ended June 30, 2023. Within the $9.4 million recognized in the year ended June 30, 2024, $5.6 million was recognized with regards to interest expense payable on the loan balance within the year of which $5.2 million was paid and $0.4 million was added to the outstanding loan balance and shall accrue further interest. A further $3.8 million of interest expense was recognized with regard to the amortization of transaction costs incurred on the outstanding loan principal for the year ended June 30, 2024 using the effective interest rate method over the period of initial recognition through maturity.

In the year ended June 30, 2024, in relation to our loan and security agreement with NovaQuest, we recognized $10.6 million of interest expense, an increase of $1.5 million as compared with $9.1 million for the year ended June 30, 2023. Interest expense relating to the NovaQuest loan is accrued on the loan principal balance and all interest payments are deferred until the earlier of loan maturity or from after the first commercial sale of our allogeneic product candidate remestemcel-L for the treatment of pediatric patients with SR-aGVHD in the United States and other geographies excluding Asia.

In line with IFRS 16 *Leases*, we also recognized interest expenses of $0.4 million and $0.5 million in relation to lease charges for the year ended June 30, 2024 and 2023, respectively.

In the year ended June 30, 2024 and 2023, we recognized $0.2 million and $0.6 million of interest charges in relation to manufacturing payments, respectively.

Loss after income tax

	Year ended June 30,			
(in U.S. dollars, in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Loss before income tax	(88,147)	(82,101)	(6,046)	7 %
Income tax benefit	191	212	(21)	(10 %)
Loss after income tax	**$ (87,956)**	**$ (81,889)**	**(6,067)**	**7 %**

Loss before income tax was $88.1 million for the year ended June 30, 2024 compared with $82.1 million for the year ended June 30, 2023, an increase in the loss by $6.0 million. This increase is the net effect of the changes in revenues and expenses that have been discussed above.

A non-cash income tax benefit of $0.2 million was recognized in the year ended June 30, 2024, in relation to the net change in deferred tax assets and liabilities recognized on the consolidated balance sheet during the period.

A non-cash income tax benefit of $0.2 million was recognized in the year ended June 30, 2023 in relation to the net change in deferred tax assets and liabilities recognized on the consolidated balance sheet during the period.

Comparison of Our Results for the Year ended June 30, 2023 with the Year ended June 30, 2022

For results of operations for the years ended June 30, 2023 and 2022, together with the changes in those items in dollars and as a percentage and the related discussions on these results, refer to Results of Operations within “Item 5.A Operating Results” in our Annual Report on Form 20-F for the year ended June 30, 2023, filed with the SEC on August 31, 2023.

Certain Differences Between IFRS and U.S. GAAP

IFRS differs from U.S. GAAP in certain respects. Management has not assessed the materiality of differences between IFRS and U.S. GAAP. Our significant accounting policies are described in “Item 18 Financial Statements – Note 23”.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to interest rate risk, share price risk, price risk and foreign currency exchange risk. We make use of sensitivity analyses which are inherently limited in estimating actual losses in fair value that can occur from changes in market conditions. For further assessment on our market risks, see “Item 18. Financial Statements – Note 10(a).”

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, other than the purchase commitments and contingent liabilities as mentioned below.

Contractual Obligations and Commitments

Contractual commitments:

Purchase commitments means an agreement to purchase goods or services that is enforceable and legally binding that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase obligations are not recognized as liabilities at June 30, 2024. For a description of our contractual commitment, refer to "Item 18. Financial Statements - Note 14(b)."

Lease commitment – as lessee:

We lease various offices under non-cancellable leases expiring within 1 to 3 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. We subleased a portion of our office in Melbourne Australia under a non-cancellable lease expiring within 2 years. We also lease a manufacturing suite under a manufacturing services agreement with Lonza for the supply of commercial product for the potential approval and launch of remestemcel-L for the treatment of pediatric SR-aGVHD in the US market expiring within 2 years from June 30, 2024, which is cancellable in limited circumstances.

Contingent liabilities

We acquired certain intellectual property relating to our MPCs, or Medvet IP, pursuant to an Intellectual Property Assignment Deed, or IP Deed, with Medvet Science Pty Ltd, or Medvet. Medvet's rights under the IP Deed were transferred to Central Adelaide Local Health Network Incorporated, or CALHNI, in November 2011. In connection with our use of the Medvet IP, on completion of certain milestones we will be obligated to pay CALHNI, as successor in interest to Medvet, (i) certain aggregated milestone payments of up to $2.2 million, and single-digit royalties on net sales of products covered by the Medvet IP, for cardiac muscle and blood vessel applications and bone and cartilage regeneration and repair applications, subject to minimum annual royalties beginning in the first year of commercial sale of those products and (ii) single-digit royalties on net sales of the specified products for applications outside the specified fields.

We have entered into a number of agreements with other third parties pertaining to intellectual property. Contingent liabilities may arise in the future if certain events or developments occur in relation to these agreements and as of June 30, 2024 we have assessed that the probability of outflows is remote.

Capital commitments

We did not have any commitments for future capital expenditure outstanding as of June 30, 2024.

Australian Disclosure Requirements

Significant Changes in the State of Affairs

There have been no significant changes within the state of our affairs during the year ended June 30, 2024 except as noted in the "Important Corporate Developments" section included in Item 4.A.

Likely Developments and Expected Results of Operations

In March 2024, the FDA informed us that following additional consideration, the available clinical data from our Phase 3 study MSB-GVHD001 appears sufficient to support submission of the proposed BLA for remestemcel-L for the treatment of pediatric patients with SR-aGVHD. The BLA was resubmitted to FDA in July 2024 and was accepted within two weeks. FDA considered the resubmission to be a complete response and set a Prescription Drug User Fee Act ("PDUFA") goal date of January 7, 2025.

Other significant milestones are expected in the upcoming financial year in relation to our other lead product candidates, as detailed elsewhere in this report.

Environmental Regulations

Our operations are not subject to any significant environmental regulations under either Commonwealth of Australia or State/Territory legislation. We consider that adequate systems are in place to manage our obligations and are not aware of any breach of environmental requirements pertaining to us.

5.B Liquidity and Capital Resources

Sources of Liquidity

As of June 30, 2024, we held total cash reserves of $63.0 million. During the year ended June 30, 2024, we executed on reprioritization of projects and operational streamlining activities and as a result has reduced net cash usage for operating activities, which was $48.5 million for the year ended June 30, 2024, a reduction of 23% compared to the prior period.

As we prepare for a potential first product approval by the FDA, and in line with our commercial launch plans, additional inflows from capital markets, strategic partnerships, product specific financing or royalty monetization will be required to meet our projected expenditure consistent with our business strategy over at least the next 12 months. As a result of these matters, there is material uncertainty related to events or conditions that may cast significant doubt (or raise substantial doubt as contemplated by Public Company Accounting Oversight Board ("PCAOB") standards) on our ability to continue as a going concern and, therefore, that we may be unable to realize our assets and discharge our liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our primary sources of liquidity have historically been equity raisings, upfront and milestone payments from strategic license agreements, and borrowings under our loan agreements. We also expect net sales to become a source of liquidity. While in the long-term we expect to be able to complete transactions, draw upon these facilities and achieve approval of our product candidates to provide liquidity as needed, there can be no assurance as to whether we will be successful or, if successful, what the terms or proceeds may be.

Cash flows

	Year ended June 30,			
(in U.S. dollars, in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Cash Flow Data:				
Net cash (outflows) in operating activities	(48,458)	(63,269)	14,811	(23 %)
Net cash (outflows) in investing activities	(97)	(194)	97	(50 %)
Net cash inflows by financing activities	40,252	74,502	(34,250)	(46 %)
Net (decrease)/increase in cash and cash equivalents	**(8,303)**	**11,039**	**(19,342)**	**(175 %)**

Comparison of cash flows for the Year ended June 30, 2024 with the Year ended June 30, 2023

Net cash outflows in operating activities

Net cash outflows for operating activities were $48.5 million for the year ended June 30, 2024, compared with $63.3 million for the year ended June 30, 2023, a decrease of $14.8 million. The decrease of $14.8 million is due to a decrease in cash outflows of $11.8 million and an increase in cash inflows of $3.0 million in the year ended June 30, 2024, compared with the year ended June 30, 2023.

The $3.0 million increase of inflows comprised: inflows from royalty income earned on sales of TEMCELL in Japan and Alofisel® decreased by $0.7 million during the year ended June 30, 2024, compared with the year ended June 30, 2023; received $3.8 million of receipts for research and development tax incentive during the year ended June 30, 2024, compared to $1.1 million for the year ended June 30, 2023; and inflows from interest receipts increased by $1.0 million in the year ended June 30, 2024, compared with the year ended June 30, 2023.

Outflows for payments to suppliers and employees decreased by $11.8 million from $72.7 million for the year ended June 30, 2023 to $60.8 million for the year ended June 30, 2024. The decrease in payments was primarily due to the cost

containment strategy introduced in August 2024, which reduced payroll payments and director fees, insurance, manufacturing and clinical trials given clinical trial activities were reduced in the period.

Net cash outflows in investing activities

Net cash outflows for investing activities decreased by $0.1 million in the year ended June 30, 2024, compared with the year ended June 30, 2023.

Net cash inflows in financing activities

Net cash inflows for financing activities decreased by $34.2 million for the year ended June 30, 2024, compared with the year ended June 30, 2023. The decrease of $34.2 million is due to a decrease in cash inflows of $23.2 million and an increase in cash outflows of $11.0 million in the year ended June 30, 2024 compared with the year ended June 30, 2023.

The $23.2 million decrease in inflows comprised: $45.1 million of proceeds received in August 2022 and $43.5 million of proceeds received in April 2023 on completion of private placements during the year ended June 30, 2023, compared with $65.4 million of proceeds received from an institutional placement and entitlement offer during the year ended June 30, 2024;

The $11.0 million increase in outflows comprised: payments of $3.5 million and $2.6 million for lease liabilities during the years ended June 30, 2024 and 2023, respectively; payments of $5.7 million and $6.0 million for interest and other costs of finance during the years ended June 30, 2024 and 2023, respectively; payments of $4.3 million and $4.9 million for capital raising costs in the years ended June 30, 2024 and 2023, respectively; payments of $1.5 million and $0.5 million for borrowings costs in the years ended June 30, 2024 and 2023, respectively; principal repayment of $10.0 million to reduce debt under our five-year facility with Oaktree during the year ended June 30, 2024, compared to $Nil for the year ended June 30, 2023.

Operating Capital Requirements

We do not know when, or if, we will generate revenues from our product sales significant enough to generate profits. We do not expect to generate significant revenue from product sales unless and until we obtain regulatory approval of and commercialize more of our cell-based product candidates. We anticipate that we will continue to incur losses for the foreseeable future, and we expect the losses to increase as we continue the development of, and seek regulatory approvals for, our cell-based product candidates, and begin to commercialize any approved products either directly ourselves or through a collaborator or partner. We are subject to all of the risks inherent in the development of new cell-based products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. We anticipate that we will need substantial additional funding in connection with our continuing operations.

Subject to us achieving successful regulatory approval we expect an increase in our total expenses driven by an increase in our planned research and development, manufacturing commercialization and selling, general and administrative expenses as we move towards commercialization. Therefore, we will need additional capital to fund our operations, which we may raise through a combination of equity offerings, debt financings, other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements.

Additional capital may not be available on reasonable terms, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to significantly delay, scale back or discontinue the development or commercialization of one or more of our product candidates. If we raise additional funds through the issuance of additional debt or equity securities, it could result in dilution to our existing shareholders, increased fixed payment obligations and the existence of securities with rights that may be senior to those of our ordinary shares. If we incur further indebtedness, we could become subject to covenants that would restrict our operations and potentially impair our competitiveness, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Any of these events could significantly harm our business, financial condition and prospects.

Borrowings

For a description of our borrowing arrangements, refer to "Item 18. Financial Statements - Note 5(f)."

5.C Research and Development, Patents and Licenses

For a description of the amount spent during each of the last three fiscal years on company-sponsored research and development activities, as well as the components of research and development expenses, see "Item 5.A Operating Results – Results of Operations."

For a description of our research and development process, see "Item 4.B Business Overview."

5.D Trend Information

As a biotechnology company which primarily is still in the development stage, we are subject to costs of our clinical trials and other work necessary to support applications for regulatory approval of our product candidates. Health regulators have increased their focus on product safety. In addition, regulators have also increased their attention on whether or not a new product offers evidence of substantial treatment effect. These developments have led to requests for more clinical trial data, for the inclusion of a higher number of patients in clinical trials, and for more detailed analyses of the trials. In light of these developments, we expect these aspects of our research and development expenses may need to increase as we continue to fund our programs to the market. Notwithstanding this upward trend, our research and development expenses may still fluctuate from period to period due to varied rates of patient enrollment and the timing of our clinical trials as our existing trials are completed and new trials commence. We cannot predict with any degree of accuracy the outcome of our research or commercialization efforts.

5.E Critical Accounting Estimates

Not applicable. See "Item 18. Financial Statements."

Item 6. Directors, Senior Management and Employees

6.A Directors and Senior Management Personnel

Details of Directors and Senior Management

Board of Directors

Jane Bell – B.Ec, LLB, LLM (London)

Non-Executive Member of the Board of Directors

Commenced as Board Chair April 30, 2024

Experience and expertise

Ms. Bell AM has 30 years experience as a banking and finance lawyer with leading law firms, financial services and corporate treasury operations in the United States, Canada, Australia and the United Kingdom. She is an experienced Chair and non-executive Director in highly regulated sectors including delivery of healthcare, life sciences, medical research, and funds management. Ms. Bell currently serves as Deputy Chair of Monash Health, Australia's largest and most diverse public health service delivering more than 3.46 million episodes of care, and Chair of its Audit Committee. She is also a director of publicly-listed biotechnology company Amplia Therapeutics and Chair of its Audit Committee and of Jessie McPherson Private Hospital. She is a former Chair of Royal Melbourne Hospital and former Chair of Biomedical Research Victoria as well as of Advisory Groups for the Royal Australian and New Zealand College of Obstetricians and Melbourne Genomics Health Alliance, a former director of Hudson Institute of Medical Research and Chair of its Intellectual Property and Commercialization Committee and director of U Ethical, Australia's first ethical funds manager. Ms Bell holds a Master of Laws from King's College (London), Bachelor of Laws University of Melbourne, and Bachelor of Economics Monash University. In 2023 Ms Bell was appointed a Member of the Order of Australia (AM) for her significant service to governance in the medical research, healthcare and not-for-profit sectors.

Other current directorships of listed public companies

Non-Executive Director, Amplia Therapeutics Limited (since 2021)

Former directorships of listed public companies within the last 3 years

None

Joseph Swedish, MHA

Non-Executive Member of the Board of Directors

Board Chair until April 30, 2024

Experience and expertise

Joseph R. Swedish is the former Chairman, President and CEO of Anthem, Inc, (currently Elevance Health) a Fortune 22 company and the nation's leading health benefits provider. This became the foundation for Elevance Health today serving nearly 47.3 million members – or one in seven Americans – through its affiliated health plans, and over 117 million individuals across 33 states through its broad portfolio of health insurance and service subsidiaries. He served as the Chairman, President and CEO from 2013 to 2018. Subsequently he served as a Strategic Advisor from 2018 to 2020. During his tenure Anthem's membership grew by four million, or 11 percent, the average share price nearly quadrupled, and operating revenue increased 39 percent to over $89 billion. Core strategic imperatives included improving medical costs, working with physicians and health care organizations to improve quality and access, and improving the consumer experience. As a business executive, conservationist, and philanthropist, Joe serves on the board of directors for CDW, Centrexion Therapeutics, Accelus and Navitus Health Solutions. Most recently, he served on the board of directors for IBM, as chairman of America's Health Insurance Plans (AHIP), and chairman of the Catholic Health Association. He currently serves as a board member for The Nature Conservancy (Colorado). He has also held board and advisory positions with American Hospital Association, Coventry Health Care, Inc., RehabCare Group, Inc., Cross Country, National Quality Forum, the National Center for Healthcare Leadership, and Loyola University Chicago. He is also a member and past chairman of Duke University's Fuqua School of Business Board of Visitors. Prior to joining Anthem, Joe served as CEO for several major integrated health care delivery systems, including president and CEO of Trinity Health, an 18-state integrated health care delivery system. He also held CEO and senior leadership positions with the Hospital Corporation of America, Colorado's Centura Health, and integrated health systems in Florida, Virginia, and the Carolinas. In 2018, he continued to apply his expertise leveraging his extensive health care experience as co-founder of Concord Health Partners, a private equity firm investing in data analytics, provider enablement services and consumer engagement enterprises. He is now Partner Emeritus having recently departed active status. More broadly, he has built a reputation as a trend-setter by leveraging value-creating assets through high-performing governance, creative strategies, consumer marketing, clinical innovations, and mergers/acquisitions – all efforts focused on organization renewal and growth. For 12 years in a row, Modern Healthcare named him one of the 100 Most Influential People in Healthcare, ranking in the top 20 of the health sector's most senior-level executives, high-level government administrators, elected officials, academics, and thought-leaders for five consecutive years. He received his bachelor's degree from the University of North Carolina at Charlotte and his master's degree in health administration from Duke University.

Other current directorships of listed public companies

Non-Executive Director, IBM Corporation (since 2017)

Non-Executive Director, CDW Corporation (since 2015)

Former directorships of listed public companies within the last 3 years

None

William Burns, BA

Non-Executive Member of the Board of Directors

Experience and expertise

Mr. Burns has served on the Board of Directors since 2014 and was appointed Vice Chairman in 2016. He spent his entire management career at the Beecham Group and F. Hoffmann-La Roche Ltd. Mr Burns was Chief Executive Officer of Roche Pharmaceuticals from 2001 to 2009, when he joined the Board of Directors of F. Hoffmann-La Roche Ltd. until he retired in 2014. He is the Chair of Molecular Partners, and has been a Non-Executive Director of Shire PLC, Chugai Pharmaceutical Co., Genentech, Crucell, and Chairman of Biotie Therapies Corp. from 2014 until its sale to Acorda Therapeutics Inc. in 2016. Mr Burns is also a member of the Oncology Advisory Board of the Universities of Cologne/Bonn in Germany. In 2014, he was appointed a trustee of the Institute of Cancer Research(ICR), London, and in 2016 a Governor of The Wellcome Trust in London, UK. Mr Burns completed his terms of office at both ICR and Wellcome Trust and has retired from both positions.

Other current directorships of listed public companies

Chair of Molecular Partners (since 2018)

Former directorships of listed public companies within the last 3 years

None

Philip Facchina

Non-Executive Member of the Board of Directors

Experience and expertise

Mr. Facchina brings more than 35 years of experience in corporate strategy, finance, and business development across several industries, including healthcare. Since 2018, Mr. Facchina has been Chief Strategy Officer at SurgCenter, overseeing the company's strategic relationships, including its relationships with the broad US ambulatory surgical center (ASC) market and its constituents. Prior to SurgCenter, Mr. Facchina spent two decades in the public and private capital markets, where he directly managed public and private capital transactions of equity and debt, led M&A and special advisory processes including take-privates. From 2008 to 2017, Mr. Facchina served as a Partner, Co-Portfolio Manager and the Chief Operating Officer of Ramsey Asset Management, an institutional investment management firm, and from 1998 to 2008 Mr. Facchina led the technology, media, and communications and healthcare investment banking groups of FBR Capital Markets. Mr. Facchina currently serves as an independent director for ViON Corporation and MilltechFX, and is Advisor to the CEO of Johanna Foods Inc, where he chairs the Audit Committee. Previously, among other directorships and committee posts, Mr. Facchina served on the Board of Web.com (Nasdaq: WEB), where he led Corporate Governance.

Other current directorships of listed public companies

None

Former directorships of listed public companies within the last 3 years

None

Philip Krause, MD

Non-Executive Member of the Board of Directors

Experience and expertise

With over 30 years of experience at the Food and Drug Administration, Dr. Krause has a unique combination of scientific, regulatory, clinical, and public health experience. He is a physician with board certification in internal medicine and infectious diseases and a researcher with over 100 publications on topics spanning clinical evaluation of vaccines, viral pathogenesis and immunology, and biological product development. He is currently an independent consultant, providing strategic and regulatory advice related to biological product development. He recently served as deputy director of FDA's Office of Vaccines Research and Review, where he led assessments of biological products for evaluation and licensure and helped to oversee the development and evaluation of all vaccines authorized and licensed in the US from 2011-2021. He graduated from Yale Medical School (MD), Florida State University (MBA) and the University of Illinois (BS and MS in Computer Science). Dr Krause has a strategic advisory consulting role with Mesoblast, providing advice on regulatory strategies.

Other current directorships of listed public companies

None

Former directorships of listed public companies within the last 3 years

None

Michael Spooner, BCom

Non-Executive Member of the Board of Directors - resigned effective September 26, 2023

Experience and expertise

Mr. Spooner served on the Board of Directors from 2004 to September 2023. During this period he has filled various roles including as Chairman from the date of the ASX public listing in 2004 until 2007, Chair of the Audit and Risk Committee as well as a member of the Remuneration Committee . Over the past several years Mr. Spooner has served on the board of directors in various capacities at several Australian and international biotechnology companies, including

BiVacor Pty Ltd (2009-2013), Advanced Surgical Design & Manufacture Limited (2010-2011), Peplin, Inc. (2004-2009), Hawaii Biotech, Inc. (2010-2012), Hunter Immunology Limited (2007-2008), and Ventracor Limited (2001-2003). He has been the Chairman of Simavita Ltd since May 2016 and Chairman of MicrofluidX since February 2018. Prior to returning to Australia in 2001, he spent much of his career internationally where he served in various roles including as a partner to PA Consulting Group, a UK-based management consultancy, and a Principal Partner and Director of Consulting Services with PricewaterhouseCoopers (Coopers & Lybrand) in Hong Kong. In addition Mr Spooner has owned and operated several international companies providing services and has consulted to a number of American and Asian public companies.

Other current directorships of listed public companies

Former directorships of listed public companies within the last 3 years

Chairman, Simavita Ltd (2016 - 2021)

Company Secretary

Niva Sivakumar – BCom, LLB

Joint Company Secretary

Experience and expertise

Ms. Sivakumar joined Mesoblast's legal team in 2014 and is a member of the Company's Intellectual Property Committee. Previously, she was a senior associate in the corporate and commercial teams at major law firm, Dentons, and a senior lawyer at K&L Gates. Ms. Sivakumar has a Commerce/Law degree from the University of Melbourne.

Other current directorships of listed public companies

None

Former directorships of listed public companies within the last 3 years

None

Paul Hughes – BPharm, BBus (Banking & Finance)

Joint Company Secretary

Experience and expertise

Mr. Hughes began working with Mesoblast in February 2019 and has served as the Company's Global Head of Corporate Communications since December 2020. He has an extensive background as an investment banker and corporate advisor for firms including Macquarie Bank and Commonwealth Bank of Australia. Mr. Hughes has a Bachelor of Pharmacy and Bachelor of Business (Banking & Finance) from Monash University, Melbourne.

Other current directorships of listed public companies

None

Former directorships of listed public companies within the last 3 years

None

Senior Management – Key Management Personnel

Silviu Itescu, MBBS (Hons), FRACP, FACP, FACRA

Chief Executive Officer (CEO)

Executive Member of the Board of Directors

Experience and expertise

Dr. Itescu has served on the Board of Directors since the Company's founding in 2004, was Executive Director from 2007, and became Chief Executive Officer and Managing Director in 2011. Prior to founding Mesoblast in 2004, Dr. Itescu established an international reputation as a physician scientist in the fields of stem cell biology, autoimmune diseases, organ transplantation, and heart failure. Dr Itescu has been a faculty member of Columbia University in New

York, and the University of Melbourne and Monash University in Australia. In 2013, Dr Itescu received the inaugural Key Innovator Award from the Vatican's Pontifical Council for Culture for his leadership in translational science and clinical medicine in relation to adult stem cell therapy. In 2011, Dr. Itescu was named BioSpectrum Asia Person of the Year. Dr. Itescu has consulted for various international pharmaceutical companies, has been an adviser to biotechnology and health care investor groups, and has served on the board of directors of several publicly listed life sciences companies.

Other current directorships of listed public companies

None

Former directorships of listed public companies within the last 3 years

None

Eric Rose, MD

Chief Medical Officer (CMO)

Executive Member of the Board of Directors

Experience and expertise

Dr. Rose is a highly respected physician scientist with focus on clinical investigation, drug discovery, biodefense, and health policy. As a world-renowned heart surgeon and scientist, Dr. Rose led the Columbia Presbyterian heart transplantation program from 1982 through 1992 and made history in 1984 when he performed the first successful pediatric heart transplant. From 1994 through 2007, he served as Chairman of Columbia University's Department of Surgery and Surgeon-in-Chief of Columbia Presbyterian Medical Center in New York. During this time his leadership of the NIH supported program Randomized Evaluation of Mechanical Circulatory Support in Heart Failure (REMATCH) resulted in the first FDA approval of an implantable left ventricular assist device for long term circulatory support, spawning an entire new industry. From 2007-2011, Dr. Rose served on the National Biodefense Scientific Board which advises the United States Health and Human Services Secretary on biodefense, influenza, and emerging diseases. In 2007 he was appointed Chairman and CEO of SIGA Technologies where he oversaw development of the first antipoxviral drug approved in the United States, TPOXX for the treatment of smallpox. Dr. Rose played a key role in obtaining FDA approval of the drug in 2019, and he was responsible for securing contracts with BARDA under which the US Government has procured 1.7 million courses of TPOXX for more than US$1billion into the Strategic National Stockpile (SNS). Dr. Rose's tenure on the ABIOMED board ended in December 2022 with the sale of the company to Johnson & Johnson for $17.7 billion.

Other current directorships of listed public companies

None

Former directorships of listed public companies within the last 3 years

Chairman, SIGA Technologies, Inc. (2017 - 2021)

Non-executive Director, ABIOMED, Inc. which was acquired by Johnson & Johnson. (2007 - 2012, 2014 - 2022)

Other Senior Management

Andrew Chaponnel, BCom, CAANZ

Chief Financial Officer (interim)

Mr. Chaponnel has around 25 years of experience in finance roles including 13 years with Mesoblast, initially as the Group Financial Controller (6 years), then as Head of Finance (3 years) and now as interim Chief Financial Officer for the past three years. As part of Mesoblast Group finance leadership he has been integral to the implementation and maintenance of our borrowing arrangements, various strategic partnerships, equity placements, the NASDAQ IPO and leads both ASX and NASDAQ financial reporting. Previously Mr. Chaponnel has held several roles including management roles in chartered accountancy, logistics, retail and a CFO role within construction before moving into Healthcare. He is a member of the Chartered Accountants of Australia & New Zealand.

Peter Howard, BSc, LLB (Hons)

Group General Counsel and Corporate Executive, Chair of the Patent Committee

Mr. Howard has served as our Group General Counsel and Corporate Executive, and Chair of the Patent Committee, since July 2011. As external counsel and partner at Australian law firm, Middletons (now, K&L Gates), Mr. Howard has been integrally involved with Mesoblast since its inception and public listing on the ASX in 2004. More generally, Mr. Howard has extensive experience with many biopharmaceutical firms and major research institutions, covering public listings, private financings, strategic, licensing, intellectual property and mergers and acquisition activities. He has done so in several roles, including as a partner at a major law firm, entrepreneur, director and senior executive.

Justin Horst, BS

Head of Manufacturing

Justin Horst has 18 years of experience in clinical cell therapy manufacturing and industry development. During the past eight years, he has been Mesoblast's Deputy Head of Manufacturing, with accountability for chemistry, manufacturing and control of the manufacturing processes. Before joining Mesoblast, Mr. Horst was at Lonza Walkersville Inc. for 10 years, holding numerous senior level positions within the manufacturing, project management, and business development groups. At Lonza, he was instrumental in the establishment of the contract manufacturing business, and managed multiple manufacturing teams supporting numerous custom supply processes. Mr. Horst obtained his B.S. in Biology from Towson University in Maryland.

Dagmar Rosa-Bjorkeson, MS, MBA

Chief Operating Officer until November 1, 2023 from which time has been a part-time consultant.

Dagmar Rosa-Bjorkeson has more than 25 years of global experience in the pharmaceutical industry, including executive leadership in corporate and product strategy, market development and operational execution. She has led multiple successful product launches, including Gilenya® for multiple sclerosis and Elidel® for atopic eczema. During her 17 years at Novartis, Ms. Rosa-Bjorkeson was Vice President and Head of its Multiple Sclerosis Business Unit; Vice President, Business Development and Licensing in the United States; and Country Head and President for Novartis Sweden. More recently, she served as Executive Vice President and President, Biosimilars, at Baxalta, now a wholly owned subsidiary of Takeda Pharmaceutical Company. Ms. Rosa-Bjorkeson was also Executive Vice President and Chief Strategy and Development Officer at Mallinckrodt Pharmaceuticals. She holds an MBA in Marketing, an MS in Chemistry and a BS, Chemistry from the University of Texas.

Michael Schuster, MBA

Pharma Partnering

Mr. Schuster, who joined Mesoblast in 2004, leads the Group's partnering discussions. Previously he was the head of the Group's investor relations outreach program and was part of the founding executive team at both Mesoblast Limited and Angioblast Systems, Inc. Mr. Schuster was Executive Vice President of Global Therapeutic Programs from 2010 to 2013 and was the Director of Business Development and Vice President of Operations from 2004 to 2010. He holds an undergraduate degree in science from Tufts University, a Master's degree in Immunology & Microbiology from New York Medical College, and an MBA from Fordham University in New York.

Paul Simmons, PhD

Scientific Advisor to the Chief Executive Officer

Dr. Simmons served as our Head of Research and New Product Development since 2011 and transitioned to Scientific Advisor to the Chief Executive Officer in the current year. He has nearly 30 years of experience in stem cell research, especially research in basic hematopoiesis and in precursor cells for the stromal system of the bone marrow, and served as President of the International Society of Stem Cell Research, or ISSCR, from 2006 to 2007. Prior to joining Mesoblast, Dr. Simmons held the C. Harold and Lorine G. Wallace Distinguished University Chair at the University of Texas Health from 2008 to 2011 and served as the inaugural Professor and Director of the Centre for Stem Cell Research at the Brown Foundation Institute of Molecular Medicine from 2006 to 2011. Dr. Simmons is, or has served as, an associate editor, a member of the editorial board, or a reviewer on multiple scientific and medical journals including Experimental Hematology, Cytotherapy and Stem Cell Research, Cell Stem Cell, Stem Reports, Science and Nature.

Geraldine Storton, BSc, MMS, MBA

Head of Regulatory Affairs and Quality Management

Ms. Storton is a seasoned pharmaceutical executive with more than 30 years' experience across the full value chain of Pharmaceutical and Medical Device Research and Development, production and commercialization worldwide. She has an extensive background in regulatory affairs and quality, most recently as a consultant to cell therapy companies. Prior to this, Ms. Storton held executive roles at Hospira, and its predecessor companies in both regulatory affairs and quality, with a focus on major program management. As Vice President, Program Management, Quality, at Hospira headquarters in Chicago, she led a company-wide quality remediation program to improve compliance in manufacturing across 15 facilities worldwide. As Regional Director, Commercial Quality ANZ, Asia and Japan, Ms. Storton was responsible for quality oversight and management of all products sold in Asia Pacific countries. Her responsibilities included regulatory compliance, batch release, field actions, complaints management, change control, due diligence and new product launch. As director of global regulatory operations, Ms. Storton managed development and registration of new products and on-market management of the existing product portfolio for all Hospira's products developed or manufactured within Asia Pacific for global distribution. She joined Mesoblast in December 2015.

Fiona See, PhD

SVP and Head, Translational Research

Dr. Fiona See is an experienced scientist and leader in translational research and development within the biotechnology sector. Currently serving as the Senior Vice President and Head of Translational Research at Mesoblast in New York, she provides strategic scientific leadership across the lifecycle of mesenchymal lineage stromal cell (MLC) therapy products, focusing on cardiovascular, musculoskeletal, and immunological diseases. Dr. See has successfully led teams in developing nonclinical pharmacology/toxicology packages and product characterization. Previously, Dr. See served as Vice President and Senior Director of Translational Development at Mesoblast, developing and overseeing nonclinical and translational strategies. Dr. See holds a PhD and a Bachelor of Laws/Bachelor of Science (Honors) from Monash University. She has conducted NIH-funded research at NYU Langone School of Medicine, Columbia University, and NHMRC-funded research at The University of Melbourne, focusing on stem cell-based platforms and therapies for heart disease. She has published numerous peer-reviewed articles in respected journals, reflecting her contributions to translational research and therapeutic innovation.

There are no family relationships among any of our directors and senior management. The business address of each of our directors and senior management is Mesoblast Limited, Level 38, 55 Collins Street, Melbourne, VIC 3000, Australia.

The Mesoblast board of directors (the "Board") presents the 2023/2024 Remuneration Report, which has been prepared in accordance with the relevant Corporations Act 2001 (Cth) ("Corporations Act") and accounting standards requirements.

The remuneration report sets out remuneration information for our company's key management personnel ("KMP") as defined in the International Accounting Standards 24 'Related Party Disclosures' and the Australian Corporations Act 2001 for the financial year ended June 30, 2024.

(Start of the Remuneration Report for **Australian Disclosure Requirements**)

Introductory Comments from Bill Burns, Nomination and Remuneration Committee Chairman

Throughout the year there was a concerted focus on advancing the Biologics License Application (BLA) submission for paediatric Graft versus Host Disease and continued dialogue with the United Sates Food and Drug Administration (FDA) involving all programs in our late-stage clinical pipeline. On March 26, 2024, the FDA informed Mesoblast that following additional consideration the available clinical data from the Phase 3 study MSB-GVHD001 appeared sufficient to support submission of the proposed BLA for remestemcel-L for the treatment of pediatric patients with steroid-refractory acute graft versus host disease (SR-aGVHD). In July 2024, Mesoblast resubmitted our BLA for remestemcel-L for the treatment of pediatric SR-aGVHD.

During the year, Mesoblast progressed our Chronic Low Back (CLBP) and Chronic Heart Failure (CHF) programs. The FDA informed the Group that it supports an accelerated approval pathway for rexlemestrocel-L in patients with end-stage ischemic heart failure with reduced ejection fraction (HFrEF) and a left ventricular assist device (LVAD).

The confirmatory Phase 3 trial of rexlemestrocel-L in patients with CLBP due to inflammatory degenerative disc disease of less than five years duration has commenced enrollment at multiple sites across the United States.

Joe Swedish, who served as chair since March 2019, stepped down from the Board chair role during the year. Jane Bell took over as Chair of Board from April 2024. Joe remains with us as a Board director until completion of his term at the Annual General Meeting later this year.

The Group raised proceeds of US$40 million and US$25 million in December 2023 and March 2024 respectively, strengthening our balance sheet and providing the funds necessary to enable all existing product development and research programs to continue and our next major technical and clinical development milestones to readout.

Cash burn was reduced during the year through the successful executing of the cost containment plan announced in August 2023. Overall, net operating cash usage was reduced by 23% for FY24 as compared to FY23.

The cost containment plan included the following remuneration related initiatives which were successfully introduced and executed during FY24:

- The CEO and CMO volunteered base salary reductions of 30% for a 12-month period to August 2024. In compensation for the reduction in cash pay, an option grant was approved by shareholders with an approval vote of 95% at the 2023 AGM, increasing their long-term equity-based at risk pay for further alignment of their interests with shareholders;
- Other members of our management team also volunteered to reduce cash pay and receive long-term equity based at-risk pay in compensation;
- Cash payment of the STI relating to the fiscal year ended June 30, 2023 has been deferred until an FDA approval for SR-aGVHD; and
- Non-executive directors voluntarily deferred 50% of their director fees until an FDA decision and agreed to receive the remaining 50% of their fees in equity, approved by shareholders at the 2023 AGM. No cash payment will be made until a decision is made on FDA approval.

Despite the significant strides made during FY24, our immediate goal of obtaining FDA marketing authorization for remestemcel-L for the treatment of pediatric SR-aGVHD has not yet been achieved and therefore the cost containment plan will continue in FY25 for the following remuneration related initiatives continuing:

- The CEO and CMO voluntary base salary reductions of 30% will continue through until August 2025. In compensation for the reduction in cash pay, an option grant will be proposed which will increase their long-term equity-based at-risk pay, further aligning their interests to those of shareholders, subject to shareholder approval.
- Other management team members will continue to be able to sacrifice cash pay for options in FY25.
- The Board has decided against awarding any increases to fixed remuneration prior to the FDA decision on pediatric SR-aGVHD.
- Cash payment of the STI relating to the financial year ended June 30, 2024 has been deferred and is dependent on an FDA approval (further detail on this below). Subsequent to FY24, there has been a modification to the STI plan providing all employees with the choice to elect into receiving an option grant in lieu of cash payment of their STI entitlements for the years ended FY23 and FY24; and
- Non-executive directors are continuing to voluntarily defer 50% of their director fees until an FDA decision and have agreed to receive 50% of their fees in equity, subject to shareholder approval. Aside from retiring directors, no cash payments will be made until a decision is made on FDA approval.

Our responsible management of remuneration was positively received by investors with a vote approval of 94% for the remuneration report resolution at the 2023 AGM.

FY24 Remunerations Outcomes

Mesoblast's remuneration mix remains weighted towards long term performance, aligning executive outcomes to long term sustainability and success. Milestone LTI awards in the biotechnology sector have a higher risk profile than those in the broader market and may not materialize to levels anticipated at grant or in the general market. Our decision to

maintain this framework is consistent with the preference of our investors for long term at risk pay that is aligned to shareholder experience and returns.

Within our LTI incentives, executives must meet both milestone and service requirements before vesting can occur. 88% of the CEO's Nov 2023 grant and 66% of his total outstanding milestone-based LTI incentives have not yet met milestone achievement requirements to be eligible for vesting. The remaining portion of the LTI's met milestone requirements and these options become eligible to vest once time-based service requirements are met (see table 6a). After application of both milestone and service requirements, 7% of the CEO's total milestone-based options vested in FY24. At June 30, 2024, 100% of these vested LTI options were underwater and had zero intrinsic value.

The Board assessed our Group's short-term incentive (STI) key performance indicator (KPI) performance for the financial year ended June 30, 2024, as achieving 100% of maximum after significantly exceeding KPIs related to our financing clinical and regulatory strategy. Nevertheless, given the criticality of the BLA resubmission in July, Board discretion has been exercised not to pay the STI unless and until the FDA provides marketing authorization for SR-aGVHD. On achievement, Mesoblast will pay the CEO the maximum STI outcome plus 20%.

Subsequent to FY24 and prior to payment being due, the Board approved a modification to the STI plan providing all employees with the choice to elect into receiving an option grant in lieu of cash payment of their STI entitlements for the years ended FY23 and FY24. The level of participation and the terms of the modification are yet to be determined at the date of this report.

On balance, we believe the remuneration framework, including several years' absence of fixed remuneration increases for executives, the Board's decision to defer cash payment of the FY23 and FY24 STI until FDA approval for SR-aGVHD has been achieved, and the continuation of cost containment remuneration initiatives in FY24 ensure our remuneration strategy is appropriate for this stage of our Group's growth and is strongly aligned to our key milestones and shareholder value.

I invite you to read the remainder of the remuneration report and welcome your feedback.

Bill Burns

Nomination and Remuneration Committee Chairman

Key Management Personnel (KMP)

Key management personnel (KMP), defined as individuals who have authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, and including all directors, are listed in Table 1.

Table 1 – Mesoblast KMP during FY2024, including to the Date of this Report

Name	Position	Country	Portion of FY2024 year served as KMP
Non-executive directors			
Jane Bell	Independent Chair of Board (from April 30, 2024) Member, Nomination and Remuneration Committee Member, Audit and Risk Committee	Australia	Full Year
Joseph Swedish	Independent Chair (until April 30, 2024), Board of Directors Member, Audit and Risk Committee Member, Nomination and Remuneration Committee	US	Full Year

William Burns	Independent Vice Chair, Board of Directors Chair, Nomination and Remuneration Committee	Switzerland	Full Year
Philip Facchina	Independent Non-executive Director Member, Audit and Risk Committee Member, Nomination and Remuneration Committee	US	Full Year
Philip Krause	Independent Non-Executive Director to August 28, 2023 Non-independent Non-executive Director from August 29, 2023 Member, Nomination and Remuneration Committee until August 28, 2024	US	Full Year.
Michael Spooner	Independent Non-executive Director Chair, Audit and Risk Committee Member, Nomination and Remuneration Committee	Singapore	Resigned effective September 26, 2023
Executive directors			
Silviu Itescu	Chief Executive Officer Executive Director	Australia	Full Year
Eric Rose	Chief Medical Officer Executive Director	US	Full Year

6.B Compensation

KMP Remuneration Governance

The Board is responsible for Mesoblast's remuneration strategy and approach. The Nomination and Remuneration Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive Directors, other senior executives and non-executive Directors.

The Nomination and Remuneration Committee is wholly comprised of independent members. The board is satisfied that all members of the Nomination and Remuneration Committee during the reporting period are independent.

The Nomination and Remuneration Committee is primarily responsible for making recommendations to the Board on:

- Board appointments
- Non-executive director fees
- Executive remuneration framework
- Remuneration for executive directors, namely the CEO, CMO and other key executives

- Short-term and long-term incentive awards
- Share ownership plans

The Nomination and Remuneration Committee's objective is to ensure remuneration policies are fair and competitive having regard for industry benchmarks whilst being aligned with the objectives of our company.

The Committee receives proposals from the executive team, which it critically reviews. When appropriate the Nomination and Remuneration Committee will seek advice or recommendations from independent expert consultants, including benchmarking studies. Advice provided by consultants during the year did not constitute a 'remuneration recommendation' as defined in section 9B of the Corporations Act and was received free from any undue influence by Key Management Personnel to whom the advice related.

Executive Remuneration Strategy

The remuneration strategy is designed to ensure Mesoblast can:

- Attract and retain experienced leaders and emerging experts in an innovative field and on a global basis
- Reward performance that will lead in the long term to improved patient outcomes and increased shareholder wealth.

Our team is small. Mesoblast has only 73 employees, 57% of whom are in the US, with the remainder in Australia, Singapore and Switzerland. Retaining these employees, who often are at the top of their respective fields, is imperative in ensuring Mesoblast can continue to work towards what are difficult, complex and long-term goals.

Biopharmaceutical product development is a highly specialized and speculative undertaking and it involves a substantial degree of risk. To achieve and maintain long term profitability, companies must successfully develop product candidates, obtain regulatory approval, and manufacture, market and sell those products for which regulatory approval is obtained. If this occurs, revenues depend on the size of markets in which product candidates receive approval, the ability to achieve and maintain sufficient market acceptance, pricing, reimbursement from third-party payors, and adequate market share for our product candidates in those markets. Not all companies succeed in these activities, and not all companies generate revenue from product sales that is significant enough to achieve profitability.

To have a chance of success, it is imperative that executives

a) possess the specialized skills to understand the complex products being developed and the various regulatory requirements imposed across the globe

b) apply high degrees of discipline to ensure research and trials are undertaken safely and effectively, to a rigorous standard and schedule, within tight budget constraints

c) seek to deliver earlier, with lower costs, key, well-defined milestones critical to progressing Mesoblast technology

d) stay focused on the end goal of commercialization.

While it may be many years from initial research until milestones lead to profitable outcomes, this does not reduce the importance of the milestones themselves. Without the interim milestone steps on the way to therapy commercialization, the extensive safety and efficacy data required would not be sufficient and approval by global regulatory authorities would not be achievable. Time and costs are an important component in this process of research, testing and milestone achievement, as both have compounding effects on shareholder value.

To address the above, Mesoblast's remuneration framework comprises:

- competitive fixed remuneration
- annual incentive payments contingent on intensive research, approvals and trials being undertaken on time and budget
- longer term milestone-based incentive payments

- payment delivered, in part, as options, which conserves cash, aligns with shareholder interests, and focuses executives on strategy, risk management, and execution that optimizes shareholder value.

Mesoblast generally sets cash-based STIs at a lower quantum than option-based LTIs to conserve cash flow, focus executives on value creation, and align executives with shareholders.

The current average tenure of our executive team of 10 years suggests that the framework works well to attract and retain appropriate executive leadership.

Executive Remuneration Framework

Further details on the Mesoblast Executive Remuneration Framework is provided in Table 2 – Executive Remuneration Framework.

Table 2 – Executive Remuneration Framework

	Fixed Pay	**Performance-based Remuneration**	
		Short-term Incentives	**Long-term Incentives**
Strategic Rationale	Attract and retain key personnel on a global basis via competitive remuneration. Comply with regional statutory and customary benefits (e.g., superannuation in Australia; medical insurance in the US.)	Focuses attention on key KPIs (in areas such as clinical, financial and partnering strategy, manufacturing, commercial, or organizational structure and development) under cost and time constraints that will lead to long-term improvement in patient outcomes and shareholder wealth.	Serves multi-pronged purpose: - Aligns remuneration outcomes with shareholder wealth creation. - Provides a framework for wealth creation by prioritizing key objectives that are critical for long-term profitability. - Rewards speed of achievement, that can have long term compounding effects - Retains employees via deferral - Provides value only if milestones lead to increases in share price, aligning with the shareholder experience. - Conserves cash. - Enables risk management via malus.
Process	Assessed annually on market relativities in employee's domicile based on position accountabilities. The Nomination and Remuneration Committee makes specific recommendations to the board on remuneration packages for senior executives for approval.	Paid annually for performance against annual corporate and individual KPIs. The Nomination and Remuneration Committee sets the CEO's KPIs. These are used to measure company performance, which determines the pool available for other employees. Allocations from that pool for senior management are determined with reference to individual KPIs set by the CEO. Resulting outcomes are approved by the Nomination and Remuneration Committee.	The Nomination and Remuneration Committee assesses LTI milestone achievement for vesting eligibility.

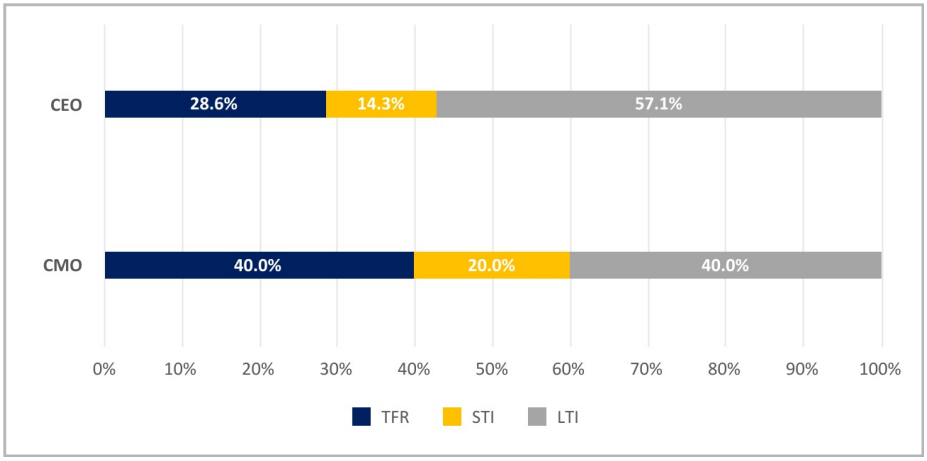
	Fixed Pay	Performance-based Remuneration	
		Short-term Incentives	**Long-term Incentives**
Eligibility	All employees	All employees hired on or before March 31, 2024 are eligible for consideration. Employees hired during the year are recognized on a pro-rata basis.	All eligible participants who are in positions to influence achievement of our long- term outcomes and, where required, for attraction and retention.
Quantum of opportunity	Set according to each position's accountabilities, the incumbent's experience and qualifications, and regional market relativities.	Set as a percentage of fixed pay. Quantum generally lower than LTI to conserve cash. Current CEO maximum STI: 50% of Fixed Remuneration. Current CMO maximum STI: 50% of Fixed Remuneration.	Set using a percentage of fixed pay as a guideline. Current CEO maximum LTI: approximately 200% of fixed remuneration. Current CMO maximum LTI: 100% of fixed remuneration. The actual grant value for the CEO and CMO LTI may vary year on year from this proportion based on various factors being taken account including: - shareholder dilution - internal relativities - share price volatility
Delivered as	Cash.	Cash. Subsequent to FY24, our STI plan was modified and will provide all employees with the choice to receive an option grant in lieu of cash payment of their STI entitlements for the years ended FY23 and FY24.	Options over ordinary shares in Mesoblast Limited with a 7-year expiry date. Option exercise price will be based on the higher of the VWAP of the 5 ASX trading days up to board approval of the grant, and the last closing price of an ordinary share on the ASX at board approval.
Performance and service period	N/A	1 year	Three years, with provision for earlier vesting limited to one third per year to (a) encourage speed of achievement, (b) defer material amounts for better governance and (c) encourage executive focus on achievements that have a longer term impact on shareholder value.

	Fixed Pay	Performance-based Remuneration	
		Short-term Incentives	**Long-term Incentives**
Discretion, malus and clawback	N/A	The board has the authority to use its discretion to amend individual outcomes "in year", including down to zero, prior to any payment. Additionally, effective FY24 we adopted a policy for the recovery of erroneously awarded incentive compensation.	The board has ultimate discretion in determining vesting outcomes. Until options are exercised, the board may also apply discretion in situations where executives have behaved dishonestly or fraudulently to lapse options (unvested and vested). Additionally, effective FY24 we adopted a policy for the recovery of erroneously awarded incentive compensation.
Cessation of employment	N/A	No award will be made to employees who have ceased employment unless the Board exercises it's discretion.	Unvested options are forfeited unless Board exercises discretion. Vested options can be retained subject to being exercised within a certain period specified in our Employee Share Option Rules (usually 60 days of cessation).
Hedging	The Company's share trading policy prohibits hedging via the Company's derivatives.		
Oversight	Individual outcomes are reviewed and approved first by the Nomination & Remuneration Committee and then the Board.		

Remuneration Mix

FY24 target remuneration mix at maximum for the CEO and the CMO is described in Figure 1.

Figure 1 – Executive KMP Remuneration Mix.



The actual grant value year-on-year may vary from the target remuneration mix depending on factors such as:

- Dilution considerations

- Internal relativities
- Date of grant

Responses to frequent questions on the Mesoblast framework

The following table presents responses to common queries on the Mesoblast remuneration framework.

Table 3 – Executive Remuneration Framework

Why do you use milestone performance measures for the STI and LTI?	Traditional financial metrics are not meaningful, nor can they be effectively used to accurately reflect the performance of our company. What creates lasting shareholder value are successful outcomes from research and development, entry into new collaborations and achievement of other planned and well considered corporate objectives. Success will only result in significant reward under the LTI if the market values our achievements. If it does, our share price increases. The LTI options become valuable. If not, the options have no intrinsic value. This combination of milestones and payment in options work in tandem for fair payment for performance aligned with shareholder returns. This is a standard biotechnology company practice.
Why does some of the long term incentive award vest earlier than a three year period?	Within biotechnology, basing long term incentives on achievement of performance milestones is an established method for aligning pay with performance. The other factor that is critical is time. While we allow three years for milestones, earlier achievement is better, because if milestones are achieved earlier then less cash will have been used by the Group to support the program and associated overheads than if achieved at the end of 3 years. Therefore, we have configured the plan to allow for early vesting for early achievement, but only to a point. We still insist that even if all milestones are achieved early, some options remain unvested for 3 years, to ensure that, if given a choice with a limited budget, employees focus on those milestones most likely to deliver the most value over the longer term, as well as encouraging employee retention. We believe that this framework is innovative, and a great fit for the nature of our business. We acknowledge it does not look and feel like a typical ASX-listed company LTI, and therefore may not meet the standard guidelines applied by many, but we are not typical. We are open to considering alternatively designed incentives that address the value drivers of milestone achievement, time to achieve them, prioritization of milestones given limited resourcing, and impact on longer term share price, but so far we have not found any quite as effective.
What is Mesoblast's position on diversity?	The Group values diversity and recognizes the benefits it can bring to the organization's ability to achieve its goals. Diversity can lead to a competitive advantage through broadening the talent pool for recruitment of high quality employees, by encouraging innovation and improving a corporation's professionalism and reputation. Accordingly, the Group is committed to promoting diversity within the organization and has adopted a formal policy outlining the Group's diversity objectives. With respect to gender diversity, as at June 30, 2024, 52% of the Company's employee base were female and 30% of the Company's senior executives were female. In April 2024, a female Board Chair was appointed. The Board is conscious of the gender imbalance at board level (with only one of the four non-executive directors being female). The Board has an objective to increase the number of female board members as vacancies arise and circumstances permit.

What is Mesoblast's position on STI deferral?	STI deferral is applied as and when considered appropriate. Payment of both the FY23 and FY24 STI has been deferred and is dependent on FDA marketing authorization for SR-aGVHD being achieved.
Why is there no consideration of ENS (Environment and Sustainability) issues in the STI or LTI vesting considerations?	Mesoblast's mission to bring to market innovative medicines comprised of naturally-occurring cellular materials to treat serious and life-threatening illnesses is fundamentally consistent with ENS principles, although there are relevant supply chain and carbon footprint considerations. At this stage, Mesoblast's physical footprint is limited to office and laboratory space for its employee base of less than 100, so while management is actively engaged in reducing the Company's carbon footprint, its ability to materially improve its ENS impact is currently limited. We will continue to consider having ENS-related remuneration milestones in the future, in particular if and when Mesoblast has its own manufacturing facilities and approved products.

Mesoblast performance during FY2024

Table 4 provides share price performance data and selected financial results.

Table 4 – Company share price performance and selected financial results over the last five years

	Currency	2024	2023	2022	2021	2020
Share price (ASX:MSB)						
– closing at June 30	A$	0.99	1.14	0.61	1.98	3.25
– high for the year	A$	1.39	1.28	2.10	5.5	4.45
– low for the year	A$	0.26	0.68	0.61	1.72	1.02
Market capitalization at June 30 (millions)	A$	1,130	924	397	1,285	1898
– increase/(decrease) – (millions)	A$	206	527	(888)	-613	1160
– increase/(decrease) – as %		22%	133%	(69%)	(32)%	157%
Revenue (millions)	US$	5.9	7.5	10.2	7.5	32.2
– increase/(decrease) – as %		(21%)	(27%)	37%	(77)%	92%
Loss before income tax (millions)	US$	88.1	82.1	91.6	99.6	87.4
Net Assets (millions)	US$	480.4	501.8	497.0	581.4	549.3
Dividends paid		—	—	—	—	—
Return of Capital to Shareholders		—	—	—	—	—

During the year we advanced BLA submission for pediatric Graft versus Host Disease and had continued dialogue with the FDA involving all programs in our late-stage clinical pipeline. On March 26, 2024, the FDA informed Mesoblast that following additional consideration the available clinical data from the Phase 3 study MSB-GVHD001 appeared sufficient to support submission of the proposed BLA for remestemcel-L for the treatment of pediatric patients with SR-aGVHD. In July 2024, Mesoblast resubmitted our BLA for remestemcel-L for the treatment of pediatric SR-aGVHD.

During the year, Mesoblast progressed our Chronic Low Back (CLBP) and Chronic Heart Failure (CHF) programs. The FDA informed the Company that it supports an accelerated approval pathway for rexlemestrocel-L in patients with end-stage ischemic heart failure with reduced ejection fraction (HFrEF) and a left ventricular assist device (LVAD). The confirmatory Phase 3 trial of rexlemestrocel-L in patients with CLBP due to inflammatory degenerative disc disease of less than five years duration has commenced enrollment at multiple sites across the United States.

Mesoblast successfully executed on its cost containment plan announced in August 2023, reducing net operating cash usage by 23% in FY24 as compared to FY23.

In relation to funding, with support from its shareholders the Company raised US$40 million and US$25 million in December 2023 and March 2024, respectively. These raises strengthen our consolidated balance sheet as we undertake activities for the potential launch and commercialization of remestemcel-L.

In summary management executed on the following corporate achievements:

- Completed US$40 million rights issue in December 2023.
- Completed US$25 million capital raise in March 2024.
- During the year we appointed Jane Bell as Board Chair.

In relation to our product candidates, management executed on the following achievements:

- After our interactions with the FDA during the year, the FDA informed Mesoblast that following additional consideration the available clinical data from its Phase 3 study MSB-GVHD001 appears sufficient to support submission of the proposed BLA for remestemcel-L for treatment of pediatric patients with SR-aGVHD.
- During the year we advanced our resubmission of the BLA for approval of remestemcel-L in the treatment of children with SR-aGVHD which ultimately resulted in the formal resubmission and acceptance by the FDA of the filing in July 2024.
- In March 2024 Mesoblast announced that the FDA supports an accelerated approval pathway for rexlemestrocel-L, Mesoblast's allogeneic mesenchymal precursor cell (MPC) product, in patients with end-stage ischemic HFrEF and an LVAD. FDA provided this feedback in formal minutes to the company following the Type B meeting held with FDA on February 21, 2024 for rexlemestrocel-L (Revascor®) under the existing Regenerative Medicine Advanced Therapy (RMAT) designation.
- The confirmatory Phase 3 trial of rexlemestrocel-L in patients with CLBP due to inflammatory degenerative disc disease of less than five years duration has commenced enrollment at multiple sites across the United States.
- Entered into an agreement to develop a pivotal trial of Mesoblast's lead product candidate Ryoncil® (remestemcel-L) in the treatment of adults with SR-aGvHD with the Blood and Marrow Transplant Clinical Trials Network (BMT CTN), a body including centers responsible for approximately 80% of all US allogeneic BMTs. The BMT CTN is funded by the United States National Institutes of Health (NIH).
- Following submission of results from the randomized controlled trial in children with hypoplastic left heart syndrome (HLHS), a potentially life threatening congenital heart condition, Mesoblast was granted orphan drug designation (ODD) and rare pediatric disease designation (RPDD) with the United States Food and Drug Administration (FDA) for its allogeneic cell therapy Revascor® (rexlemestrocel-L) in the treatment of the congenital heart disease HLHS.

Remuneration outcomes for the year ended June 30, 2024

STI

The Corporate STI objectives and outcomes for FY24 are described in Table 5.

Table 5 - Group Performance against FY24 STI KPIs

Objectives/Performance Assessment	Maximum as % of total STI	Rating	Outcome as % of total STI
Execute on clinical and regulatory strategy of our key product candidates (50%)			
During the year we advanced our resubmission of the BLA SR-aGVHD which ultimately resulted in the formal resubmission and acceptance by the FDA of the filing in July 2024. Entered into an agreement to develop a pivotal trial of remestemcel-L in the treatment of adults SR-aGvHD with the Blood and Marrow Transplant Clinical Trials Network (BMT CTN), a body including centers responsible for approximately 80% of all US allogeneic BMTs,. The BMT CTN is funded by the NIH. Mesoblast progressed our CLBP and CHF programs with positive results. The FDA's OTAT granted RMAT designation for rexlemestrocel-L in the treatment of CLBP associated with disc degeneration and supported an accelerated approval for rexlemestrocel-L in patients with end-stage ischemic HFrEF and an LVAD. Following submission of results from the randomized controlled trial in children with HLHS, a potentially life threatening congenital heart condition, Mesoblast was granted ODD and RPDD with the FDA for its allogeneic cell therapy Revascor® (rexlemestrocel-L) in the treatment of the congenital heart disease HLHS. The Board has decided this objective has been met.	50%	100%	50%
Execute on Financing Strategy (20%)			
In relation to Finance, there have been substantial achievements during the year. We completed a capital raise of $40 million in December 2023 and $25 million in March 2024. The Board has decided this objective has been met.	20%	100%	20%
Execute on Manufacturing Process Development & Cost Containment (30%)			
During the year we enhanced our manufacturing processes. Separately, we reduced our cash burn through the successful execution of the cost containment plan announced in August 2023. Overall, net operating cash usage was reduced by 23% for FY24 as compared to FY23, a target flagged in the 2023 annual report. The Board has decided this objective has been met.	30%	100%	30%

The Board assessed our Group's performance on these KPIs for the financial year ended June 30, 2024 as achieving 100% of targets, reflecting significant out performance in the face of changing priorities in reaction to the FDA's communications in March that lead to Mesoblast's BLA resubmission.

Nevertheless, given the central nature of the BLA resubmission and our current cash position, the Board has exercised negative discretion not to pay the FY24 STI unless and until Mesoblast receives FDA marketing authorization for SR-aGVHD.

Considering the negative discretion to pay a zero STI if FDA marketing authorization is not achieved, the Board has also increased the potential of the CEO's payment by 20% if authorization is achieved.

Subsequent to FY24, there has been a modification to the STI plan providing all employees with the choice to elect into receiving an option grant in lieu of cash payment of their STI entitlements for the years ended FY23 and FY24. The level of participation and the terms of the modification are yet to be determined at the date of this report.

LTI

Two conditions must be met for milestone options to vest.

- The milestone for that option must be met
- Achievement must be within the performance period
- The executive must be employed at the time of vesting

When LTI milestones are set it is not expected that all or any milestones will be achieved within the next 12 months. The LTI plan is designed to align the CEO objectives with creating long term shareholder value.

The vesting of the CEO's LTI is based on meeting clinical and commercialization milestones, as well as completion of licensing or collaboration agreements to build shareholder value.

The LTI vesting for our executive and non-executive KMPs, based on FY24 and prior year performance, along with the financial year in which those options will vest once milestones have been met, are summarized in Tables 6a, 6b and 6c.

Where an LTI milestone remains commercial in confidence it has been described in general terms. Many milestones also have an associated delivery window and/or budget which are taken into account when determining if it was achieved. Some clinical outcomes can be partially met depending on the quality and/or cost of results or extent of patient participation.

Table 6a – LTI Outcomes of CEO's milestone-based grants

Date Granted	Milestone	No. of Options	Year Milestone Achieved	FY in which the tranche has/will vest after factoring in time- based vesting conditions					% Vested	Pendi
				Pre FY24	FY24	FY25	FY26	FY27		
Nov 2023[1]	Regulatory milestone related to gain alignment with FDA on certain aspects of the development program for CHF.	242,000	FY24	—	—	242,000	—	—	100 %	
	Financial & Business Development related milestone to completion of a strategic capital raise to fund development programs through to key milestones.	726,000	FY24	—	—	564,667	161,333	—	100 %	
	Regulatory and clinical milestones in relation to the remestemcel-L and rexlemestrocel-L platforms.	1,452,000	Pending	—	—	—	—	—	—	1,4
	Total for Nov 2023 Grant	**2,420,000**		**—**	**—**	**806,667**	**161,333**	**—**	**40 %**	**1,4**
Nov 2022[2]	Commercial and clinical milestones in relation to the potential launch of remestemcel-L.	1,395,000	Pending	—	—	—	—	—	—	1,3
	Financial and business development milestones in relation to remestemcel-L and rexlemestrocel-L platforms	930,000	Pending	—	—	—	—	—	—	9
	Total for Nov 2022 Grant	**2,325,000**		**—**	**—**	**—**	**—**	**—**	**—**	**2,3**
Nov 2021[3]	Regulatory/Commercialization progress with respect to our aGVHD program and clinical progress across the Company's lead programs with specific allocation for each program milestone based on priority.	510,000	FY23	—	510,000[7]	—	—	—	100 %	
		110,000	FY24	—	110,000	—	—	—	100 %	
	Completion of a significant licensing/collaboration agreement to build shareholder value and other confidential financing objectives.	620,000	Pending	—	—	—	—	—	—	6
	Manufacturing milestones related to process development.	310,000	Pending	—	—	—	—	—	—	3
	Total for Nov 2021 Grant	**1,550,000**		**—**	**620,000**	**—**	**—**	**—**	**40 %**	**9**

Date Granted	Milestone	No. of Options	Year Milestone Achieved	FY in which the tranche has/will vest after factoring in time- based vesting conditions					% Vested	Pendi
				Pre FY24	FY24	FY25	FY26	FY27		
Nov 2020[4]	Clinical/Commercialization milestones related to clinical and commercialization progress across the Company's lead programs.	480,000	FY22	480,000	—	—	—	—	100 %	
	Completion of a significant licensing/collaboration agreement to build shareholder value and other confidential financing objectives.	480,000	Pending	—	—	—	—	—	—	4
	Manufacturing milestones related to process development.	240,000	FY22	240,000	—	—	—	—	100 %	
	Total for Nov 2020 Grant	**1,200,000**		**720,000**	**—**	**—**	**—**	**—**	**60 %**	4
Nov 2019[5]	Granting of a PDUFA date for remestemcel-L[6].	673,334	FY20	673,334	—	—	—	—	100 %	
	US FDA approval of remestemcel-L[6].	673,333	Pending	—	—	—	—	—	—	6
	Total for Nov 2019 Grant	**1,346,667**		**673,334**	**—**	**—**	**—**	**—**	**50 %**	**6**

(1) This grant was approved by the Board on October 16, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(2) This grant was approved by the Board on October 17, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

(3) This grant was approved by the Board on September 8, 2021 and granted on November 29, 2021 after shareholder approval for the grant was received at the AGM.

(4) This grant was approved by the Board on July 16, 2020 and granted on November 24, 2020 after shareholder approval for the grant was received at the AGM.

(5) This grant was approved by the Board on July 20, 2019 and granted on November 27, 2019 after shareholder approval for the grant was received at the AGM. 538,667 of the options granted were not milestone based and have not been included in the above table. The 538,667 options were granted as a substitute for a reduction made to the FY19 short-term cash bonus to conserve cash.

(6) For the treatment of pediatric SR acute GVHD.

(7) Regardless of when the milestone was achieved, the milestone vesting date is determined as the date of Board approval. In this case Board approval was in July 2023.

Table 6b – LTI Outcomes of CMO's milestone-based grants

Date Granted	Milestone	No. of Options	Year Milestone Achieved	FY in which the tranche has/will vest after factoring in time- based vesting conditions					% Vested	Pending
				Pre FY24	FY24	FY25	FY26	FY27		
Nov 2023[1]	Regulatory milestone related to gain alignment with FDA on certain aspects of the development program for CHF.	148,000	FY24	—	—	148,000	—	—	100 %	—
	Regulatory and clinical milestones in relation to the remestemcel-L and rexlemestrocel-L platforms.	444,000	Pending	—	—	—	—	—	—	444,000
	Strategic corporate partnership milestones in relation to the remestemcel-L and rexlemestrocel-L platforms.	148,000	Pending	—	—	—	—	—	—	148,000
	Total for Nov 2023 Grant	**740,000**		**—**	**—**	**148,000**	**—**	**—**	**20 %**	**592,000**
Nov 2022[2]	Milestones related to the regulatory progress of remestemcel-L[3]	600,000	FY24	—	300,000	—	—	—	50 %	300,000
	Milestone related to the clinical progress of the Company's lead products.	300,000	Pending	—	—	—	—	—	—	300,000
	Total for Nov 2022 Grant	**900,000**		**—**	**300,000**	**—**	**—**	**—**	**33 %**	**600,000**

(1) This grant was approved by the Board on October 16, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(2) This grant was approved by the Board on October 17, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

(3) For pediatric patients with SR-aGVHD with the FDA, including the resubmission of its BLA and its potential approval by the FDA.

Table 6c – LTI Outcomes of milestone-based grants to Phil Krause

Date Granted	Milestone	No. of Options	Year Milestone Achieved	FY in which the tranche has/will vest after factoring in time- based vesting conditions					% Vested	Pending
				Pre FY24	FY24	FY25	FY26	FY27		
Nov 2023[1]	Milestones related to the regulatory progress of remestemcel-L[3]	325,050	FY24	—	—	325,050[2]	—	—	100 %	—
	Regulatory milestones in relation to the remestemcel-L and rexlemestrocel-L platforms	659,950	Pending	—	—	—	—	—	—	659,950
	Total for Nov 2023 Grant	**985,000**		**—**	**—**	**325,050**	**—**	**—**	**33 %**	**659,950**

(1) This grant was approved by the Board on October 24, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(2) The milestone was achieved in July 2024.

(3) For pediatric patients with SR-aGVHD with the FDA, including the resubmission of its BLA and its potential approval by the FDA.

Table 7 represents remuneration paid to each executive KMP during the year as required by Section 300A of the Corporations Act 2001.

Table 7 – Statutory remuneration paid to executive KMP

			Short-term benefits					Post-employment benefits	Long-term benefits	Share-based payments	Other		
Name	Year	Currency	Base salary	Short-term cash bonus[1]	Annual Leave/ Holiday Pay[2]	Non- monetary benefits	Health and Other Benefits[3]	Super-annuation	Long service leave[2]	Options	Termi-nation benefits	Total Statutory Remuneration	% of performance-based remuneration
			$	$	$	$	$	$	$	$	$	$	%
Silviu Itescu	2024	A$	757,500	1,007,187	77,904	—	—	27,399	16,926	1,137,219	—	3,024,136	71 %
Silviu Itescu	2023	A$	1,010,000	—	77,694	—	—	25,292	16,880	536,138	—	1,666,004	32 %
Eric Rose	2024	A$	701,841	848,348	(5,984)	—	28,561	—	—	714,708	—	2,287,474	68 %
Eric Rose	2023	A$	916,542	—	5,878	—	34,194	—	—	578,236	—	1,534,850	38 %
Total Executive Directors	**2024**	**A$**	**1,459,341**	**1,855,535**	**71,920**	**—**	**28,561**	**27,399**	**16,926**	**1,851,927**	**—**	**5,311,610**	**70 %**
Total Executive Directors	**2023**	**A$**	**1,926,542**	**—**	**83,572**	**—**	**34,194**	**25,292**	**16,880**	**1,114,374**	**—**	**3,200,854**	**35 %**
Total Executive Directors	**2024**	**US$[4]**	**959,079**	**1,219,458**	**47,266**	**—**	**18,770**	**18,006**	**11,124**	**1,217,086**	**—**	**3,490,790**	**70 %**
Total Executive Directors	**2023**	**US$[4]**	**1,292,710**	**—**	**56,077**	**—**	**22,944**	**16,971**	**11,326**	**747,745**	**—**	**2,147,773**	**35 %**

(1) Includes $457,812 related to the FY23 period but not yet paid and $549,375 related to the FY24 period but not yet paid. Subsequent to FY23, the conditions of achievement of the FY23 STI was modified to make it dependent on Mesoblast achieved FDA marketing authorization. Payment of the FY23 and FY24 bonus is dependent on Mesoblast achieving FDA marketing authorization. Furthermore, subsequent to FY24, there has been a modification to the STI plan providing all employees with the choice to elect into receiving an option grant in lieu of cash payment of their STI entitlements for the years ended FY23 and FY24. The level of participation and the terms of the modification are yet to be determined at the date of this report.

(2) Annual leave and Long service leave reflect the movement in provision balances at June 30, 2024 compared with June 30, 2023.

(3) Includes health, dental, vision, life, long and short-term disability insurances.

(4) The A$ results have been determined by calculating the average rate of the exchange rates on the last trading day of each month during the period. A US$:A$ exchange rate of 1:0.6572 has been used for the year ended June 30, 2024 and 1:0.6710 for the year ended June 30, 2023.

Fixed remuneration

The CEO's fixed remuneration has not changed since 2015. Eric Rose was appointed as our CMO in FY22, his monthly fixed remuneration has not changed since his appointment. Both our CEO and CMO volunteered base salary reductions of 30% for a 12-month period to 30 June 2024. In compensation for the reduction in cash pay, an option grant was approved by shareholders with an approval vote of 95% at the 2023 AGM, increasing the CEO and CMO's long-term equity-based at risk pay for further alignment of their interests with shareholders.

Non-Executive Director (“NED”) Remuneration

As at June 30, 2024 the Board comprised of four NEDs; one based in Australia, two in the United States, and one in Switzerland. These directors are global experts in the biopharmaceutical industry and capital markets, each with relevant experience in biotechnology and/or healthcare industries.

The NED fees (in Table 8) reflect responsibilities and work involved with directing a company of Mesoblast’s technological and geographical complexity, our financial position, regulatory and compliance context, and market practice in each director’s domicile. The fee levels and structures reflect what is necessary to recruit and retain directors with global

experience in this industry. There have been no changes to NED fees from last year. No NED fees were paid during the year – 50% are deferred until an FDA approval decision and 50% were paid as options (more detail below).

Table 8 – Annual NED fees
(exclusive of superannuation where applicable for Australian directors)

		As at June 30, 2024		
Position	**Currency**	**Board of Directors**	**Audit and Risk Committee**	**Nomination and Remuneration Committee**
Chair[(1)]	A$	250,000	20,000	20,000
Vice Chair	A$	175,000	—	—
Member	A$	128,250	10,000	10,000

(1) Joe Swedish NED fees for his position as Chair of the Board were US$250,000 per annum.

The NEDs' fixed fees for their services are not to exceed a maximum fee pool of A$1,500,000, as approved by shareholders at the 2018 Annual General Meeting.

NEDs do not receive performance-related remuneration and are not provided with retirement benefits other than statutory superannuation. An exception is a performance based LTI grant to our non-independent NED, Philip Krause, in relation to his role as a strategic regulatory advisor.

NEDs are reimbursed for costs directly related to conducting Mesoblast business. The key terms of NED service are documented in a letter of appointment to the Board.

Mesoblast grants options to NEDs, usually at the start of their tenure. Additionally in FY24 options were granted to replace NED cash fees which were reduced by 50%. Options in lieu of cash are typical in the biotechnology industry. These options vest one third each after one, two and three years. For our NEDs, options are only forfeited if the director engages in conduct that is adverse to the company or breach the terms of their engagement.

The grants enable Mesoblast to secure NEDs with global pharmaceutical experience cash-effectively. Governance is not compromised because no performance or service conditions apply. The majority of shareholders voted in favor of our NED LTI grants at the November 2023, 2022 and 2021 AGMs.

Philip Krause has been a non-executive director of Mesoblast since March 2022. Philip Krause was appointed to a formal strategic advisory role on June 4, 2023 where he was remunerated at an hourly rate and the agreement was able to be terminated on 15 written days notice. The consulting agreement was in addition to Philip Krause's existing role as non-executive director. Philip Krause was determined not to be independent on August 28, 2023 and his director fees ceased from August 1, 2023. On October 1, 2023, Philip Krause's consulting agreement was amended, where he is now remunerated via a monthly retainer of US$20,000 for strategic advisory services and his role as non-executive director. In addition to the monthly retainer, Philip Krause will receive 540,000 time-based options issued in three equal tranches vesting at 12, 24 and 26 months from grant date, which are subject to shareholder approval, and 985,000 milestone-based options which will vest subject to achieving the performance milestones and time-based vesting conditions. All options will have a 7 year term. The agreement is ongoing, with either party able to terminate on 90 written days notice. The total aggregate fees paid to Philip Krause through the original consulting agreement for the year ended June 30, 2023 and 2024 was US$110,383 and US$220,900 respectively. As the fees relating to the amended consulting agreement are in relation to both his advisory and director roles, they are disclosed in Table 9.

Further details on the number of options and exercise price can be found in section “Terms and conditions of share-based payment arrangements”.

Remuneration Details - NEDs

Details of the remuneration of our NEDs for the years ended June 30, 2024 and June 30, 2023 are in Table 9.

Table 9 – Director Fees

	Year	Currency	Base Salary[2]	Super-annuation	Share-based payments Options	Total Statutory Remuneration
Jane Bell	2024	A$	91,851	1,359	137,214	230,424
Jane Bell	2023	A$	128,798	13,524	66,804	209,126
William Burns	2024	A$	105,625	—	95,349	200,974
William Burns	2023	A$	195,247	—	3,989	199,236
Philip Facchina	2024	A$	81,135	—	87,475	168,611
Philip Facchina	2023	A$	148,497	—	55,120	203,617
Philip Krause[3]	2024	A$	285,410	—	229,861	515,271
Philip Krause[3]	2023	A$	138,497	—	69,199	207,696
Eric Rose[4]	2023	A$	—	—	3,989	3,989
Michael Spooner	2024	A$	38,153	—	—	38,153
Michael Spooner	2023	A$	158,250	—	—	158,250
Joseph Swedish	2024	A$	186,266	—	192,507	378,773
Joseph Swedish	2023	A$	372,276	—	—	372,276
Shawn Tomasello	2023	A$	23,042	—	—	23,042
Total Non-Executive Directors	**2024**	**A$**	**788,441**	**1,359**	**742,406**	**1,532,205**
Total Non-Executive Directors	**2023**	**A$**	**1,164,607**	**13,524**	**199,101**	**1,377,232**
Total Non-Executive Directors [1]	**2024**	**US$**	**518,163**	**893**	**487,909**	**1,006,965**
Total Non-Executive Directors [1]	**2023**	**US$**	**781,451**	**9,075**	**133,597**	**924,123**

(1) The A$ results have been determined by calculating the average rate of the exchange rates on the last trading day of each month during the period. A US$:A$ exchange rate of 1:0.6572 has been used for the year ended June 30, 2024 and 1:0.6710 for the year ended June 30, 2023.

(2) Other than fees for the month of July 2024 and all fees owed to Michael Spooner on his retirement, no payments of monthly fees have been made in 2024 given the decision to defer NED fee payments until a decision is made by the FDA on the BLA resubmission.

(3) Philip Krause has been a non-executive director of Mesoblast since March 2022. FY2023 relates to Director Fees earned in his role as an independent non-executive director. Within FY2024, A$11,521 relates to Director Fees earned in his role as an independent non-executive director and A$273,889 relates to his amended consulting agreement through which he was paid a monthly retainer of US$20,000 as compensation for strategic advisory services and his role as non executive director from October 1, 2023 to June 30, 2024.

(4) Eric Rose has been a non-executive director of Mesoblast since 2013. On February 1, 2022, he was appointed as an executive director of Mesoblast and payments of director fees ceased at that time. Share-based payments reported as part of Eric's director fees above relate to options granted during his appointment as a non-executive director.

Terms and conditions of option grants and equity holdings

Details of options over ordinary shares provided as remuneration to each director and member of key management personnel for the years ended June 30, 2024 and June 30, 2023 are provided in the tables below.

Table 10 – The value of options granted, exercised and lapsed.

	Number of options granted	Remuneration consisting of options [1]	Values of options granted [2] A$	Value of options exercised [3] A$	Value of options lapsed [4] A$
For the year ended June 30, 2024					
Silviu Itescu[5]	3,693,070	38 %	767,005	—	—
Eric Rose[5]	1,960,765	31 %	451,305	—	—
Jane Bell[6]	326,729	60 %	85,178	—	—
William Burns[6]	409,651	47 %	106,796	—	—
Philip Facchina[6]	290,432	52 %	75,716	—	—
Philip Krause[7][8]	985,000	45 %	256,790	—	—
Michael Spooner	—	—	—	—	—
Joseph Swedish[6]	827,077	51 %	215,619	—	—
For the year ended June 30, 2023					
Silviu Itescu[9]	2,325,000	32 %	1,422,203	—	—
Eric Rose[9]	2,150,000	38 %	1,315,155	—	—
Jane Bell[10]	200,000	32 %	128,780	—	—
William Burns	—	2 %	—	—	—
Philip Facchina	—	—	—	—	—
Philip Krause[11]	200,000	33 %	120,120	—	—
Michael Spooner	—	—	—	—	—
Joseph Swedish	—	—	—	—	—
Shawn Tomasello	—	—	—	—	—

(1) The percentage of the value of remuneration consisting of options, based on the value of options expensed during the year presented in accordance with IFRS 2 *Share-based Payment*. For details on the assumptions made for each grant, see information in note 17 Share-based payments within Item 18 Financial Statements of this report.

(2) The fair value at grant date of options that were granted during the year presented as part of remuneration, determined using Black-Scholes valuation model and in accordance with IFRS 2 *Share-based Payment*. The grant date is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the employee have a shared understanding of the terms and conditions of the arrangement.

(3) The intrinsic value at exercise date of options that were exercised during the year presented, having been granted as part of remuneration previously.

(4) The intrinsic value at lapse date of options that lapsed during the year.

(5) These grants were approved by the Board on October 12, 2023 and October 16, 2023, respectively, and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(6) This grant was approved by the Board on October 12, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(7) This grant was approved by the Board on October 24, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(8) The board approved a grant of 540,000 options for Philip Krause on March 11, 2024, this grant is subject to shareholder approval at the upcoming AGM.

(9) This grant was approved by the Board on October 17, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

(10) This grant was approved by the Board on August 24, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

(11) This grant was approved by the Board on May 23, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

There have been no modifications to any terms and conditions of share-based payment transactions during the years ended June 30, 2024 and 2023.

Reconciliation of Options held by KMP

The table below shows a reconciliation of options over ordinary shares of Mesoblast Limited held by each KMP from the beginning to the end of FY24.

Table 11 – Reconciliation of options held by each KMP during FY24.

		Balance at July 1, 2023		Granted as compensation during FY24	Vested during FY24		Exercised during FY24		Forfeited / Lapsed during FY24		Balance at June 30, 2024	
Name	Grant Date	Vested	Unvested	Number	Number	%	Number	%	Number	%	Vested and exercisable	Unvested
Silviu Itescu	28-Nov-23[1]	—	—	2,420,000	—	—	—	—	—	—	—	2,420,000
Silviu Itescu	28-Nov-23[2]	—	—	1,273,070	424,357	33	—	—	—	—	424,357	848,713
Silviu Itescu	23-Nov-22[3]	—	2,325,000	—	—	—	—	—	—	—	—	2,325,000
Silviu Itescu	29-Nov-21[4]	—	1,550,000	—	620,000	40	—	—	—	—	620,000	930,000
Silviu Itescu	24-Nov-20[5]	720,000	480,000	—	—	—	—	—	—	—	720,000	480,000
Silviu Itescu	27-Nov-19[6]	1,212,001	673,333	—	—	—	—	—	—	—	1,212,001	673,333
Eric Rose	28-Nov-23[1]	—	—	740,000	—	—	—	—	—	—	—	740,000
Eric Rose	28-Nov-23[2]	—	—	1,220,765	406,922	33	—	—	—	—	406,922	813,843
Eric Rose	23-Nov-22[3]	—	1,250,000	—	416,667	33	—	—	—	—	416,667	833,333
Eric Rose	23-Nov-22[3]	—	900,000	—	—	—	—	—	—	—	—	900,000
Eric Rose	30-Nov-18	120,000	—	—	—	—	—	—	—	—	120,000	—
Eric Rose	27-Nov-19	100,000	—	—	—	—	—	—	—	—	100,000	—
Jane Bell	28-Nov-23[2]	—	—	326,729	108,910	33	—	—	—	—	108,910	217,819
Jane Bell	23-Nov-22[7]	—	200,000	—	66,667	33	—	—	—	—	66,667	133,333
William Burns	28-Nov-23[2]	—	—	409,651	136,551	33	—	—	—	—	136,551	273,100
William Burns	30-Nov-18	120,000	—	—	—	—	—	—	—	—	120,000	—
William Burns	27-Nov-19	100,000	—	—	—	—	—	—	—	—	100,000	—
Philip Facchina	28-Nov-23[2]	—	—	290,432	96,811	33	—	—	—	—	96,811	193,621
Philip Facchina	29-Nov-21[8]	133,334	66,666	—	66,666	33	—	—	—	—	200,000	—
Philip Krause[11]	28-Nov-23[9]	—	—	985,000	—	—	—	—	—	—	—	985,000
Philip Krause	23-Nov-22[10]	66,667	133,333	—	66,667	33	—	—	—	—	133,334	66,666
Michael Spooner[12]	30-Nov-18	100,000	—	—	—	—	—	—	—	—	100,000	—
Joseph Swedish	28-Nov-23[2]	—	—	827,077	275,693	33	—	—	—	—	275,693	551,384
Joseph Swedish	27-Nov-19	300,000	—	—	—	—	—	—	—	—	300,000	—
Joseph Swedish	30-Nov-18	200,000	—	—	—	—	—	—	—	—	200,000	—

(1) This grant was approved by the Board on October 16, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(2) This grant was approved by the Board on October 12, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(3) This grant was approved by the Board on October 17, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

(4) This grant was approved by the Board on September 8, 2021 and granted on November 29, 2021 after shareholder approval for the grant was received at the AGM.

(5) This grant was approved by the Board on July 16, 2020 and granted on November 24, 2020 after shareholder approval for the grant was received at the AGM.

(6) This grant was approved by the Board on July 20, 2019 and granted on November 27, 2019 after shareholder approval for the grant was received at the AGM.

(7) This grant was approved by the Board on August 24, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

(8) This grant was approved by the Board on April 15, 2021 and granted on November 29, 2021 after shareholder approval for the grant was received at the AGM.

(9) This grant was approved by the Board on October 24, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(10) This grant was approved by the Board on May 23, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

(11) The board approved a grant of 540,000 options for Philip Krause on March 11, 2024, this grant is subject to shareholder approval at the upcoming AGM.

(12) On September 26, 2023, Mr. Spooner resigned as director of the Company.

Terms and conditions of share-based payment arrangements

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Table 12 – Terms and conditions of share-based payment arrangements

Grant date	Recipients of Grants	Vesting date	Expiry date	Exercise price A$	Value per option at grant date A$
28-Nov-23[1]	Philip Krause	Vesting in accordance with the following schedule, but only after achievement of performance milestones: one third - 24-Oct-2024 one third - 24-Oct-2025 one third - 24-Oct-2026	23-Oct-30	0.37	0.26
28-Nov-23[2]	Silviu Itescu Eric Rose	Vesting in accordance with the following schedule, but only after achievement of performance milestones: one third - 16-Oct-2024 one third - 16-Oct-2025 one third - 16-Oct-2026	15-Oct-30	0.35	0.18
28-Nov-23[3]	Silviu Itescu Eric Rose Jane Bell William Burns Philip Facchina Joseph Swedish	one third - 12-Apr-2024 one third - 12-July-2024 one third - 12-Oct-2024	11-Oct-30	0.36	0.26
23-Nov-22[4]	Philip Krause	one third - 23-May-2023 one third - 23-May-2024 one third - 23-May-2025	22-May-29	1.01	0.60
23-Nov-22[5]	Jane Bell	one third - 24-Aug-2023 one third - 24-Aug-2024 one third - 24-Aug-2025	23-Aug-29	0.85	0.64
23-Nov-22[6]	Eric Rose	one third - 17-Oct-2023 one third - 17-Oct-2024 one third - 17-Oct-2025	16-Oct-29	1.03	0.61
23-Nov-22[6]	Silviu Itescu Eric Rose	Vesting in accordance with the following schedule, but only after achievement of performance milestones: one third - 17-Oct-2023 one third - 17-Oct-2024 one third - 17-Oct-2025	16-Oct-29	1.03	0.61

Grant date	Recipients of Grants	Vesting date	Expiry date	Exercise price A$	Value per option at grant date A$
29-Nov-21[7]	Silviu Itescu	Vesting in accordance with the following schedule, but only after achievement of performance milestones: one third - 8-Sep-2022 one third - 8-Sep-2023 one third - 8-Sep-2024	7-Sep-28	1.77	0.42
29-Nov-21[8]	Philip Facchina	one third - 15 Apr 2022 one third - 15 Apr 2023 one third - 15 Apr 2024	14-Apr-28	2.28	1.11
24-Nov-20[9]	Silviu Itescu	Vesting in accordance with the following schedule, but only after achievement of performance milestones: one third - 16-Jul-2021 one third - 16-Jul-2022 one third - 16-Jul-2023	15-Jul-27	3.41	0.92
27-Nov-19[10]	Silviu Itescu	Vesting in accordance with the following schedule, but only after achievement of performance milestones: one third - 19-Jul-2020 one third - 19-Jul-2021 one third - 19-Jul-2022	19-Jul-26	1.47	1.03
27-Nov-19[10]	Silviu Itescu	one third - 19-Jul-2020 one third - 19-Jul-2021 one third - 19-Jul-2022	19-Jul-26	1.47	1.03
27-Nov-19	William Burns Eric Rose	one third - 17 Nov 2020 one third - 17 Nov 2021 one third - 17 Nov 2022	17-Nov-26	1.83	0.94
27-Nov-19	Joseph Swedish	one third - 4 Apr 2020 one third - 4 Apr 2021 one third - 4 Apr 2022	3-Apr-26	1.48	0.78
30-Nov-18	William Burns Eric Rose Michael Spooner	one third - 30 Nov 2019 one third - 30 Nov 2020 one third - 30 Nov 2021	29-Nov-25	1.33	0.54
30-Nov-18	Joseph Swedish	one third - 18 Jun 2019 one third - 18 Jun 2020 one third - 18 Jun 2021	17-Jun-25	1.52	0.85

(1) This grant was approved by the Board on October 24, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(2) This grant was approved by the Board on October 16, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(3) This grant was approved by the Board on October 12, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(4) This grant was approved by the Board on May 23, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

(5) This grant was approved by the Board on August 24, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

(6) This grant was approved by the Board on October 17, 2022 and granted on November 23, 2022 after shareholder approval for the grant was received at the AGM.

(7) This grant was approved by the Board on September 8, 2021 and granted on November 29, 2021 after shareholder approval for the grant was received at the AGM.

(8) This grant was approved by the Board on April 15, 2021 and granted on November 29, 2021 after shareholder approval for the grant was received at the AGM.

(9) This grant was approved by the Board on July 16, 2020 and granted on November 24, 2020 after shareholder approval for the grant was received at the AGM.

(10) This grant was approved by the Board on July 20, 2019 and granted on November 27, 2019 after shareholder approval for the grant was received at the AGM.

Table 13 - Shares provided to KMPs on the exercise of remuneration options

	No. of options exercised during the period	No. of ordinary shares in Mesoblast Limited issued	Exercise Date	Value per share at exercise date A$	Exercise price per option A$
For the year ended June 30, 2024					
Nil	—	—	—	—	—
For the year ended June 30, 2023					
Nil	—	—	—	—	—

KMP Shareholdings

The table below shows a reconciliation of ordinary shares held by each KMP from the beginning to the end of the 2024 financial year.

Table 14 – KMP Shareholdings

Name	Balance at the start of the year	Received during the year upon exercise of options	Acquisitions/(Disposals) during the year	Balance at the end of the year
Silviu Itescu	68,958,928	—	10,000,000	78,958,928
Eric Rose	—	—	411,620	411,620
Jane Bell	247,618	—	295,823	543,441
William Burns	85,000	—	21,250	106,250
Philip Facchina	273,225	—	(150,005)[2]	123,220
Philip Krause	100,000	—	187,500	287,500
Michael Spooner[1]	1,091,335	—	—	1,091,335
Joseph Swedish	—	—	459,420	459,420

(1) This total includes shareholdings of related parties, of this balance, Mr. Spooner has a relevant interest, as defined under the Corporations Act, of 1,069,000 ordinary shares. On September 26, 2023, Mr. Spooner resigned as director of the Company.

(2) Philip Facchina disposed 150,000 ordinary shares during FY24. An adjustment down of 5 ordinary shares was made on January 10, 2024 following the ratio change to Mesoblast's ADR program from 5 ordinary shares representing 1 ADS (5:1 ratio) to a new ratio of 10 ordinary shares representing 1 ADS (10:1 ratio).

Employment Agreements

The employment of our CEO and CMO are formalized in agreements, the key terms of which are as follows:

Table 15 – KMP Employment Agreements

Name	Term	Agreement Type	Notice period	Termination benefit
Silviu Itescu (CEO)	Initial term of 3 years commencing April 1, 2014, and continuing subject to a 12 months' notice period.	Employment	12 months	12 months base salary
Eric Rose (CMO)	An ongoing employment agreement until notice is given by either party.	Employment	3 months	3 months base salary

On termination of employment our CEO, who is based in Australia, is entitled to receive his statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

On termination of employment our CMO, who is based in the United States, is entitled to participate in the Company's healthcare plan during the severance period.

There is no entitlement to a termination payment in the event of resignation (except, in the case of the CMO, if the Company has materially reduced his role or benefits or materially moved office location) or removal for misconduct.

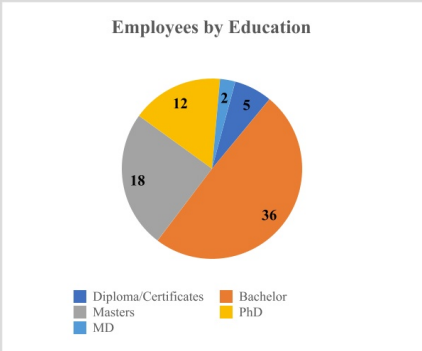
KMP Loans or other related transactions

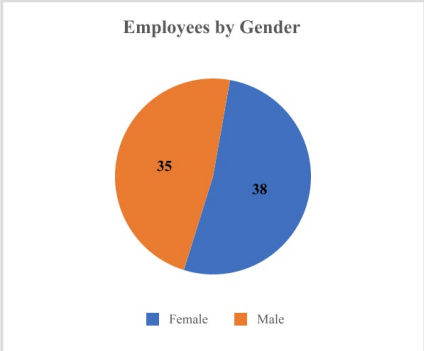
There were no loans or other related transactions with KMP during the financial year other than that described above.

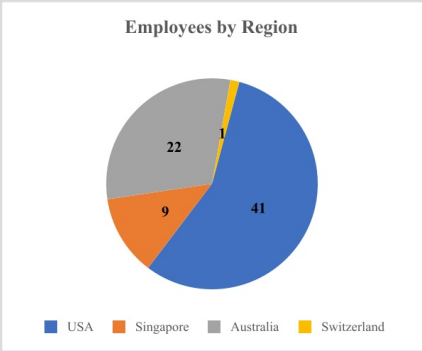
(End of Remuneration Report)

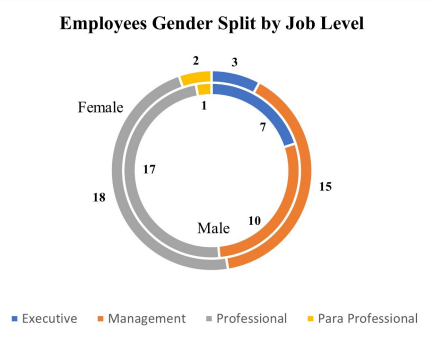
Employee Profile

As of June 30, 2024, we had 73 (2023:83) employees globally:









57% of our employees and a majority of our executives are based in the United States where Mesoblast operational activities are concentrated.

Australia is the corporate headquarters where 30% of the employees work. This includes the CEO and a portion of the executive team. The remaining 12% of employees are located in Singapore and 1% in Switzerland where research and development activities are primarily conducted.

Australian Disclosure Requirements

Options Granted as Remuneration

The following table presents options that have been granted over unissued shares during or since the end of the year ended June 30, 2024, to our Directors and our next 5 most highly remunerated officers.

Table 16 – Options Granted as Remuneration

Name	Issue Date	Exercise Price A$	Number of shares, under option
Directors			
Silviu Itescu	28-Nov-23[1]	0.35	2,420,000
Silviu Itescu	28-Nov-23[2]	0.36	1,273,070
Eric Rose	28-Nov-23[1]	0.35	740,000
Eric Rose	28-Nov-23[2]	0.36	1,220,765
Non-Directors			
Geraldine Storton	16-Oct-23	0.35	480,000
Kenneth Borow	16-Oct-23	0.35	1,398,393
Michael Schuster	16-Oct-23	0.35	590,000
Peter Howard	16-Oct-23	0.35	660,000
Roger Brown	16-Oct-23	0.35	490,000

(1) This grant was approved by the Board on October 16, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

(2) This grant was approved by the Board on October 12, 2023 and granted on November 28, 2023 after shareholder approval for the grant was received at the AGM.

KMP Interests

The relevant interest of each KMP, as defined by section 608 of the Corporations Act, in the share capital of Mesoblast, as notified by the directors to the ASX in accordance with section 205G(1) of the Corporations Act, at the date of this report is as follows:

Table 17 – KMP Interests

Director	Mesoblast Limited ordinary shares	Options over Mesoblast Limited ordinary shares
Silviu Itescu	78,958,928	10,653,404
Eric Rose	411,620	4,330,765
Jane Bell	543,441	526,729
William Burns	106,250	629,651
Philip Facchina[1]	123,220	490,432
Philip Krause[2]	287,500	1,185,000
Michael Spooner[3]	1,069,000	100,000
Joseph Swedish	459,420	1,327,077

(1) Mr Facchina also has a relevant interest in 68,306 warrants over ordinary shares.

(2) The board approved a grant of 540,000 options for Philip Krause on March 11, 2024, this grant is subject to shareholder approval at the upcoming AGM.

(3) On September 26, 2023, Mr. Spooner resigned as director of the Company.

Meeting of Directors

The number of meetings our board of directors (including committee meetings of directors) held during the year ended June 30, 2024 and the number of meetings attended by each director were:

Table 18 – Meeting of Directors

	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee	
Director	**A***	**B***	**A**	**B**	**A**	**B**
Silviu Itescu	19	19	—	—	—	—
Eric Rose	19	19	—	—	—	—
Jane Bell	19	19	2	2	4	4
William Burns	19	19	—	—	4	4
Philip Facchina	19	17	2	2	4	4
Philip Krause	19	19	—	—	2	2
Michael Spooner	8	8	2	1	2	1
Joseph Swedish	19	18	2	1	4	4

A = Number of meetings held during the time the director held office or was a member of the committee.

B = Number of meetings attended by board/committee members

* = This includes both meetings scheduled in the board calendar as well as teleconference meetings organized on an ad-hoc basis. For the most part, each director attended every scheduled meeting in the board calendar.

Shares under option

Unissued ordinary shares of Mesoblast Limited under option at the date of this Directors' report are as follows:

Grant date	**Exercise price of options A$**	**Expiry date of options**	**Number of shares under option**
16-Sep-17	1.52	15-Sep-24	50,000
13-Oct-17	1.92	12-Oct-24	815,000
13-Oct-17	1.74	12-Oct-24	902,425
24-Nov-17	1.39	23-Nov-24	750,000
24-Nov-17	1.26	23-Nov-24	750,000
18-Jun-18	1.50	17-Jun-25	200,000
11-Jul-18	1.54	10-Jul-25	200,000
18-Jul-18	1.85	17-Jul-25	2,998,332
18-Jul-18	1.85	17-Jul-25	350,000
30-Nov-18	1.31	29-Nov-25	590,000
19-Jan-19	1.43	18-Jan-26	3,333
19-Jan-19	1.43	18-Jan-26	150,000
4-Apr-19	1.46	3-Apr-26	300,000
20-Jul-19	1.60	19-Jul-26	2,708,669
20-Jul-19	1.45	19-Jul-26	2,833,332
20-Jul-19	1.45	19-Jul-26	1,346,667
20-Jul-19	1.45	19-Jul-26	538,667
20-Jul-19	1.45	19-Jul-26	700,000
25-Nov-19	1.96	24-Nov-26	20,000
29-May-19	1.46	28-May-26	350,000
18-Nov-19	1.81	17-Nov-26	200,000
25-Nov-19	1.78	24-Nov-26	100,000

Grant date	Exercise price of options A$	Expiry date of options	Number of shares under option
25-Nov-19	1.96	24-Nov-26	150,000
24-Jan-20	3.36	23-Jan-27	10,000
18-May-20	4.00	17-May-27	1,200,000
18-May-20	3.63	17-May-27	1,200,000
16-Jul-20	3.73	15-Jul-27	3,040,000
16-Jul-20	3.39	15-Jul-27	1,735,000
16-Jul-20	3.39	15-Jul-27	350,000
16-Jul-20	3.39	15-Jul-27	300,000
16-Jul-20	3.39	15-Jul-27	1,200,000
11-Sep-20	4.76	10-Sep-27	200,000
20-Nov-20	3.58	19-Nov-27	200,000
20-Nov-20	3.58	19-Nov-27	100,000
17-Feb-21	2.65	16-Feb-28	250,000
15-Apr-21	2.26	14-Apr-28	200,000
8-Sep-21	1.93	7-Sep-28	2,929,666
8-Sep-21	1.75	7-Sep-28	3,850,000
8-Sep-21	1.75	7-Sep-28	1,550,000
23-Dec-21	1.40	22-Dec-28	200,000
17-Oct-22	1.01	16-Oct-29	1,250,000
23-May-22	0.99	22-May-29	200,000
24-Aug-22	0.83	23-Aug-29	200,000
17-Oct-22	1.11	16-Oct-29	5,054,500
17-Oct-22	1.01	16-Oct-29	4,350,000
17-Oct-22	1.11	16-Oct-29	225,000
17-Oct-22	1.01	16-Oct-29	3,225,000
17-Oct-22	1.01	16-Oct-29	1,200,000
8-Aug-22	0.91	7-Aug-29	100,000
11-Dec-20	4.58	10-Dec-27	100,000
21-Nov-22	1.10	20-Nov-29	100,000
30-Mar-23	1.01	29-Mar-30	45,000
30-Mar-23	0.92	29-Mar-30	600,000
12-Oct-23	0.36	11-Oct-30	2,493,835
12-Oct-23	0.36	11-Oct-30	1,853,889
16-Oct-23	0.39	15-Oct-30	5,434,500
16-Oct-23	0.35	15-Oct-30	1,995,000
16-Oct-23	0.35	15-Oct-30	3,160,000
16-Oct-23	0.35	15-Oct-30	2,730,000
16-Oct-23	0.35	15-Oct-30	873,393
24-Oct-23	0.37	23-Oct-30	985,000
16-Oct-23	0.35	15-Oct-30	300,000
30-May-24	1.23	29-May-31	220,000
30-May-24	1.23	29-May-31	200,000
30-May-24	1.35	29-May-31	210,000
Grand Total			**72,626,208**

No option holder has any right under the options plan to participate in any other of our share issues.

Shares issued on exercise of options during the year

There were no exercise of options during or since the end of the financial year.

Indemnification of Officers

During the financial year, we paid premiums in respect of a contract insuring our directors and company secretaries, and all of our executive officers. The liabilities insured are to the extent permitted by the *Corporations Act 2001*. Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the insurance contract.

Proceedings on Our Behalf

The *Corporations Act 2001* allows specified persons to bring, or intervene in, proceedings on our behalf. No proceedings have been brought or intervened in on our behalf with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-Audit Services

We may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience are relevant and considered to be important.

The board of directors considers the position and in accordance with advice received from the audit committee, only permits the provision of the non-audit services compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

During both the current and prior financial years, no fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.

Auditor's Independence Declaration

A copy of the auditor's independence declaration under Section 307C of the Corporations Act in relation to the audit for the year ended June 30, 2024 is included in Exhibit 99.2 of this annual report on Form 20-F.

Rounding of Amounts

Our company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Unless mentioned otherwise, amounts within this report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The components of our directors' report are incorporated in various places within this annual report on the Form 20-F. A table charting these components is included within 'Exhibit 99.1 Appendix 4E'.

Directors' Resolution

This report is made in accordance with a resolution of the directors.

/s/ Jane Bell	/s/ Silviu Itescu
Jane Bell	Silviu Itescu
Chair of Board	Chief Executive Officer

Dated: August 29, 2024

6.C Board Practices

Our board of directors currently consists of seven members: five non-executive directors and two executive directors, being Dr, Silviu Itescu, our Chief Executive Officer and Dr. Eric Rose, our Chief Medical Officer.

Our directors are generally elected to serve three-year terms in a manner similar to a "staggered" board of directors under Delaware law. No director, except the Managing Director (currently designated as our Chief Executive Officer, Silviu Itescu), may hold office for a period in excess of three years, or beyond the third annual general meeting following the director's last election, whichever is the longer, without submitting himself or herself for re-election. As a result of the staggered terms, not all of our directors will be elected in any given year.

Name	First election at AGM	Last election at AGM	End of current term
William Burns	2014	2023	2026
Eric Rose	2013	2022	2025
Michael Spooner[(1)]	2004	2021	N/A
Joseph Swedish	2018	2021	2024
Philip Facchina	2021	2023	2026
Philip Krause	2022	2022	2025
Jane Bell	2022	2022	2025

(1) Mr. Spooner resigned from the board on September 26, 2023.

We believe that each of our directors has relevant industry experience. The membership of our board of directors is directed by the following requirements:

- our Constitution specifies that there must be a minimum of 3 directors and a maximum of 10, and our board of directors may determine the number of directors within those limits;
- we may appoint or remove any director by resolution passed in the general meeting of shareholders;
- our directors may appoint any person to be a director, and that person only holds office until the next general meeting at which time the director may stand for election by shareholders at that meeting;
- it is the intention of our board of directors that its membership consists of a majority of independent directors who satisfy the criteria for independence recommended by the ASX's Corporate Governance Principles and Recommendations and the Rulebook of the Nasdaq Stock Market;
- the chairperson of our board of directors should be an independent director who satisfies the criteria for independence recommended by the ASX's Corporate Governance Principles and Recommendations;
- Australia's Corporations Act requires that at least two of our directors must be resident Australians; and
- our board of directors should, collectively, have the appropriate level of personal qualities, skills, experience, and time commitment to properly fulfill its responsibilities or have ready access to such skills where they are not available.

Our board of directors is responsible for, and has the authority to determine, all matters relating to our corporate governance, including the policies, practices, management and operation. The principal roles and responsibilities of our board of directors are to:

- facilitate board of directors and management accountability to our company and its shareholders;
- ensure timely reporting to shareholders;
- provide strategic guidance to us, including contributing to the development of, and approving, the corporate strategy;
- oversee management and ensure there are effective management processes in place;
- monitor:
  - organizational performance and the achievement of our strategic goals and objectives;

- financial performance including approval of the annual and half-year financial reports and liaison with our auditors;
- progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- compliance with our code of conduct;
- progress in relation to our diversity objectives and compliance with its diversity policy;

- review and approve business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- approve major corporate initiatives;
- enhance and protect the reputation of the organization;
- oversee the operation of our system for compliance and risk management reporting to shareholders; and
- ensure appropriate resources are available to senior management.

Our non-executive directors do not have any service contracts with Mesoblast that provide for benefits upon termination of those services.

Committees

To assist our board of directors with the effective discharge of its duties, it has established a Nomination and Remuneration Committee and an Audit and Risk Committee. Each committee operates under a specific charter approved by our board of directors.

Nomination and Remuneration Committee. The members of our Nomination and Remuneration Committee for the full year ended June 30, 2024 to the date of this report unless otherwise noted are Messrs. Burns (Chair), Swedish, Spooner (resignation effective September 26, 2023), Facchina, Krause (resignation from the committee effective August 28, 2023) and Ms. Bell. The remuneration committee is a committee of our board of directors, and is primarily responsible for making recommendations to our board of directors on:

- board appointments;
- non-executive director fees;
- the executive remuneration framework;
- remuneration of executive directors, including the CEO and other key executives;
- short-term and long-term incentive awards; and
- share ownership plans.

The committee's objective is to ensure remuneration policies are fair and competitive and in line with similar industry benchmarks while aligned with our objectives. The remuneration committee seeks independent advice from remuneration consultants as and when it deems necessary. See "Management—Remuneration."

Audit and Risk Committee. The members of our Audit and Risk Committee for the full year ended June 30, 2024 to the date of this report unless otherwise noted are Messrs. Spooner (Chair until his resignation from this committee effective September 20, 2023), Facchina (Chair from April 30, 2024), Swedish and Ms. Bell (Chair between September 20, 2023 to April 30, 2024), all of whom are independent, non-executive directors. This committee oversees, reviews, acts on and reports on various auditing and accounting matters to our board of directors, including the selection of our independent accountants, the scope of our annual audits, fees to be paid to the independent accountants, the performance of our independent accountants and our accounting practices. In addition, the committee oversees, reviews, acts on and reports on various risk management matters to our board of directors.

The effective management of risk is central to our ongoing success. We have adopted a risk management policy to ensure that:

- appropriate systems are in place to identify, to the extent that is reasonably practical, all material risks that we face in conducting our business;

- the financial impact of those risks is understood and appropriate controls are in place to limit exposures to them;
- appropriate responsibilities are delegated to control the risks; and
- any material changes to our risk profile are disclosed in accordance with our continuous disclosure reporting requirements in Australia.

It is our objective to appropriately balance, protect and enhance the interests of all of our shareholders. Proper behavior by our directors, officers, employees and those organizations that we contract to carry out work is essential in achieving this objective.

We have established a code of conduct, which sets out the standards of behavior that apply to every aspect of our dealings and relationships, both within and outside Mesoblast. The following standards of behavior apply:

- patient well-being;
- comply with all laws that govern us and our operations;
- act honestly and with integrity and fairness in all dealings with others and each other;
- avoid or manage conflicts of interest;
- use our assets properly and efficiently for the benefit of all of our shareholders; and
- seek to be an exemplary corporate citizen.

Board Diversity

The following matrix sets forth Board diversity information required by the Nasdaq's rules for Mesoblast as a foreign private issuer.

Board Diversity Matrix as at June 30, 2024

Country of Principal Executive Offices	Australia			
Foreign Private Issuer	Yes			
Disclosure Prohibited under Home Country Law	No			
Total Number of Directors	7			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	4	—	2
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction			—	
LGBTQ+			—	
Did not Disclose Demographic Background			2	

Board Diversity Matrix as at June 30, 2023

Country of Principal Executive Offices	Australia
Foreign Private Issuer	Yes
Disclosure Prohibited under Home Country Law	No
Total Number of Directors	8

	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	1	3	—	4
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction			1	
LGBTQ+			—	
Did not Disclose Demographic Background			7	

6.D Employees

As of June 30, 2024, we had 73 employees, 42 of whom are based in the United States, 21 of whom are based in Australia, including our CEO and certain executive team members, 9 of whom are based in Singapore, and 1 of whom is based in Switzerland. We had 83 and 77 employees as of June 30, 2023 and 2022, respectively.

The table below sets forth the breakdown of the total year-end number of our employees by main category of activity and geographic area for the past three years:

As of June 30, 2024	Research & Development	Commercial	Manufacturing	Corporate	Total
USA	30	—	4	7	41
Australia	7	—	1	14	22
Singapore	1	—	7	1	9
Switzerland	1	—	—	—	1
Total	**39**	**—**	**12**	**22**	**73**

As of June 30, 2023	Research & Development	Commercial	Manufacturing	Corporate	Total
USA	35	—	5	9	49
Australia	8	—	1	15	24
Singapore	4	—	4	1	9
Switzerland	1	—	—	—	1
Total	**48**	**—**	**10**	**25**	**83**

As of June 30, 2022	Research & Development	Commercial	Manufacturing	Corporate	Total
USA	32	—	4	8	44
Australia	8	—	1	15	24
Singapore	1	—	6	1	8
Switzerland	1	—	—	—	1
Total	**42**	**—**	**11**	**24**	**77**

We have no collective bargaining agreement with our employees. We have not experienced any work stoppages to date and consider our relations with our employees to be good.

See “Item 6.A Directors and Senior Management – Employee Profile”.

6.E Share Ownership

The table below sets forth information regarding the beneficial ownership of our ordinary shares based on 1,141,784,114 ordinary shares outstanding at August 29, 2024 by each of our directors and key management personnel.

We have determined beneficial ownership in accordance with the rules of the SEC. A person has a beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including options that are exercisable within 60 days of August 29, 2024. Ordinary shares subject to options currently exercisable or exercisable within 60 days of August 29, 2024 are deemed to be outstanding for computing the percentage ownership of the person holding these options and the percentage ownership of any group of which the holder is a member, however are not deemed outstanding for computing the percentage of any other person.

Unless otherwise indicated, to our knowledge each shareholder possesses sole voting and investment power over the ordinary shares listed. None of our shareholders has different voting rights from other shareholders. Unless otherwise indicated, the principal address of each of the shareholders below is c/o Mesoblast Limited, Level 38, 55 Collins Street, Melbourne 3000, Australia.

	Ordinary Shares beneficially owned	
Name	**Number**	**%**
Directors and key management personnel:		
Silviu Itescu[(1)]	83,590,666	7.3 %
Eric Rose[(2)]	3,433,719	*
Jane Bell[(3)]	1,003,504	*
William Burns[(4)]	735,901	*
Philip Facchina[(5)]	681,958	*
Philip Krause[(6)]	745,884	*
Michael Spooner[(7)]	1,169,000	*
Joseph Swedish[(8)]	1,786,497	*
All directors and key management personnel as a group (8 persons)	**93,147,129**	**8.1 %**

* Less than 1% of the outstanding ordinary shares.

(1) Includes (a) 67,756,838 ordinary shares owned by Dr. Itescu, (b) 8,821,137 ordinary shares owned by Josaka Investments Pty Ltd, the trustee of Dr. Itescu’s self-managed superannuation fund, (c) 2,380,953 ordinary shares owned by Tamit Nominees Pty Ltd, an Australian corporation owned by Dr. Itescu and (d) 4,631,738 ordinary shares subject to options of which; 1,212,001 exercisable at a price of A$1.45 per share until July 19, 2026, 720,000 exercisable at a price of A$3.39 per share until July 15, 2027, 620,000 exercisable at a price of A$1.75 per share until September 7, 2028, 1,273,070 exercisable at a price of A$0.36 per share until October 11, 2030 and 806,667 exercisable at a price of A$0.35 per share until October 15, 2030.

(2) Includes (a) 411,620 ordinary shares owned by Dr. Rose (held as American Depository Shares) and (b) 3,022,099 ordinary shares subject to options of which; 120,000 exercisable at a price of A$1.31 per share until November 29, 2025, 100,000 exercisable at a price of A$1.81 per share until November 17, 2026, 1,433,334 exercisable at a price of A$1.01 per share until October 16, 2029, 1,220,765 exercisable at a price of A$0.36 per share until October 11, 2030 and 148,000 exercisable at a price of A$0.35 per share until October 15, 2030.

(3) Includes (a) 543,441 ordinary shares owned by Ms. Bell and Mr. Geoffrey Arthur Bell as trustees for Ms. Bell's family trust, (b) 460,063 ordinary shares subject to options of which: 133,334 exercisable at a price of A$0.83 per share until August 23, 2029 and 326,729 exercisable at a price of A$0.36 per share until October 11, 2030.

(4) Includes (a) 106,250 ordinary shares owned by Mr. Burns (through a custodian) and (b) 629,651 ordinary shares subject to options of which; 120,000 exercisable at a price of A$1.31 per share until November 29, 2025, 100,000

exercisable at a price of A$1.81 per share until November 17, 2026 and 409,651 exercisable at a price of A$0.36 per share until October 11, 2030.

(5) Includes (a) 123,220 ordinary shares owned by HNP, LLC (held as American Depository Shares), (b) 68,306 warrants over ordinary shares owned by HNP, LLC and (c) 490,432 ordinary shares subject to options of which: 200,000 exercisable at a price of A$2.26 per share until April 14, 2028 and 290,432 exercisable at a price of A$0.36 per share until October 11, 2030.

(6) Includes (a) 287,500 ordinary shares owned by Mr. Krause (held as American Depository Shares) and (b) 458,384 ordinary shares subject to options of which: 133,334 exercisable at a price of A$0.99 per share until May 22, 2029 and 325,050 exercisable at a price of A$0.37 per share until October 23, 2030.

(7) Includes (a) 356,533 ordinary shares owned by Mr. Spooner, (b) 712,467 ordinary shares owned by Mr. Spooner's family trusts and (c) 100,000 ordinary shares subject to options exercisable at a price of A$1.31 per share until November 29, 2025. On September 26, 2023, Mr. Spooner resigned as director of the Company.

(8) Includes (a) 459,420 ordinary shares owned by Mr. Swedish (held as American Depository Shares) and (b) 1,327,077 ordinary shares subject to options of which; 200,000 are exercisable at a price of A$1.50 per share until June 17, 2025, 300,000 are exercisable at a price of A$1.46 per share until April 3, 2026 and 827,077 exercisable at a price of A$0.36 per share until October 11, 2030.

6.F Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

Item 7. Major Shareholders and Related Party Transactions

7.A Major Shareholders

The following table and accompanying footnotes present certain information regarding the beneficial ownership of our ordinary shares based on 1,141,784,114 ordinary shares outstanding at August 29, 2024 by each person known by us to be the beneficial owner of more than 5% of our ordinary shares. Based upon information known to us, as of August 16, 2024 we had approximately 38 registered shareholders (ordinary shares) with addresses in the United States. These shareholders held an aggregate of 327,584,347 of our ordinary shares, or approximately 37.43% of our outstanding ordinary shares. None of our shareholders has different voting rights from other shareholders.

	Ordinary Shares beneficially owned	
Name	**Number**	**%**
5% or Greater Shareholders:		
Silviu Itescu[(1)]	83,590,666	7.3 %
G to the Fourth Investments, LLC[(2)]	186,678,344	16.3 %

(1) Includes (a) 67,756,838 ordinary shares owned by Dr. Itescu, (b) 8,821,137 ordinary shares owned by Josaka Investments Pty Ltd, the trustee of Dr. Itescu's self-managed superannuation fund and (c) 2,380,953 ordinary shares owned by Tamit Nominees Pty Ltd, an Australian corporation owned by Dr. Itescu, (d) 1,212,001 ordinary shares subject to options exercisable at a price of A$1.45 per share until July 19, 2026, (e) 720,000 ordinary shares subject to options exercisable at a price of A$3.39 per share until July 15, 2027, and (f) 620,000 ordinary shares subject to options exercisable at a price of A$1.75 per share until September 7, 2028, (g) 806,667 ordinary shares subject to options exercisable at a price of A$0.35 per share until October 15, 2030; and (h) 1,273,070 ordinary shares subject to options exercisable at a price of A$0.36 per share until October 11, 2030.

(2) Includes (a) 61,347,527 ordinary shares owned by G to the Fourth Investments, LLC and Gregory George, (b) 5,538,970 ordinary shares owned by James George (held as American Depository Shares), (c) 6,000,000 ordinary shares owned by Grant George (held as American Depository Shares) (d) 106,961,245 ordinary shares owned by Gregory George and (e) 6,830,602 ordinary shares subject to warrants.

To our knowledge, there have not been any significant changes in the ownership of our ordinary shares by major shareholders over the past three years, except as follows (which is based on notices filed with the ASX and SEC).

- M&G Investment Group reported that as of August 12, 2022 in total it held 93,150,226 ordinary shares (including 1,320,000 ADSs, each representing 5 ordinary shares), or 12.64% of the total voting power as of that date. It reported that as of May 1, 2023 it held 86,251,092 ordinary shares (including 532,981 ADSs, each representing 5 ordinary shares), or 10.60% of the total voting power as of that date. It reported that as of July 27, 2023 in total it held 76,996,783 ordinary shares, or 9.46% of the total voting power as of that date. It reported that as of August 4, 2023 in total it held 58,312,858 ordinary shares, or 7.16% of the total voting power as of that date. It reported that as of August 8, 2023 in total it held 48,079,421 ordinary shares, or 5.91% of the total voting power as of that date. It reported that as of August 9, 2023 that it had ceased to be a substantial shareholder.

- G to the Fourth Investments, LLC reported that as of May 1, 2023 it held 53,920,195 ordinary shares, or 6.62% of the total voting power as of that date. It reported that as of August 24, 2023 in total it held 66,366,800 ordinary shares, or 8.15% of the total voting power as of that date. It reported that as of March 18, 2024, it held 116,316,795 ordinary shares, or 10.23% of the total voting power as of that date. It reported that as of March 28, 2024 it held 136,435,560 ordinary shares, or 11.99% of the total voting power as of that date. It reported that as of April 5, 2024 it held 150,183,635 ordinary shares, or 13.20% of the total voting power as of that date. It reported that as of April 30, 2024 it held 166,849,364 ordinary shares, or 14.67% of the total voting power as of that date. It reported that as of July 9, 2024 it held 179,847,742 ordinary shares, or 15.81% of the total voting power as of that date.

- Dr.Itescu reported that as of December 12, 2023 he held 78,958,928 ordinary shares, or 7.8% of the total voting power as of that date.

7.B Related Party Transactions

The Company has not entered into any related party transactions during the years ended June 30, 2024 or 2023 other than compensation and other services provided by Directors and other members of key management personnel, see “Item 6.B Compensation”.

7.C Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

8.A Consolidated Statements and Other Financial Information

See “Item 18. Financial Statements.”

Legal Proceedings

A class action proceeding in the Federal Court of Australia was served on the Company in May 2022 by the law firm William Roberts Lawyers on behalf of persons who, between February 22, 2018, and December 17, 2020, acquired an interest in Mesoblast shares, American Depository Receipts, and/or related equity swap arrangements. In June 2022, the firm Phi Finney McDonald commenced a second shareholder class action against the Company in the Federal Court of Australia asserting similar claims arising during the same period. The Australian class actions relate to the Complete Response Letter released by the FDA in September 2020 in relation to the Company's GvHD product candidate; they also relate to certain representations made by the Company in relation to our COVID-19 product candidate and the decline in the market price of the Company's ordinary shares in December 2020. The Australian class actions have been consolidated into one lawsuit. On August 21, 2024, the Company announced that the class action had been resolved subject to Federal Court approval. The settlement (inclusive of interest and costs) will be funded entirely by Mesoblast's insurers and includes no admission of liability.

Dividend policy

Since our inception, we have not declared or paid any dividends on our shares. We intend to retain any earnings for use in our business and do not currently intend to pay cash dividends on our ordinary shares. Dividends, if any, on our outstanding ordinary shares will be declared by and subject to the discretion of our board of directors, and subject to Australian law.

Any dividend we declare will be paid to the holders of ADSs, subject to the terms of the deposit agreement, to the same extent as holders of our ordinary shares, to the extent permitted by applicable law and regulations, less the fees and expenses payable under the deposit agreement. Any dividend we declare will be distributed by the depositary bank to the holders of our ADSs, subject to the terms of the deposit agreement. See “Item 12.D. Description of American Depositary Shares.”

8.B Significant Changes

In July 2024, we resubmitted our Biologic License Application ("BLA") with United States Food & Drug Administration ("FDA") for approval of remestemcel-L in the treatment of children with steroid-refractory acute graft versus host disease ("SR-aGVHD") and the FDA accepted our resubmission and set a Prescription Drug User Fee Act goal date of January 7, 2025.

In August 2024, we modified the short term incentive plan providing employees with the choice to elect into receiving an option grant in lieu of cash payment of their short term incentive entitlements for the years ended June 30, 2024 and 2023, which have been deferred to BLA approval. The level of participation and the terms of the modification are yet to be determined at the date of this report.

In August 2024, we announced that the consolidated shareholder class action, filed in the Federal Court of Australia in 2022, has been resolved subject to Federal Court approval. The settlement (inclusive of interest and costs) will be funded entirely by Mesoblast's insurers and includes no admission of liability.

There were no other events that have arisen subsequent to June 30, 2024 and prior to the signing of this report that would likely have a material impact on the financial results presented.

Item 9. The Offer and Listing

9.A Offer and Listing Details

Our ordinary shares have been listed in Australia on the Australian Securities Exchange (ASX) since December 2004. Our ordinary shares have been trading under the symbol “MSB”.

American Depositary Shares (“ADSs”), each representing ten ordinary shares, are available in the US through an American Depositary Receipts (“ADR”) program.

On January 10, 2024, the ratio under Mesoblast's ADR program was changed from 5 ordinary shares representing 1 ADS (5:1 ratio) to a new ratio of 10 ordinary shares representing 1 ADS (10:1 ratio). This program was established under the deposit agreement which we entered into with JP Morgan Chase Bank N.A. as depositary and our ADR holders. Our ADRs have been listed on the Nasdaq Global Select Market since November 2015 and are traded under the symbol “MESO”.

9.B Plan of Distribution

Not applicable.

9.C Markets

See “Item 9.A Offer and Listing Details.”

9.D Selling Shareholders

Not applicable.

9.E Dilution

Not applicable.

9.F Expenses of the Issue

Not applicable.

Item 10. Additional Information

10.A Share Capital

Not applicable.

10.B Memorandum and Articles of Association

Our Constitution is similar in nature to the bylaws of a U.S. corporation. It does not provide for or prescribe any specific objectives or purposes of Mesoblast. Our Constitution is subject to the terms of the ASX Listing Rules and the Australian Corporations Act. It may be modified or repealed and replaced by special resolution passed at a meeting of shareholders, which a resolution is passed by at least 75% of the votes cast by shareholders (including proxies and representatives of shareholders) entitled to vote on the resolution.

Under Australian law, a company has the legal capacity and powers of an individual both within and outside Australia. The material provisions of our Constitution are summarized below. This summary is not intended to be complete nor to constitute a definitive statement of the rights and liabilities of our shareholders, and is qualified in its entirety by reference to the complete text of our Constitution, a copy of which is on file with the SEC.

Directors

Interested Directors

Except as permitted by the Corporations Act and the ASX Listing Rules, a director must not vote in respect of a matter that is being considered at a directors' meeting in which the director has a material personal interest according to our Constitution. Such director must not be counted in a quorum, must not vote on the matter and must not be present at the meeting while the matter is being considered, unless the non-interested directors resolve otherwise.

Pursuant to our Constitution, the fact that a director holds office as a director, and has fiduciary obligations arising out of that office will not require the director to account to us for any profit realized by or under any contract or arrangement entered into by or on behalf of Mesoblast and in which the director may have an interest.

Unless a relevant exception applies, the Corporations Act requires our directors to provide disclosure of certain interests and prohibits directors of companies listed on the ASX from voting on matters in which they have a material personal interest and from being present at the meeting while the matter is being considered. In addition, unless a relevant exception applies, the Corporations Act and the ASX Listing Rules require shareholder approval of any provision of financial benefits (including the issue by us of ordinary shares and other securities) to our directors, including entities controlled by them and certain members of their families.

Borrowing Powers Exercisable by Directors

Pursuant to our Constitution, our business is managed by our board of directors. Our board of directors has the power to raise or borrow money, and charge any of our property or business or all or any of our uncalled capital, and may issue debentures or give any other security for any of our debts, liabilities or obligations or of any other person, and may guarantee or become liable for the payment of money or the performance of any obligation by or of any other person.

Election, Removal and Retirement of Directors

We may appoint or remove any director by resolution passed in a general meeting of shareholders. Additionally, our directors are elected to serve maximum three-year terms in a manner similar to a "staggered" board of directors under Delaware law. No director except the Managing Director (currently designated as our chief executive officer, Silviu Itescu) may hold office for a period in excess of three years, or beyond the third annual general meeting following the director's last election, whichever is the longer, without submitting himself or herself for re-election. If no such director would be required to submit for re-election but the ASX Listing Rules require an election of directors to be held, the director to retire will be as agreed by the directors among themselves or, failing agreement, determined by lot.

A director who is appointed during the year by the other directors only holds office until the next general meeting at which time the director may stand for election by shareholders at that meeting.

In addition, provisions of the Corporations Act apply where at least 25% of the votes cast on a resolution to adopt our remuneration report (which resolution must be proposed each year at our annual general meeting) are against the adoption of the report at two successive annual general meetings. Where these provisions apply, a resolution must be put to a vote at the second annual general meeting to the effect that a further meeting, or a spill meeting, take place within 90 days. At the spill meeting, the directors in office when the remuneration report was considered at the second annual general meeting (other than the Managing Director) cease to hold office and resolutions to appoint directors (which may involve re-appointing the former directors) are put to a vote.

Voting restrictions apply in relation to the resolutions to adopt our remuneration report and to propose a spill meeting. These restrictions apply to our key management personnel and their closely related parties. See "Rights and Restrictions on Classes of Shares—Voting Rights" below.

Pursuant to our Constitution, a person is eligible to be elected as a director at a general meeting only if:

- the person is in office as a director immediately before the meeting, in respect of an election of directors at a general meeting that is a spill meeting as defined in section 250V(1) of the Corporations Act;
- the person has been nominated by the directors before the meeting;
- where the person is a shareholder, the person has, at least 35 business days but no more than 90 business days before the meeting, given to us a notice signed by the person stating the person's desire to be a candidate for election at the meeting; or
- where the person is not a shareholder, a shareholder intending to nominate the person for election at that meeting has, at least 35 business days but no more than 90 business days before the meeting, given to us a notice signed by the shareholder stating the shareholder's intention to nominate the person for election, and a notice signed by the person stating the person's consent to the nomination.

Share Qualifications

There are currently no requirements for directors to own our ordinary shares in order to qualify as directors.

Rights and Restrictions on Classes of Shares

Subject to the Corporations Act and the ASX Listing Rules, the rights attaching to our ordinary shares are detailed in our Constitution. Our Constitution provides that any of our ordinary shares may be issued with preferential, deferred or special rights, privileges or conditions, with any restrictions in regard to dividends, voting, return of share capital or otherwise as our board of directors may determine from time to time. Subject to the Corporations Act, the ASX Listing Rules and any rights and restrictions attached to a class of shares, we may issue further ordinary shares on such terms and conditions as our board of directors resolve. Currently, our outstanding ordinary share capital consists of only one class of ordinary shares.

Dividend Rights

Our board of directors may from time to time determine to pay dividends to shareholders; however, no dividend is payable except in accordance with the thresholds set out in the Corporations Act.

Voting Rights

Under our Constitution, the general conduct and procedures of each general meeting of shareholders will be determined by the chairperson, including any procedures for casting or recording votes at the meeting whether on a show of hands or on a poll. A poll may be demanded by the chairman of the meeting; by at least five shareholders present and having the right to vote on at the meeting; or any shareholder or shareholders representing at least 5% of the votes that may be cast on the resolution on a poll. On a show of hands, each shareholder entitled to vote at the meeting has one vote regardless of the number of ordinary shares held by such shareholder. If voting takes place on a poll, rather than a show of hands, each shareholder entitled to vote has one vote for each ordinary share held and a fractional vote for each ordinary share that is not fully paid, such fraction being equivalent to the proportion of the amount that has been paid (not credited) of the total amounts paid and payable, whether or not called (excluding amounts credited), to such date on that ordinary share.

Under Australian law, an ordinary resolution is passed on a show of hands if it is approved by a simple majority (more than 50%) of the votes cast by shareholders present (in person or by proxy) and entitled to vote. If a poll is demanded or required, an ordinary resolution is passed if it is approved by holders representing a simple majority of the total voting rights of shareholders present (in person or by proxy) who (being entitled to vote) vote on the resolution. Special resolutions require the affirmative vote of not less than 75% of the votes cast by shareholders present (in person or by proxy) and entitled to vote at the meeting. Votes on resolutions set out in a notice of meeting must be voted on by poll.

Pursuant to our Constitution, each shareholder entitled to attend and vote at a meeting may attend and vote:

- in person physically or by electronic means;
- by proxy, attorney or by representative; or
- other than in relation to any clause which specifies a quorum, a member who has duly lodged a valid vote delivered to us by post, fax or other electronic means approved by the directors in accordance with the Constitution.

Under Australian law, shareholders of a public listed company are generally not permitted to approve corporate matters by written consent. Our Constitution does not specifically provide for cumulative voting.

Note that ADS holders may not directly vote at a meeting of the shareholders but may instruct the depositary to vote the number of deposited ordinary shares their ADSs represent. Under voting by a show of hands, multiple “yes” votes by ADS holders will only count as one “yes” vote and will be negated by a single “no” vote, unless a poll is demanded.

There are a number of circumstances where the Corporations Act or the ASX Listing Rules prohibit or restrict certain shareholders or certain classes of shareholders from voting. For example, key management personnel whose remuneration details are included elsewhere in this prospectus are prohibited from voting on the resolution that must be proposed at each annual general meeting to adopt our remuneration report, as well as any resolution to propose a spill meeting. An exception applies to exercising a directed proxy which indicates how the proxy is to vote on the proposed resolution on behalf of someone other than the key management personnel or their closely related parties; or that person is chair of the meeting and votes an undirected proxy where the shareholder expressly authorizes the chair to exercise that power. Key management personnel and their closely related parties are also prohibited from voting undirected proxies on remuneration related resolutions. A similar exception to that described above applies if the proxy is the chair of the meeting.

Right to Share in Our Profits

Subject to the Corporations Act and pursuant to our Constitution, our shareholders are entitled to participate in our profits by payment of dividends. The directors may by resolution declare a dividend or determine a dividend is payable, and may fix the amount, the time for and method of payment.

Rights to Share in the Surplus in the Event of Winding Up

Our Constitution provides for the right of shareholders to participate in a surplus in the event of our winding up.

Redemption Provisions

Under our Constitution and subject to the Corporations Act, the directors have power to issue and allot shares with any preferential, deferred or special rights, privileges or conditions; with any restrictions in regard to the dividend, voting, return of capital or otherwise; and preference shares which are liable to be redeemed or converted.

Sinking Fund Provisions

Our Constitution allows our directors to set aside any amount available for distribution as a dividend such amounts by way of reserves as they think appropriate before declaring or determining to pay a dividend, and may apply the reserves for any purpose for which an amount available for distribution as a dividend may be properly applied. Pending application or appropriation of the reserves, the directors may invest or use the reserves in our business or in other investments as they think fit.

Liability for Further Capital Calls

According to our Constitution, our board of directors may make any calls from time to time upon shareholders in respect of all monies unpaid on partly paid shares respectively held by them, subject to the terms upon which any of the partly paid shares have been issued. Each shareholder is liable to pay the amount of each call in the manner, at the time and at the place specified by our board of directors. Calls may be made payable by instalment.

Provisions Discriminating Against Holders of a Substantial Number of Shares

There are no provisions under our Constitution discriminating against any existing or prospective holders of a substantial number of our ordinary shares.

Variation or Cancellation of Share Rights

The rights attached to shares in a class of shares may only be varied or cancelled by a special resolution of shareholders, together with either:

- a special resolution passed at a separate meeting of members holding shares in the class; or
- the written consent of members with at least 75% of the votes in the class.

General Meetings of Shareholders

General meetings of shareholders may be called by our board of directors or, under the Corporations Act, by a single director. Except as permitted under the Corporations Act, shareholders may not convene a meeting. Under the Corporations Act, shareholders with at least 5% of the votes that may be cast at a general meeting may call and arrange to hold a general meeting. The Corporations Act requires the directors to call and arrange to hold a general meeting on the request of shareholders with at least 5% of the votes that may be cast at a general meeting. Notice of the proposed meeting of our shareholders is required at least 28 days prior to such meeting under the Corporations Act.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Under our Constitution, the presence, in person or by proxy, attorney or representative, of two shareholders constitutes a quorum, or if we have less than two shareholders, then those shareholders constitute a quorum. If a quorum is not present within 30 minutes after the time appointed for the meeting, the meeting must be either dissolved if it was requested or called by shareholders or adjourned in any other case. A meeting adjourned for lack of a quorum is adjourned to the same day in the following week at the same time and place, unless otherwise decided by our directors. The reconvened meeting is dissolved if a quorum is not present within 30 minutes after the time appointed for the meeting.

Change of Control

Takeovers of listed Australian public companies, such as Mesoblast, are regulated by the Corporations Act, which prohibits the acquisition of a “relevant interest” in issued voting shares in a listed company if the acquisition will lead to that person’s or someone else’s voting power in Mesoblast increasing from 20% or below to more than 20% or increasing from a starting point that is above 20% and below 90% (“Takeovers Prohibition”), subject to a range of exceptions.

Generally, a person will have a relevant interest in securities if the person:

- is the holder of the securities or the holder of an ADS over the shares;
- has power to exercise, or control the exercise of, a right to vote attached to the securities; or
- has the power to dispose of, or control the exercise of a power to dispose of, the securities (including any indirect or direct power or control)

If, at a particular time:-

- a person has a relevant interest in issued securities; and
- the person has:
  - entered or enters into an agreement with another person with respect to the securities;
  - given or gives another person an enforceable right, or has been or is given an enforceable right by another person, in relation to the securities; or
  - granted or grants an option to, or has been or is granted an option by, another person with respect to the securities; and
- the other person would have a relevant interest in the securities if the agreement were performed, the right enforced or the option exercised,

then, the other person is taken to already have a relevant interest in the securities.

There are a number of exceptions to the above Takeovers Prohibition on acquiring a relevant interest in issued voting shares above 20%. In general terms, some of the more significant exceptions include:

- when the acquisition results from the acceptance of an offer under a formal takeover bid;
- when the acquisition is conducted on market by or on behalf of the bidder during the bid period for a full takeover bid that is unconditional or only conditional on certain 'prescribed' matters set out in the Corporations Act;
- when the acquisition has been previously approved by resolution passed at general meeting by shareholders of Mesoblast;
- an acquisition by a person if, throughout the six months before the acquisition, that person or any other person has had voting power in Mesoblast of at least 19% and, as a result of the acquisition, none of the relevant persons would have voting power in Mesoblast more than three percentage points higher than they had six months before the acquisition;
- when the acquisition results from the issue of securities under a pro rata rights issue;
- when the acquisition results from the issue of securities under a dividend reinvestment plan or bonus share plan;
- when the acquisition results from the issue of securities under certain underwriting arrangements;
- when the acquisition results from the issue of securities through a will or through operation of law;
- an acquisition that arises through the acquisition of a relevant interest in another company listed on the ASX or other Australian financial market or a foreign stock exchange approved in writing by ASIC;
- an acquisition arising from an auction of forfeited shares; or
- an acquisition arising through a compromise, arrangement, liquidation or buy-back.

A formal takeover bid may either be a bid for all securities in the bid class or a fixed proportion of such securities, with each holder of bid class securities receiving a bid for that proportion of their holding. Under our Constitution, a proportionate takeover bid must first be approved by resolution of our shareholders in a general meeting before it may proceed.

Breaches of the takeovers provisions of the Corporations Act are criminal offenses. In addition, ASIC and, on application by ASIC or an interested party, such as a shareholder, the Australian Takeovers Panel have a wide range of

powers relating to breaches of takeover provisions, including the ability to make orders cancelling contracts, freezing transfers of, and rights (including voting rights) attached to, securities, and forcing a party to dispose of securities including by vesting the securities in ASIC for sale. There are certain defenses to breaches of the takeover provisions provided in the Corporations Act.

Ownership Threshold

There are no provisions in our Constitution that require a shareholder to disclose ownership above a certain threshold. The Corporations Act, however, requires a substantial shareholder to notify us and the ASX once a 5% interest in our ordinary shares is obtained. Further, once a shareholder has (alone or together with associates) a 5% or greater interest in us, such shareholder must notify us and the ASX of any increase or decrease of 1% or more in its interest in our ordinary shares. In addition, the Constitution requires a shareholder to provide information to the Company in relation to its entry into any arrangement restricting the transfer or other disposal of shares, which are of the nature of arrangements that Mesoblast is required to disclose under the ASX Listing Rules. Following our initial public offering in the United States, our shareholders are also subject to disclosure requirements under U.S. securities laws.

Issues of Shares and Change in Capital

Subject to our Constitution, the Corporations Act, the ASX Listing Rules and any other applicable law, we may at any time grant options over unissued shares and issue shares on any terms, with any preferential, deferred or special rights, privileges or conditions; with any restrictions in regard to dividend, voting, return of capital or otherwise, and for the consideration and other terms that the directors determine. Our power to issue shares includes the power to issue bonus shares (for which no consideration is payable to Mesoblast), preference shares and partly paid shares.

Subject to the requirements of our Constitution, the Corporations Act, the ASX Listing Rules and any other applicable law, including relevant shareholder approvals, we may reduce our share capital (provided that the reduction is fair and reasonable to our shareholders as a whole, does not materially prejudice our ability to pay creditors and obtains the necessary shareholder approval) or buy back our ordinary shares including under an equal access buy-back or on a selective basis. Under the Constitution, the directors may do anything required to give effect to any resolution altering or approving the reduction of our share capital.

Access to and Inspection of Documents

Inspection of our records is governed by the Corporations Act. Any member of the public has the right to inspect or obtain copies of our share registers on the payment of a prescribed fee. Shareholders are not required to pay a fee for inspection of our share registers or minute books of the meetings of shareholders. Other corporate records, including minutes of directors' meetings, financial records and other documents, are not open for inspection by shareholders. Where a shareholder is acting in good faith and an inspection is deemed to be made for a proper purpose, a shareholder may apply to the court to make an order for inspection of our books.

10.C Material Contracts

Manufacturing Service Agreements with Lonza Bioscience Singapore Pte. Ltd.

In September 2011, we entered into a manufacturing services agreement, or MSA, with Lonza Walkersville, Inc. and Lonza Bioscience Singapore Pte. Ltd., collectively referred to as Lonza, a global leader in biopharmaceutical manufacturing. Under the MSA, we pay Lonza on a fee for service basis to provide us with manufacturing process development capabilities for our product candidates, including formulation development, establishment and maintenance of master cell banks, records preparation, process validation, manufacturing and other services.

We have agreed to order a certain percentage of our clinical requirements and commercial requirements for MPC products from Lonza. Lonza has agreed not to manufacture or supply commercially biosimilar versions of any of our product candidates to any third party, during the term of the MSA, subject to our meeting certain thresholds for sales of our products.

We can trigger a process requiring Lonza to construct a purpose-built manufacturing facility exclusively for our product candidates. In return if we exercise this option, we will purchase agreed quantities of our product candidates from this facility. We also have a right to buy out this manufacturing facility at a pre-agreed price two years after the facility receives regulatory approval.

The MSA will expire on the three-year anniversary of the date of the first commercial sale of product supplied under the MSA, unless it is sooner terminated. We have the option of extending the MSA for an additional 10 years, followed by the option to extend for successive three-year periods subject to Lonza's reasonable consent. We may terminate the MSA with two years prior written notice, and Lonza may terminate with five years prior written notice. The MSA may also terminate for other reasons, including if the manufacture or development of a product is suspended or abandoned due to the results of clinical trials or guidance from a regulatory authority. In the event we request that Lonza construct the manufacturing facility described above, neither we nor Lonza may terminate before the third anniversary of the date the facility receives regulatory approval to manufacture our product candidates, except in certain limited circumstances. Upon expiration or termination of the MSA, we have the right to require Lonza to transfer certain technologies and lease the Singapore facility or the portion of such facility where our product candidates are manufactured, subject to good faith negotiations.

We currently rely, and expect to continue to rely, on Lonza for the manufacture of our MPC product candidates for preclinical and clinical testing, as well as for commercial manufacture of our MPC product candidates if marketing approval is obtained.

In October 2019, we entered into an agreement with Lonza for commercial manufacture of remestemcel-L for pediatric SR-aGVHD. This agreement has facilitated inventory build ahead of the planned US market launch of remestemcel-L and commercial supply to meet Mesoblast's long-term market projections. The agreement provides for Lonza to expand its Singapore cGMP facilities if required to meet long-term growth and capacity needs for the product. Additionally, it anticipates introduction of new technologies and process improvements which are expected to result in significant increases in yields and efficiencies.

Under the agreement, we agree to order a certain percentage of our commercial requirements for remestemcel-L from Lonza. The agreement is subject to standard provisions for termination and its effects, including termination by either party for uncured, material breach of the other, by us in the event of FDA related rejection or delay of approval of remestemcel-L and after a specified minimum period following the initiation date by either party, on advance notice to the other, which in the case Lonza is the terminating party is intended to provide us sufficient time to transfer the manufacture of the product to an alternative manufacturer.

License Agreement with Grünenthal GmbH

In September 2019, we entered into a strategic partnership with Grünenthal GmbH (Grünenthal) to develop and commercialize MPC-06-ID, the Company's Phase 3 allogeneic cell therapy candidate for the treatment of chronic low back pain due to degenerative disc disease in patients who have exhausted conservative treatment options. The agreement was amended by the parties in June 2021. Under the partnership, Grünenthal will have exclusive commercialization rights to MPC-06-ID for Europe and Latin America. We may receive up to $112.5 million in upfront and milestone payments prior to product launch, inclusive of $17.5 million already received, if certain clinical and regulatory milestones are satisfied and reimbursement targets are achieved. Cumulative milestone payments could exceed $1.0 billion depending on the final outcome of Phase 3 studies and patient adoption. We will also receive tiered double-digit royalties on product sales. There cannot be any assurance as to the total amount of future milestone and royalty payments that Mesoblast will receive nor when they will be received.

Grünenthal is able to terminate the agreement with a specified period of notice without cause, or on shorter notice in the case of certain clinical, regulatory and commercial events. We have termination rights with respect to certain patent challenges by Grünenthal. Either party may terminate the agreement on material breach of the agreement if such breach is not cured within the specified cure period or if certain events related to bankruptcy of the other party occurs. For more information, see "Item 18. Financial Statements - Note 23 – Revenue recognition."

Agreements with JCR Pharmaceuticals Co., Ltd.

In October 2013, we acquired all of Osiris Therapeutics, Inc.'s business and assets related to culture expanded MSCs. These assets included assumption of a collaboration agreement with JCR ("JCR Agreement"), which will continue in existence until the later of 15 years from the first commercial sale of any product covered by the agreement and expiration of the last Osiris patent covering any such product. JCR is a research and development oriented pharmaceutical company in Japan. Under the JCR Agreement we assumed from Osiris, JCR has the right to develop our MSCs in two fields for the Japanese market: exclusive in conjunction with the treatment of hematological malignancies by the use of HSCs derived from peripheral blood, cord blood or bone marrow, or the First JCR Field; and non-exclusive for developing

assays that use liver cells for non-clinical drug screening and evaluation, or the Second JCR Field. Under the JCR Agreement, JCR obtained rights in Japan to our MSCs, for the treatment of aGVHD. JCR also has a right of first negotiation to obtain rights to commercialize MSC-based products for additional orphan designations in Japan. We retain all rights to those products outside of Japan.

JCR received full approval in September 2015 for its MSC-based product for the treatment of children and adults with aGVHD, TEMCELL. TEMCELL is the first culture-expanded allogeneic cell therapy product to be approved in Japan. It was launched in Japan in February 2016.

Under the JCR Agreement, JCR is responsible for all development and manufacturing costs including sales and marketing expenses. With respect to the First JCR Field, we have received all sales milestone payments, a total of $3.0 million. Ongoing we are entitled to escalating double-digit royalties in the twenties. These royalties are subject to possible renegotiation downward in the event of competition from non-infringing products in Japan. With respect to the Second JCR Field, we are entitled to an approximately 50% profit share.

Intellectual property is licensed both ways under the JCR Agreement, with JCR receiving exclusive and non-exclusive rights as described above from us and granting us non-exclusive, royalty-free rights (excluding in the First JCR Field and Second JCR Field in Japan) under the intellectual property arising out of JCR's development or commercialization of MSC-based products licensed in Japan.

JCR has the right to terminate the JCR Agreement for any reason, and we have a limited right to terminate the JCR Agreement, including a right to terminate in the event of an uncured material breach by JCR. In the event of a termination of the JCR Agreement other than for our breach, JCR must provide us with its owned product registrations and technical data related to MSC-based products licensed in Japan and all licenses of our intellectual property rights will revert to us.

We expanded our partnership with JCR in Japan for two new indications: for wound healing in patients with EB in October 2018, and for neonatal hypoxic ischemic encephalopathy ("HIE"), a condition suffered by newborns who lack sufficient blood supply and oxygen to the brain, in June 2019.

We will receive royalties on TEMCELL product sales for licensed indications, if and when such indications receive marketing approval in Japan.

We have the right to use all safety and efficacy data generated by JCR in Japan to support our development and commercialization plans for our MSC product candidate remestemcel-L in the United States and other major healthcare markets, including for GVHD, EB and HIE.

Loan Agreement with Oaktree

In November 2021, we entered into a five-year senior debt facility provided by funds associated with Oaktree. The balance of funds drawn down is $50.0 million as of June 30, 2024. The facility has a three-year interest only period, at a fixed rate of 9.75% per annum, after which the principal amortizes 5% per quarter beginning December 2024 and a final payment is due no later than November 2026. The facility also allowed us to make quarterly payments of interest at a rate of 8.0% per annum for the first two years, and the unpaid interest portion (1.75% per annum) has been added to the outstanding loan balance and shall accrue further interest at a fixed rate of 9.75% per annum. The loan agreement contains certain covenants, see "Item 18. Financial Statements - Note 5(f)."

In November 2021, Oaktree was granted warrants to purchase 1,769,669 American Depositary Shares ("ADSs") at $7.26 per ADS, a 15% premium to the 30-day VWAP. The warrants were legally issued in January 2022 and may be exercised within 7 years of issuance.

In December 2022, we amended the terms of the loan agreement with Oaktree and in connection with the loan amendment, Oaktree was granted warrants to purchase 455,000 ADSs at $3.70 per ADS, a 15% premium to the 30-day VWAP. The warrants were legally issued in March 2023 and may be exercised within 7 years of issuance.

In January 2024, the ratio under Mesoblast's American Depository Receipt ("ADR") program was changed from 5 ordinary shares representing 1 ADS (5:1 ratio) to a new ratio of 10 ordinary shares representing 1 ADS (10:1 ratio). As a result of this ratio change and as a result of initiating the pro-rata accelerated non-renounceable rights issue in December

2023, the number and exercise price for the warrants granted to Oaktree was adjusted in accordance with the terms of these warrants. The warrants issued to Oaktree in November 2021 changed from 1,769,669 ADSs at $7.26 per ADS to 884,838 ADSs at $14.36 per ADS. The warrants issued to Oaktree in December 2022 changed from 455,000 ADSs at $3.70 per ADS to 227,502 ADSs at $7.24 per ADS.

Loan Agreement with NovaQuest

In June 2018, we entered into an eight-year non-dilutive secured loan with NovaQuest for $40.0 million. We drew the first tranche of $30.0 million on closing. The loan term includes an interest only period of approximately four years through until July 8, 2022, then a four-year amortization period through until maturity on July 8, 2026.

All interest and principal payments will be deferred until after the first commercial sale of our allogeneic product candidate remestemcel-L for the treatment in pediatric patients with SR-aGVHD, in the United States and other geographies excluding Asia ("pediatric aGVHD"). Principal is repayable in equal quarterly instalments over the amortization period of the loan and is subject to the payment cap described below. Interest on the loan will accrue at a fixed rate of 15% per annum. If there are no net sales of remestemcel-L for pediatric SR-aGVHD, the loan is only repayable at maturity. We can elect to prepay all outstanding amounts owing at any time prior to maturity, subject to a prepayment charge, and may decide to do so if net sales of pediatric aGVHD are significantly higher than current forecasts.

Following approval and first commercial sales, repayments commence based on a percentage of net sales and are limited by a payment cap which is equal to the principal due for the next 12 months, plus accumulated unpaid principal and accrued unpaid interest. During the four-year period commencing July 8, 2022, principal amortizes in equal quarterly instalments payable only after approval and first commercial sales. If in any quarterly period, 25% of net sales of pediatric SR-aGVHD exceed the annual payment cap, we will pay the payment cap and an additional portion of excess sales which will be used towards the prepayment amount in the event there is an early prepayment of the loan. If in any quarterly period 25% of net sales of pediatric SR-aGVHD is less than the annual payment cap, then the payment is limited to 25% of net sales of pediatric SR-aGVHD. Any unpaid interest will be added to the principal amounts owing and will accrue further interest. At maturity date, any unpaid loan balances are repaid. The loan agreement contains certain covenants, see "Item 5.B Liquidity and Capital Resource – Borrowings."

Osiris Acquisition—Continuing Obligations

In October 2013, we and Osiris entered into a purchase agreement, as amended, or the Osiris Purchase Agreement, under which we acquired all of Osiris' business and assets related to culture expanded MSCs. Pursuant to the Osiris Purchase Agreement, we also agreed to make certain milestone and royalty payments to Osiris pertaining to remestemcel-L for the treatment of aGVHD and Crohn's disease. Each milestone payment is for a fixed dollar amount and may be paid in cash or our ordinary shares or ADSs, at our option. The maximum amount of future milestone payments we may be required to make to Osiris is $40.0 million. Any ordinary shares or ADSs we issue as consideration for a milestone payment will be subject to a contractual one year holding period, which may be waived in our discretion. In the event that the price of our ordinary shares or ADSs decreases between the issue date and the expiration of any applicable holding period, we will be required to make an additional payment to Osiris equal to the reduction in the share price multiplied by the amount of issued shares under that milestone payment. This additional payment can be made either wholly in cash or 50% in cash and 50% in our ordinary shares, in our discretion. We have also agreed to pay varying earnout amounts as a percentage of annual net sales of acquired products, ranging from low single-digit to 10% of annual sales in excess of $750.0 million. These royalty payments will cease after the earlier of a ten year commercial sales period and the first sale of a relevant competing product. The first royalty payments were made in 2016.

Agreements with Tasly Pharmaceutical Group

In July 2018, we entered into a Development and Commercialization Agreement with Tasly.

The Development and Commercialization Agreement provides Tasly with exclusive rights to develop, manufacture and commercialize in China MPC-150-IM for the treatment or prevention of chronic heart failure and MPC-25-IC for the treatment or prevention of acute myocardial infarction. Tasly will fund all development, manufacturing and commercialization activities in China for MPC-150-IM and MPC-25-IC. On closing, we received a $20.0 million upfront technology access fee. Further, we will receive $25.0 million on product regulatory approvals in China. Mesoblast will receive double-digit escalating royalties on net product sales. Mesoblast is eligible to receive six escalating milestone payments upon the product candidates reaching certain sales thresholds in China.

The Development and Commercialization Agreement provides that Tasly can terminate this agreement with a specified amount of notice, on the later of (a) third anniversary of the agreement coming into effect and (b) receipt of marketing approval in China for each of MPC-150-IM or MPC-25-IC. Mesoblast has termination rights with respect to certain patent challenges by Tasly and if certain competing activities are undertaken by Tasly. Either party may terminate the agreement on material breach of the agreement if such breach is not cured within the specified cure period or if certain events related to bankruptcy of the other party occurs.

TiGenix NV – patent license for treatment of fistulae

In December 2017, we entered into a Patent License Agreement with TiGenix NV, now a wholly owned subsidiary of Takeda, which granted Takeda exclusive access to certain of our patents to support global commercialization of the adipose-derived mesenchymal stromal cell product Alofisel®, previously known as Cx601, a product candidate of Takeda, for the local treatment of fistulae. The agreement includes the right for Takeda to grant sub-licenses to affiliates and third parties.

As part of the agreement, we received $5.9 million (€5.0 million) before withholding tax as a non-refundable upfront payment, a further payment of $5.9 million (€5.0 million) before withholding tax 12 months after the patent license agreement date, and a further $1.2 million (€1.0 million) product regulatory milestone payment in the year ended June 30, 2022. We are entitled to further payments up to €9.0 million when Takeda reaches certain product regulatory milestones. Additionally, we receive single digit royalties on net sales of Alofisel®.

The agreement will continue in full force in each country (other than the United States) until the date upon which the last issued claim of any licensed patent covering Alofisel® expires in such country (currently expected to be 2029) or, with respect to the United States, until the later of (i) the date upon which the last issued claim of any licensed patent covering Alofisel® in the United States expires (currently expected to be around 2031) or (ii) the expiration of the regulatory exclusivity period in the United States with an agreed maximum term.

Either we or Takeda may terminate the agreement for any material breach that is not cured within 90 days after notice. We also have the right to terminate the agreement with a written notice in the event that Takeda file a petition in bankruptcy or insolvency or Takeda makes an assignment of substantially all of its assets for the benefit of its creditors.

Takeda has the right to terminate its obligation to pay royalties for net sales in a specific country if it is of the opinion that there is no issued claim of any licensed patent covering Alofisel® in such country, subject to referral of the matter to the joint oversight/cooperation committee established under the agreement if we disagree.

10.D Exchange Controls

The Australian dollar is freely convertible into U.S. dollars. In addition, there are currently no specific rules or limitations regarding the export from Australia of profits, dividends, capital or similar funds belonging to foreign investors, except that certain payments to non-residents must be reported to the Australian Transaction Reports and Analysis Centre ("AUSTRAC"), which monitors such transaction, and amounts on account of potential Australian tax liabilities may be required to be withheld unless a relevant taxation treaty can be shown to apply.

Regulation of acquisition by foreign entities

Under Australian law, in certain circumstances foreign persons are prohibited from acquiring more than a limited percentage of the shares in an Australian company without approval from the Australian Treasurer (or their delegate). These limitations are set forth in the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (FATA) and its associated legislative instruments. These limitations are in addition to the more general overarching Takeovers Prohibition of an acquisition of more than a 20% interest in a public company (in the absence of an applicable exception) under the takeovers provisions of the *Corporations Act 2001* (Cth) (Corporations Act) by any person whether foreign or otherwise.

Under the FATA, as currently in effect, any foreign person, together with associates (including parties acting in concert) is prohibited from acquiring 20% or more of the shares in any company having consolidated total assets of or that is valued at A$330.0 million or more (or A$1,427.0 million or more for investors from certain Foreign Trade Agreement countries including the U.S.). A smaller interest threshold of 10% applies to foreign government investors, and no asset threshold applies to this class of investors. Different rules apply to national security sectors (including critical infrastructure, critical goods, services or technology for a military use, and businesses that have access to security classified information and/or information that could compromise Australia's national security) sensitive industries (such as media,

telecommunications, and encryption and security technologies), companies owning land or that are agribusinesses. “Associates” is a broadly defined term under the FATA and includes in relation to any person:

- any relative of the person;
- any person with whom the person is acting or proposes to act in concert in relation to an action to which the FATA applies;
- any person with whom the person carries on a business in partnership;
- any entity of which the person is a ‘senior officer’ (such as a director or executive);
- if the person is an entity, any holding entity or any senior officer of the entity;
- any entity whose senior officers are accustomed or obliged to act in accordance with the directions, instructions or wishes of the person or if the person is an entity, its senior officers or vice versa;
- any corporation in which the person holds a ‘substantial interest’ (generally, 20% or more) or any person holding a substantial interest in the person if a corporation;
- a trustee of a trust in which the person holds a substantial interest or if the person is the trustee of a trust, a person who holds a substantial interest in the trust;
- if the person is a foreign government, a separate government entity or a foreign government investor in relation to a foreign country, any other person that is a foreign government, a separate government entity or foreign government investor, in relation to that country.

The Australian Treasurer also has power in certain circumstances to make an order specifying that two or more persons are associates.

Each foreign person seeking to acquire holdings in excess of the above caps (including their associates, as the case may be) would need to complete an application form setting out the proposal and relevant particulars of the acquisition/shareholding and pay the relevant application fees. The Australian Treasurer then has 30 days to consider the application and make a decision. However, the Australian Treasurer may extend the period if more time is required to complete the assessment, including by up to a further 90 days by publishing an interim order. The Australian Foreign Investment Review Board (FIRB), an Australian advisory board to the Australian Treasurer, has provided a guideline titled *Australia's Foreign Investment Policy* which provides an outline of the policy. As for the risk associated with seeking approval, the policy provides, among other things, that the Treasurer will prohibit a proposed transaction if it is contrary to Australia's national interest (or national security).

If the necessary approvals are not obtained, the Australian Treasurer is empowered to make a number of adverse orders, including an order requiring the acquirer to dispose of the shares it has acquired within a specified period of time. Civil and criminal penalties also apply for breaches of the FATA including imprisonment for up to 10 years and fines of up to 150,000 penalty units.

As a public company with its primary listing on the Australian Securities Exchange (ASX), Mesoblast will be considered a foreign person under the FATA where:

- a single foreign person (including an individual not ordinarily resident in Australia, a foreign corporation, or a foreign government) holds a substantial interest; or
- multiple foreign persons hold together, in aggregate, 40% or more of the total issued shares after discounting any person holding an interest (alone or with its associates) that is not a 'substantial holding' within the meaning of the Corporations Act.

In such event, we would be required to obtain the approval of the Australian Treasurer for our company, together with our associates, to acquire (i) more than 20% of an Australian company or business having total assets of, or that is valued at, A$330.0 million or more; or (ii) any interest in Australian land; or (iii) any ‘direct interest’ in any agribusiness or national security business. Different thresholds will apply to the extent that we are considered to be a foreign government investor due to our ownership.

The percentage of foreign ownership in our company may also be included in determining the foreign ownership of any Australian company or business in which we may choose to invest. Since we have no current plans for any such

acquisition and do not own any property, any such approvals required to be obtained by us as a foreign person under the FATA will not affect our current or future ownership or lease of property in Australia.

Our Constitution does not contain any additional limitations on the right to hold or vote our securities by reason of being a non-resident.

Australian law requires the transfer of shares in our company to be made in writing or electronically through the Clearing House Electronic Sub-register System.

10.E Taxation

The following summary of the material Australian and U.S. federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this Form 20-F, all of which are subject to change, possibly with retroactive effect. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S. state, local and other tax laws other than Australian and U.S. federal income tax laws.

Certain Material U.S. Federal Income Tax Considerations to U.S. Holders

The following summary describes certain material U.S. federal income tax consequences to U.S. holders (as defined below) of the ownership and disposition of our ordinary shares and ADSs as of the date hereof. Except where noted, this summary deals only with our ordinary shares or ADSs acquired and held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This section does not discuss the tax consequences to any particular holder, nor any tax considerations that may apply to holders subject to special tax rules, such as:

- banks, insurance companies, regulated investment companies and real estate investment trusts;
- financial institutions;
- individual retirement and other tax-deferred accounts;
- certain former U.S. citizens or long-term residents;
- brokers or dealers in securities or currencies;
- traders that elect to use a mark-to-market method of accounting;
- partnerships and other entities treated as partnership or pass through entities for U.S. federal income tax purposes, and partners or investors in such entities;
- tax-exempt organizations (organizations that would be exempt from tax under U.S. law, including public charities and private foundations);
- persons that may have been subject to the alternative minimum tax;
- persons that hold or dispose of ordinary shares or ADSs as a position in a straddle or as part of a hedging, constructive sale, conversion or other integrated transaction;
- persons that have a functional currency other than the U.S. dollar;
- persons that own (directly, indirectly or constructively) 10% or more of the vote or value of our equity;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to ordinary shares or ADSs being taken into account in an applicable financial statement;
- persons who acquire ordinary shares or ADSs pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons that are not U.S. holders (as defined below).

In this section, a "U.S. holder" means a beneficial owner of ordinary shares or ADSs, other than a partnership or other entity treated as a partnership for U.S. federal income tax purposes, that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States (for U.S. federal income tax purposes);

- a corporation (or other entity classified for purposes of and pursuant to U.S. federal income tax laws as a corporation) created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (i) the administration of which is subject to the primary supervision of a court in the United States and for which one or more U.S. persons have the authority to control all substantial decisions or (ii) that has an election in effect under applicable U.S. income tax regulations to be treated as a U.S. person.

The discussion below is based upon the provisions of the Code, and the U.S. Treasury regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. In addition, this summary is based, in part, upon the terms of the deposit agreement and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

If a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes acquires, owns or disposes of ordinary shares or ADSs, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. Partners of partnerships that acquire, own or dispose of ordinary shares or ADSs should consult their tax advisors.

You are urged to consult your own tax advisor with respect to the U.S. federal, as well as state, local and non-U.S., tax consequences to you of acquiring, owning and disposing of ordinary shares or ADSs in light of your particular circumstances, including the possible effects of changes in U.S. federal income and other tax laws and the effects of any tax treaties.

ADSs

Assuming the deposit agreement and all other related agreements will be performed in accordance with their terms, a U.S. holder of ADSs will be treated as the beneficial owner for U.S. federal income tax purposes of the underlying shares represented by the ADSs. The U.S. Treasury has expressed concerns that parties to whom American depositary shares are released before shares are delivered to the depositary, or intermediaries in the chain of ownership between holders of American depositary shares and the issuer of the security underlying the American depositary shares, may be taking actions that are inconsistent with claiming foreign tax credits by holders of American depositary shares. These actions would also be inconsistent with claiming the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the creditability of any foreign taxes and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. holders, each described below, could be affected by actions taken by such parties or intermediaries.

Distributions

Subject to the passive foreign investment company, or PFIC, rules discussed below, U.S. holders generally will include as gross dividend income the U.S. dollar value of the gross amount of any distributions of cash or property, other than certain pro rata distributions of ordinary shares, with respect to ordinary shares or ADSs to the extent the distributions are made from our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. Subject to the PFIC rules, a U.S. holder may be permitted to credit the taxes withheld, subject to a limitation, or deduct the taxes withheld. A U.S. holder will include the dividend income on the day actually or constructively received: (i) by the holder, in the case of ordinary shares, or (ii) by the depositary, in the case of ADSs. To the extent, if any, that the amount of any distribution by us exceeds our current and accumulated earnings and profits, as so determined, the excess with respect to any share (ordinary share or ADS) will be treated first as a tax-free return of the U.S. holder's tax basis in such ordinary share or ADS and thereafter as capital gain on such share. Notwithstanding the foregoing, we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles. Consequently, any distributions generally will be reported as dividend income for U.S. information reporting purposes. See "—Backup Withholding Tax and Information Reporting Requirements" below. Dividends paid by us will not be eligible for the dividends-received deduction generally allowed to U.S. corporate shareholders.

The U.S. dollar amount of dividends received by an individual, trust or estate with respect to the ordinary shares or ADSs will be subject to taxation at preferential rates if the dividends are "qualified dividends." Dividends paid on

ordinary shares or ADSs will be treated as qualified dividends if (i)(a) we are eligible for the benefits of a comprehensive income tax treaty with the United States that the Secretary of the Treasury of the United States determines is satisfactory for this purpose and includes an exchange of information program or (b) the dividends are with respect to ordinary shares (or ADSs in respect of such shares) which are readily tradable on a U.S. securities market; (ii) certain holding period requirements are met; and (iii) we are not classified as a PFIC for the taxable year in which the dividend is paid or for the preceding taxable year. The Agreement between the Government of the United States of America and the Government of Australia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, or the Treaty, has been approved for the purposes of the qualified dividend rules, and we expect to qualify for benefits under the Treaty. In addition, our ADSs are listed on the Nasdaq Global Select Market, and as such U.S. Treasury Department guidance indicates that our ADSs will be readily tradable on an established U.S. securities market. Thus, we believe that as long as we are not a PFIC, dividends we pay generally should be eligible for the preferential tax rates on qualified dividends. However, the determination of whether a dividend qualifies for the preferential tax rates must be made at the time the dividend is paid. U.S. holders should consult their own tax advisors regarding the availability of the preferential tax rates on dividends.

Includible distributions paid in Australian dollars, including any Australian withholding taxes, will be included in the gross income of a U.S. holder in a U.S. dollar amount calculated by reference to the spot exchange rate in effect on the date of actual or constructive receipt, regardless of whether the Australian dollars are converted into U.S. dollars at that time. If Australian dollars are converted into U.S. dollars on the date of actual or constructive receipt, the tax basis of the U.S. holder in those Australian dollars will be equal to their U.S. dollar value on that date and, as a result, a U.S. holder generally should not be required to recognize any foreign currency exchange gain or loss. If Australian dollars so received are not converted into U.S. dollars on the date of receipt, the U.S. holder will have a basis in the Australian dollars equal to their U.S. dollar value on the date of receipt. Any foreign currency exchange gain or loss on a subsequent conversion or other disposition of the Australian dollars generally will be treated as ordinary income or loss to such U.S. holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Dividends received by a U.S. holder with respect to ordinary shares (or ADSs in respect of such shares) will be treated as foreign source income, which may be relevant in calculating the holder's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to ADSs or ordinary shares will generally constitute "passive category income" but could, in the case of certain U.S. holders, constitute "general category income."

Subject to certain complex limitations, including the PFIC rules discussed below, a U.S. holder generally will be entitled, at such holder's option, to claim either a credit against such holder's U.S. federal income tax liability or a deduction in computing such holder's U.S. federal taxable income in respect of any Australian taxes withheld. If a U.S. holder elects to claim a deduction, rather than a foreign tax credit, for Australian taxes withheld for a particular taxable year, the election will apply to all foreign taxes paid or accrued by or on behalf of the U.S. holder in the particular taxable year.

The availability of the foreign tax credit and the application of the limitations on its availability are fact specific and are subject to complex rules. You are urged to consult your own tax advisor as to the consequences of Australian withholding taxes and the availability of a foreign tax credit or deduction. See "—Australian Tax Considerations Australian—Income Tax—Taxation of Dividends" below.

Sale, Exchange or Other Disposition of Ordinary Shares or ADSs

Subject to the PFIC rules discussed below, a U.S. holder generally will, for U.S. federal income tax purposes, recognize capital gain or loss, if any, on a sale, exchange or other disposition of ordinary shares or ADSs equal to the difference between the amount realized on the disposition and the U.S. holder's tax basis (in U.S. dollars) in the ordinary shares or ADSs. This recognized gain or loss will generally be long-term capital gain or loss if the U.S. holder has held the ordinary shares or ADSs for more than one year. Generally, for U.S. holders who are individuals (as well as certain trusts and estates), long-term capital gains are subject to U.S. federal income tax at preferential rates. For foreign tax credit limitation purposes, gain or loss recognized upon a disposition generally will be treated as from sources within the United States. The deductibility of capital losses is subject to limitations for U.S. federal income tax purposes.

You should consult your own tax advisor regarding the tax consequences if a foreign tax is imposed on a disposition of ADSs or ordinary shares, including availability of a foreign tax credit or deduction in respect of any

Australian tax imposed on a sale or other disposition of ordinary shares or ADSs. See "—Australian Tax Considerations—Australian Income Tax—Tax on Sales or Other Dispositions of Shares—Capital Gains Tax."

Passive Foreign Investment Company

As a non-U.S. corporation, we will be a PFIC for any taxable year if either: (i) 75% or more of our gross income for the taxable year is passive income (such as certain dividends, interest, rents or royalties and certain gains from the sale of shares and securities or commodities transactions, including amounts derived by reason of the temporary investment of funds raised in offerings of our ordinary shares or ADSs); or (ii) the average quarterly value of our gross assets during the taxable year that produce passive income or are held for the production of passive income is at least 50% of the value of our total assets. For purposes of the PFIC asset test, passive assets generally include any cash, cash equivalents and cash invested in short-term, interest bearing debt instruments or bank deposits that are readily convertible into cash. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC income and asset tests, as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income.

We do not believe that we were a PFIC for the taxable year ending June 30, 2024. However, if there is a change in the type or composition of our gross income, or our actual business results do not match our projections, it is possible that we may become a PFIC in future taxable years. Investors should be aware that our gross income for purposes of the PFIC income test depends on the receipt of Australian research and development tax incentive credits and other revenue, and there can be no assurances that such tax incentive credit programs will not be revoked or modified, that we will continue to conduct our operations in the manner necessary to be eligible for such incentives or that we will receive other gross income that is not considered passive for purposes of the PFIC income test. The value of our assets for purposes of the PFIC asset test will generally be determined by reference to our market capitalization, which may fluctuate. The composition of our income and assets will also be affected by how, and how quickly, we spend the cash raised in offerings of our ordinary shares or ADSs. Under circumstances where our gross income from activities that produce passive income significantly increases relative to our gross income from activities that produce non-passive income or where we decide not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase. Since a separate factual determination as to whether we are or have become a PFIC must be made each year (after the close of such year), we cannot assure you that we will not be or become a PFIC in the current year or any future taxable year. There can be no assurance that we will not be a PFIC for any taxable year, as PFIC status is determined each year and depends on the composition of our income and assets and the value of our assets in such year. If we are a PFIC for any taxable year, upon request, we intend to provide U.S. holders with the information necessary to make and maintain a "Qualified Electing Fund" election, as described below.

Default PFIC Rules

If we are a PFIC for any taxable year during which you own our ordinary shares or ADSs, unless you make the mark-to-market election or the Qualified Electing Fund election described below, you will generally be (and remain) subject to additional taxes and interest charges, regardless of whether we remain a PFIC in any subsequent taxable year, (i) on certain "excess distributions" we may make; and (ii) on any gain realized on the disposition or deemed disposition of your ordinary shares or ADSs. Distributions in respect of your ordinary shares (or ADSs in respect of such shares) during the taxable year will generally constitute "excess" distributions if, in the aggregate, they exceed 125% of the average amount of distributions in respect of your ordinary shares (or ADSs) over the three preceding taxable years or, if shorter, the portion of your holding period before such taxable year.

To compute the tax on "excess" distributions or any gain: (i) the "excess" distribution or the gain will be allocated ratably to each day in your holding period for the ADSs or the ordinary shares; (ii) the amount allocated to the current taxable year and any taxable year before we became a PFIC will be taxed as ordinary income in the current year; (iii) the amount allocated to other taxable years will be taxable at the highest applicable marginal rate in effect for that year; and (iv) an interest charge at the rate for underpayment of taxes will be imposed with respect to any portion of the "excess" distribution or gain described under (iii) above that is allocated to such other taxable years. In addition, if we are a PFIC or, with respect to a particular U.S. holder, we are treated as a PFIC for the taxable year in which the distribution was paid or the prior taxable year, no distribution that you receive from us will qualify for taxation at the preferential rate for non-corporate holders discussed in "—Distributions" above. You should consult with your own tax advisor regarding the application of the default PFIC rules based on your particular circumstances.

If we are a PFIC for any taxable year during which a U.S. holder holds our ADSs or ordinary shares and any of our non-U.S. subsidiaries is also a PFIC (i.e., a lower-tier PFIC), such U.S. holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be subject to the rules described above on certain distributions by the lower-tier PFIC and our disposition of shares of the lower-tier PFIC, even though such U.S. holder may not receive the proceeds of those distributions or dispositions. You should consult with your own tax advisor regarding the application to you of the PFIC rules to any of our subsidiaries if we are a PFIC.

Mark-to-Market Election

If we are a PFIC for any taxable year during which you own our ADSs or ordinary shares, you will be able to avoid the rules applicable to "excess" distributions or gains described above if the ordinary shares or ADSs are "marketable" and you make a timely "mark-to-market" election with respect to your ordinary shares or ADSs. The ordinary shares or ADSs will be "marketable" stock as long as they remain regularly traded on a national securities exchange, such as the Nasdaq Global Select Market, or a foreign securities exchange regulated by a governmental authority of the country in which the market is located and which meets certain requirements, including that the rules of the exchange effectively promote active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be "regularly traded" for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter, but no assurances can be given in this regard. Our ordinary shares are traded on the ASX, which may qualify as an eligible foreign securities exchange for this purpose.

If you are eligible to make a "mark-to-market" election with respect to our ordinary shares or ADSs and you make this election in a timely fashion, you will generally recognize as ordinary income or ordinary loss the difference between the fair market value of your ordinary shares or ADSs on the last day of any taxable year and your adjusted tax basis in the ordinary shares or ADSs. Any ordinary income resulting from this election will generally be taxed at ordinary income rates. Any ordinary losses will be deductible only to the extent of the net amount of previously included income as a result of the mark-to-market election, if any. Your adjusted tax basis in the ordinary shares or ADSs will be adjusted to reflect any such income or loss. Any gain recognized on the sale or other disposition of your ordinary shares or ADSs in a year when we are a PFIC will be treated as ordinary income, and any loss will be treated as an ordinary loss (but only to the extent of the net amount previously included as ordinary income as a result of the mark-to-market election).

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. holder may continue to be subject to the PFIC rules with respect to such holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes, including shares in any of our subsidiaries that are treated as PFICs.

You should consult with your own tax advisor regarding the applicability and potential advantages and disadvantages to you of making a "mark-to-market" election with respect to your ordinary shares or ADSs if we are or become a PFIC, including the tax issues raised by lower-tier PFICs that we may own and the procedures for making such an election.

QEF Election

Alternative rules to those set forth under "Default PFIC Rules" above apply if an election is made to treat us as a "Qualified Electing Fund," or QEF, under Section 1295 of the Code. A QEF election is available only if a U.S. holder receives an annual information statement from us setting forth such holder's pro rata share of our ordinary earnings and net capital gains, as calculated for U.S. federal income tax purposes.

Upon request from a U.S. holder, we will endeavor to provide to the U.S. holder within 90 days after the request an annual information statement, in order to enable the U.S. holder to make and maintain a QEF election for us or for any of our subsidiaries that is or becomes a PFIC. However, there is no assurance that we will have timely knowledge of our or our subsidiaries' status as a PFIC in the future or of the required information to be provided. You should consult your own tax advisor regarding the availability and tax consequences of a QEF election with respect to the ordinary shares or ADSs or with respect to any lower-tier PFIC that we may own under your particular circumstances.

Reporting

If we are a PFIC for any taxable year during which you own our ordinary shares or ADSs, as a U.S. holder, you will generally be required to file IRS Form 8621 on an annual basis and other reporting requirements may apply. The PFIC

rules are complex and you should consult with your own tax advisor regarding whether we or any of our subsidiaries are a PFIC, the tax consequences of any elections that may be available to you, and how the PFIC rules may affect the U.S. federal income tax consequences of the receipt, ownership, and disposition of our ordinary shares or ADSs.

Tax on Net Investment Income

Certain non-corporate U.S. holders will be subject to a 3.8% tax on the lesser of (i) the U.S. holder's "net investment income" for the relevant taxable year; and (ii) the excess of the U.S. holder's modified adjusted gross income for the taxable year over a certain threshold. A U.S. holder's net investment income will generally include dividends received on the ordinary shares or ADSs and net gains from the disposition of ordinary shares or ADSs, unless such dividend income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. holder that is an individual, estate or trust should consult the holder's tax advisor regarding the applicability of the tax on net investment income to the holder's dividend income and gains in respect of the holder's investment in the ordinary shares or ADSs.

Backup Withholding Tax and Information Reporting Requirements

U.S. backup withholding tax and information reporting requirements generally apply to payments to non-corporate holders of ordinary shares or ADSs. Information reporting will apply to payments of dividends on, and to proceeds from the disposition of, ordinary shares or ADSs by a paying agent within the United States to a U.S. holder, other than U.S. holders that are exempt from information reporting and properly certify their exemption. A paying agent within the United States will be required to withhold at the applicable statutory rate, currently 24%, in respect of any payments of dividends on, and the proceeds from the disposition of, ordinary shares or ADSs within the United States to a U.S. holder (other than U.S. holders that are exempt from backup withholding and properly certify their exemption) if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements. U.S. holders who are required to establish their exempt status generally must provide a properly completed IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. holder's U.S. federal income tax liability. A U.S. holder generally may obtain a refund of any amounts withheld under the backup withholding rules in excess of such holder's U.S. federal income tax liability by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information.

Certain U.S. holders may be required to report (on IRS Form 8938) information with respect to such holder's interest in "specified foreign financial assets" (as defined in Section 6038D of the Code), including stock of a non-U.S. corporation that is not held in an account maintained by a U.S. "financial institution." Persons who are required to report specified foreign financial assets and fail to do so may be subject to substantial penalties. U.S. holders are urged to consult their own tax advisors regarding foreign financial asset reporting obligations and their possible application to the holding of ordinary shares or ADSs.

The discussion above is a general summary only. It is not intended to constitute a complete analysis of all tax considerations applicable to an investment in our ADSs or ordinary shares. You should consult with your own tax advisor concerning the tax consequences to you of an investment in our ADSs or ordinary shares in light of your particular circumstances.

Australian Tax Considerations

In this section, we discuss the material Australian income tax, stamp duty and goods and services ("GST") tax considerations related to the acquisition, ownership and disposal by the absolute beneficial owners of the ordinary shares or ADSs. It is based upon existing Australian tax law as of the date of this annual report, which is subject to change, possibly retrospectively. This discussion does not address all aspects of Australian tax law which may be important to particular investors in light of their individual investment circumstances, such as shares held by investors subject to special tax rules (for example, financial institutions, insurance companies, tax exempt organizations or employee share scheme participants). In addition, this summary does not discuss any non-Australian tax considerations. Prospective investors are urged to consult their tax advisors regarding the Australian and foreign income and other tax considerations of the acquisition, ownership and disposition of the shares. This summary is based upon the premise that the holder is not an Australian tax resident and is not carrying on business in Australia through a permanent establishment (referred to as a "Foreign Shareholder" in this summary).

Australian Income Tax

Nature of ADSs for Australian Taxation Purposes

Ordinary shares represented by ADSs held by a U.S. holder will be treated for Australian income tax purposes as held under a "bare trust" for such holder. Consequently, the underlying ordinary shares will be regarded as owned by the ADS holder for Australian income tax (including capital gains tax ("CGT")) purposes. Dividends paid on the underlying ordinary shares will also be treated as dividends paid to the ADS holder, as the person beneficially entitled to those dividends.

Taxation of Dividends

Australia operates a dividend imputation system under which dividends may be declared to be "franked" to the extent of tax paid on company profits. Fully franked dividends paid to Foreign Shareholders are not subject to dividend withholding tax. Dividends paid to Foreign Shareholders are generally subject to dividend withholding tax, to the extent that the dividends are not foreign (i.e. non-Australian) sourced, are not declared to be "conduit foreign income" ("CFI"), and are unfranked. Dividend withholding tax will be imposed at 30%, unless a Foreign Shareholder is a resident of a country with which Australia has a double taxation agreement ("DTA") and qualifies for the benefits of the DTA. Under the provisions of the current DTA between Australia and the United States ("Australia-U.S. DTA"), the rate of tax Australian tax to be withheld on unfranked dividends paid by Mesoblast Limited (the "Company") (which are not declared to CFI) to which a resident of the United States is beneficially entitled, is generally limited to 15% if the U.S. resident holds less than 10% of the voting power in the Company.

If a Foreign Shareholder that is a company and is a resident of the United States holds 10% or more of the voting power in the Company and is beneficially entitled to dividends from the Company, the rate of Australian dividend withholding tax is limited to 5%. In limited circumstances, the rate of withholding can be reduced to zero.

Tax on Sales or Other Dispositions of Shares – CGT

A Foreign Shareholder will not be subject to Australian CGT on any gain made on the sale or other disposal of ordinary shares in the Company, unless broadly it, together with associates, holds 10% or more of the issued capital in the Company, at the time of disposal or for 12 months of the last 2 years prior to disposal.

A Foreign Shareholder who, together with associates, owns a 10% or more interest would be subject to Australian CGT on the sale of that interest if more than 50% of the Company's assets by market value (held directly or indirectly and determined by reference to market value), consists of interests in Australian real property, which includes land and leases of land, as well as mining, quarrying or prospecting rights (this is referred to as "taxable Australian property" ("TAP")). The Australian Government has announced changes to the TAP rules which are expected to take effect from 1 July 2025 and expand the definition, but legislation has not yet been introduced in this regard.

Relief from Australian CGT is unlikely to be provided by the Australian-U.S. DTA. Australian CGT applies to net capital gains of Foreign Shareholders at the Australian tax rates for non-Australian residents, which start at a marginal rate of 30% for individuals effective from 1 July 2024 (previously this was 32.5%). Net capital gains are calculated after reduction for capital losses (including carry forward net capital losses provided that the relevant loss utilization tests have been satisfied), noting that capital losses may only be offset against capital gains.

The 50% CGT discount is not available to non-Australian residents on gains that accrued after May 8, 2012. Companies, whether Australian resident or not, are not entitled to the CGT discount.

Broadly, where there is a disposal of TAP, the purchaser will be required to withhold and remit to the Australian Taxation Office ("ATO") 12.5% of the proceeds from the sale. A transaction is excluded from the withholding requirements in certain circumstances, including where the value of the TAP is less than A$750,000, the transaction is an on-market transaction conducted on an approved stock exchange, a securities lending arrangement, or the transaction is conducted using a broker operated crossing system. The Foreign Shareholder may be entitled to receive a tax credit for the tax withheld by the purchaser which they may claim in their Australian income tax return. The Government has announced amendments with effect from 1 January 2025 which will increase the withholding rate from 12.5% to 15.0% and remove the current A$750,000 threshold. The amendments will require non-Australian residents disposing of shares and other interests exceeding A$20 million in value to notify the ATO prior to the transaction being executed.

Tax on Sales or Other Dispositions of Shares – Shareholders Holding Shares on Revenue Account

Some Foreign Shareholders may hold ordinary shares on "revenue" account rather than on capital account – for example, share traders. These shareholders may have the gains made on the sale or other disposal of the ordinary shares included in their assessable income under the ordinary income or trading stock provisions of the income tax law, if the gains are sourced in Australia.

Foreign Shareholders assessable under these ordinary income provisions in respect of gains made on ordinary shares held on revenue account would be assessed for such gains at the Australian tax rates for non-Australian residents, which start at a marginal rate of 30.0% for individuals effective from 1 July 2024 (previously 32.5%). Relief from Australian income tax may be available to such Foreign Shareholders under the Australia-U.S. DTA.

The comments above in "Tax on Sales or Other Dispositions of Shares—Capital Gains Tax" regarding a purchaser being required to withhold 12.5% tax on the acquisition of TAP (increasing to 15% from 1 January 2025) equally applies where the disposal of the Australian real property asset by a foreign resident is likely to generate gains on revenue account, rather than a capital gain.

Australian Death Duty

Australia does not have estate or death duties. As a general rule, no CGT liability is realized upon the inheritance of a deceased person's ordinary shares. The disposal of inherited ordinary shares by beneficiaries may, however, give rise to a CGT liability if the gain falls within the scope of Australia's jurisdiction to tax (as discussed above).

Stamp Duty

Generally, no Australian stamp duty is payable by Australian residents or non-Australian residents on the issue, agreement to transfer, transfer, surrender of, or other dealing in, the ADSs or the ordinary shares in the Company, provided that at the time of such dealing, all of the issued shares in the Company are quoted on the ASX and the dealing does not result in a person or entity acquiring or commencing to hold or otherwise being beneficially entitled to (on an associate inclusive basis) 90% or more of the total issued shares in the Company.

GST

The supply of ADSs and/or ordinary shares in the Company will not be subject to Australian GST. Similarly, any distributions or dividends will not be subject to Australian GST.

10.F Dividends and Paying Agents

Not applicable.

10.G Statement by Experts

Not applicable.

10.H Documents on Display

Any statement in this Form 20-F about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to the Form 20-F the contract or document is deemed to modify the description contained in this Form 20-F. You must review the exhibits themselves for a complete description of the contract or document.

In addition, the SEC maintains a website at http://www.sec.gov that contains reports and other information regarding issuers that file electronically with the SEC. These SEC filings are also available to the public from commercial document retrieval services.

We are required to file or furnish reports and other information with the SEC under the Securities Exchange Act of 1934 and regulations under that act. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the form and content of proxy statements and our officers, directors and principal shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act.

10.I Subsidiary Information

For information about our subsidiaries, see "Item 18. Financial Statements – Note 12."

10.J Annual Report to Security Holders

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

For information about our exposure to market risk and how we manage this risk, see "Item 18. Financial Statements – Note 10."

Item 12. Description of Securities Other than Equity Securities

12.A Debt Securities

Not applicable.

12.B Warrants and Rights

Not applicable.

12.C Other Securities

Not applicable.

12.D American Depositary Shares

Fees Payable by ADR Holders

Holders of our ADRs may have to pay our ADS depositary, JPMorgan Chase Bank N.A. (JPMorgan), fees or charges up to the amounts described in the following table:

Persons depositing or withdrawing ordinary shares or ADS holders must pay:	Description of service
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issuance of ADSs, including issuances pursuant to a deposits of shares, share or rights distributions, stock dividend, stock split, merger or any other transactions affecting the issuance of ADSs • Cancellation of ADSs for the purpose of withdrawal of deposited securities
$0.05 (or less) per ADS	• Cash distribution to ADS holders
$0.005 per ADS per calendar year	• Administrative services performed by the depositary

Fees Payable by the Depositary to the Issuer

From time to time, the depositary may make payments to us to reimburse and/or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our interim Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2024. "Disclosure controls and procedures," as defined in Rules 13a-15(e) under the Exchange Act, are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) accumulated and communicated to the company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and interim Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2024.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of June 30, 2024 based on the criteria set forth in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, our management has concluded that its internal control over financial reporting was effective as of June 30, 2024. Our auditor, PricewaterhouseCoopers, an independent registered public accounting firm, have provided an attestation report on our internal control over financial reporting, which is included herein, see "Item 18. Financial Statements."

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during the period covered by this Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Internal Control

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

The Board of Directors of Mesoblast Ltd has determined that the following directors each possess specific accounting and financial management expertise and that each is an Audit Committee Financial Expert as defined by the SEC.

- Philip Facchina (Audit and Risk Committee Chair, from May 1, 2024);

- Jane Bell (Audit and Risk Committee Chair, from September 20, 2023 to April 30, 2024) and;
- Michael Spooner (Audit and Risk Committee Chair until September 20, 2023, resigned from the Board effective September 26, 2023)

The Board of Directors has also determined that Joseph Swedish, member of the Audit and Risk Committee, has sufficient experience and ability in finance and compliance matters to enable them to adequately discharge their responsibilities. All members of the Audit and Risk Committee are "independent" according to the listing standards of the Nasdaq Global Select Market.

Item 16B. Code of Ethics

Our Code of Business Conduct and Ethics covers conflicts of interest, confidentiality, fair dealing, protection of assets, compliance with laws and regulations, whistle blowing, security trading and commitments to stakeholders. In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies. This document is accessible on our internet website at: http://www.mesoblast.com/company/corporate-governance/code-of-conduct-and-values.

Item 16C. Principal Accountant Fees and Services

Pre-Approval of Audit and Non-Audit Services

The Audit and Risk Committee's pre-approval is required for all services provided by PwC. These services may include audit services, audit-related services, tax services and permissible non-audit services, and are subject to a specific budget. The Audit and Risk Committee uses a combination of two approaches – general pre-approval and specific pre-approval – in considering whether particular services or categories of services are consistent with the SEC's rules on auditor independence. Under general pre-approval proposed services may be pre-approved without consideration of specific case-by-case services.

Audit and Non-Audit Services Fees

See "Item 18. Financial Statements – Note 18". For the purpose of SEC classification, there were no audit-related, tax or other fees that were paid or payable to PwC that were not pre-approved by the Audit and Risk Committee during the years ended June 30, 2024 and 2023.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Under Nasdaq Stock Market Rule 5615(a)(3), foreign private issuers, such as our company, are permitted to follow certain home country corporate governance practices instead of certain provisions of the Nasdaq Stock Market Rules. For example, we may follow home country practice with regard to certain corporate governance requirements, such as the composition of the board of directors and quorum requirements applicable to shareholders' meetings. In addition, we may follow home country practice instead of the Nasdaq Stock Market Rules requirement to hold executive sessions and to obtain shareholder approval prior to the issuance of securities in connection with certain acquisitions or private placements of securities. Further, we may follow home country practice instead of the Nasdaq Stock Market Rules requirement to obtain shareholder approval prior to the establishment or amendment of certain share option, purchase or other compensation plans. A foreign private issuer that elects to follow a home country practice instead of any Nasdaq rule must

submit to Nasdaq, in advance, a written statement from an independent counsel in such issuer's home country certifying that the issuer's practices are not prohibited by the home country's laws. We submitted such a written statement to Nasdaq.

Other than as set forth below, we currently intend to comply with the corporate governance listing standards in the Nasdaq Stock Market Rules to the extent possible under Australian law. However, we may choose to change such practices to follow home country practice in the future.

The Nasdaq Stock Market Rules require that a listed company specify that the quorum for any meeting of the holders of share capital be at least 33 1/3% of the outstanding shares of the company's common voting stock. We follow our home country practice, rather than complying with this rule. Consistent with Australian law, our constitution does not require a quorum of at least 33 1/3% of the issued voting shares of Mesoblast for any general meeting of its shareholders. Our constitution provides that a quorum for a general meeting of our shareholders constitutes two shareholders present in person, by proxy, by attorney, or, where the shareholders is a body corporate, by representative. This provision and our practice of holding meetings with this quorum are not prohibited by the ASX Listing Rules or any other Australian law.

In addition, we may follow home country practice instead of Nasdaq Rule 5635(d), which requires a company to obtain shareholder approval for an issuance of securities (other than a public offering) that equals of 20% or more of the outstanding voting power in the company before such issuance. This Nasdaq rule is inconsistent with an ASX Listing Rule that provides a company cannot issue a number of securities over any rolling 12-month period exceeding 15% of the outstanding capital of the company without approval of shareholders but subject to certain exceptions such as pro-rata offers of securities to all shareholders.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

We have a Share Trading Policy ("Policy") which sets out the policy and procedures governing the purchase, sale and other dispositions of the Company's securities and applies to directors, officers, employees, contractors and consultants of the Company and its subsidiaries ("Mesoblast Personnel").

The Policy aims to (i) restrict Mesoblast Personnel in possession of "inside information" from trading in our securities and (ii) ensure compliance with all applicable securities laws, rules and regulations, and listing standards.

We have filed the Policy as an exhibit to this Annual Report on Form 20-F.

Item 16K. Cybersecurity

The Company's cybersecurity strategy is designed to provide a comprehensive approach to securing cybersecurity risks across our technology stack, governance framework, and human elements for our operations globally. Cybersecurity risk management is a critical component of our broader risk management strategy. Our cybersecurity program is built on industry best practices and is designed to proactively identify, assess, and mitigate cybersecurity risks, including threats associated with the use of all third-party service providers. Our cybersecurity risk assessment framework categorizes risks based on their potential impact and severity, and the Company implements targeted risk treatment plans to ensure robust protection and resilience.

The interim Chief Financial Officer and Head of Regulatory Affairs & Quality Management are the members of our executive management team who oversee the prevention, detection, mitigation, and remediation of cybersecurity incidents. Both these executives have extensive experience in risk management and compliance generally, and have been overseeing cybersecurity and IT management at the Company for over three years. They are supported by the Company's IT systems administrator and an external managed IT and cybersecurity service provider. The service provider has been engaged by the Company for over ten years, to provide strategic IT advice and manage the Company's IT systems and infrastructure. The service provider, who has over 20 years of experience in securing IT in health and life sciences organizations, manages

cybersecurity risks through a number of measures including the development and implementation of cybersecurity policies and procedures, training and penetration testing and systems monitoring. Our executive management team members regularly collaborate and receive reports from our managed IT and cybersecurity service provider, enabling ongoing assessment and monitoring of the Company's cyber risk profile and initiatives.

Our Board of Directors entrusts its Audit & Risk Committee with overseeing Mesoblast's cybersecurity risk management, including ensuring that management has established processes to evaluate and manage cybersecurity risks. Our executive management team members together with our managed IT and cybersecurity service provider update the Audit and Risk Committee on the Company's cybersecurity initiatives, significant risks and mitigation work being undertaken.

In the fiscal year 2024, we did not identify any cybersecurity threats that have materially impacted or are likely to materially impact our business strategy, operational results, or financial condition. However, despite our proactive measures, we cannot entirely eliminate cybersecurity risks or guarantee that no undetected incidents have occurred.

PART III

Item 17. Financial Statements

See "Item 18. Financial Statements".

Item 18. Financial Statements

The following financial statements are filed as part of this Annual Report on Form 20-F.

Australian Disclosure Requirements

All press releases, financial reports and other information are available on our website: www.mesoblast.com.

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Mesoblast Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of Mesoblast Limited and its subsidiaries (the "Company") as of June 30, 2024 and 2023, and the related consolidated income statement and consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended June 30, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2024 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and Australian equivalent International Financial Reporting Standards as issued by the Australian Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1(i) to the consolidated financial statements, the Company had net cash outflows from operating activities and is dependent upon obtaining additional funding from one or more sources to meet the Company's projected expenditure consistent with its business strategy, and has stated that these events or conditions result in material uncertainty that may cast significant doubt (or raise substantial doubt as contemplated by Public Company Accounting Oversight Board standards) on the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1(i). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment assessment of in-process research and development intangible assets and goodwill

As described in Note 6(c) to the consolidated financial statements, the Company's consolidated in-process research and development ("IPRD") intangible assets balance and consolidated goodwill balance were $427.8 million and $134.5 million as of June 30, 2024, respectively. Management tests the IPRD intangible assets and goodwill balances for impairment on an annual basis or more frequently if events or changes in circumstances indicate that they might be impaired. The recoverability of the carrying values of IPRD intangible assets and goodwill are estimated by management using future cash flow projections and assumptions related to the outcome of research and development activities. These significant judgments and assumptions made by management are specific to the nature of the Company's activities including estimates of market populations, product pricings, launch timings, probabilities of success and discount rates.

The principal considerations for our determination that performing procedures relating to the impairment assessment of IPRD intangible assets and goodwill is a critical audit matter are there were significant judgments made by management in estimating the recoverable amount of the Company's IPRD intangible assets and goodwill. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate management's cash flow projections and significant assumptions, including estimates of market populations, product pricings, launch timings, probabilities of success and discount rates applied. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's impairment assessments, including controls over significant assumptions. These procedures also included, among others, testing the Company's process used to develop the fair value estimate, which included (i) evaluating the appropriateness of the valuation methodology and discounted cash flow models used to estimate the recoverable amount of the Company's IPRD intangible assets and goodwill; (ii) testing the completeness, accuracy and relevance of the underlying data used in the models; and (iii) evaluating the reasonableness of significant assumptions used by management including estimates of market populations, product pricings, launch timings, probabilities of success and discount rates applied. Evaluating the significant assumptions relating to the estimates of the recoverable amount of IPRD intangible assets and goodwill involved evaluating whether the significant assumptions used by management were reasonable considering consistency with (i) external market and industry data; (ii) the outcome of clinical trials; (iii) formal communications from regulatory authorities; (iv) announcements made by the Company; and (v) other comparable estimates of the Company's valuation released by securities analysts. Professionals with specialized skill and knowledge were used to assist in the evaluation of the reasonableness of the Company's discount rate assumptions.

Fair value measurement of contingent consideration

As described in Note 5(g) to the consolidated financial statements, the Company had a balance of $26.9 as of June 30, 2024 for contingent consideration, which management determined using an internal valuation with a discounted cash flow model requiring the use of inputs classified as level 3 in the fair value hierarchy. Significant assumptions used by management to value contingent consideration included probabilities of success and probability of payment.

The principal considerations for our determination that performing procedures relating to the fair value measurement of contingent consideration is a critical audit matter are there were significant judgments made by management in estimating the fair value of contingent consideration. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate management's cash flow projections and significant assumptions, including probabilities of success and probability of payment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's process for valuing contingent consideration, including controls over significant assumptions. These procedures also included, among others, testing the Company's process used to develop the fair value estimate, which included (i) evaluating the appropriateness of the valuation methodology and discounted cash flow model used to estimate the value of contingent consideration; (ii) testing the completeness, accuracy and relevance of the underlying data used in the model; and (iii) evaluating the reasonableness of significant assumptions used by management, including probabilities of success and probability of payment. Evaluating the significant assumptions relating to the estimate of the fair value measurement of contingent consideration involved evaluating whether the assumptions used by management were reasonable considering consistency with (i) external market and industry data; (ii) the outcome of clinical trials; (iii) formal communications from regulatory authorities; (iv) announcements made by the Company; and (v) evidence obtained from our procedures over the impairment assessment of IPRD intangible assets.

/s/ PricewaterhouseCoopers
Melbourne, Australia
August 29, 2024

We have served as the Company's auditor since 2008.

Mesoblast Limited

Consolidated Income Statement

(in U.S. dollars, in thousands, except per share amount)	Note	Year Ended June 30, 2024	2023	2022
Revenue	3	5,902	7,501	10,211
Research & development		(25,353)	(27,189)	(32,815)
Manufacturing commercialization		(15,717)	(27,733)	(30,757)
Management and administration		(23,626)	(25,374)	(27,210)
Fair value remeasurement of contingent consideration	3	(9,693)	8,771	913
Fair value remeasurement of warrant liability	3	779	(2,205)	5,896
Other operating income and expenses	3	2,570	4,250	(536)
Finance costs	3	(23,009)	(20,122)	(17,288)
Loss before income tax	3	**(88,147)**	**(82,101)**	**(91,586)**
Income tax benefit/(expense)	4	191	212	239
Loss attributable to the owners of Mesoblast Limited		**(87,956)**	**(81,889)**	**(91,347)**
Losses per share from continuing operations attributable to the ordinary equity holders of the Group:		**Cents**	**Cents**	**Cents**
Basic - losses per share	19	(8.91)	(10.53)	(13.38)
Diluted - losses per share	19	(8.91)	(10.53)	(13.38)

The above consolidated income statement should be read in conjunction with the accompanying Notes.

Mesoblast Limited

Consolidated Statement of Comprehensive Income

(in U.S. dollars, in thousands)	Note	Year Ended June 30, 2024	2023	2022
Loss for the period		**(87,956)**	**(81,889)**	**(91,347)**
Other comprehensive (loss)/income				
Items that may be reclassified to profit and loss				
Exchange differences on translation of foreign operations	7(b)	51	(573)	91
Items that will not be reclassified to profit and loss				
Financial assets at fair value through other comprehensive income	7(b)	(743)	(1)	(322)
Other comprehensive (loss)/income for the period, net of tax		**(692)**	**(574)**	**(231)**
Total comprehensive losses attributable to the owners of Mesoblast Limited		**(88,648)**	**(82,463)**	**(91,578)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying Notes.

Mesoblast Limited

Consolidated Statement of Changes in Equity

(in U.S. dollars, in thousands)	Note	Issued Capital	Share Option Reserve	Investment Revaluation Reserve	Foreign Currency Translation Reserve	Warrant Reserve	Retained Earnings/ (accumulated losses)	Total
Balance as of July 1, 2021		**1,163,153**	**92,855**	**(220)**	**(39,791)**	**12,969**	**(647,569)**	**581,397**
Loss for the period		—	—	—	—	—	(91,347)	(91,347)
Other comprehensive income/(loss)		—	—	(322)	91	—	—	(231)
Total comprehensive income/(loss) for the period		**—**	**—**	**(322)**	**91**	**—**	**(91,347)**	**(91,578)**
Transactions with owners in their capacity as owners:								
Contributions of equity net of transaction costs		1,928	—	—	—	—	—	1,928
		1,928	**—**	**—**	**—**	**—**	**—**	**1,928**
Tax credited / (debited) to equity		—	(239)	—	—	—	—	(239)
Transfer of exercised options		228	(228)	—	—	—	—	—
Fair value of share-based payments	17	—	5,536	—	—	—	—	5,536
		228	**5,069**	**—**	**—**	**—**	**—**	**5,297**
Balance as of June 30, 2022	7(a)	**1,165,309**	**97,924**	**(542)**	**(39,700)**	**12,969**	**(738,916)**	**497,044**
Balance as of July 1, 2022		**1,165,309**	**97,924**	**(542)**	**(39,700)**	**12,969**	**(738,916)**	**497,044**
Loss for the period		—	—	—	—	—	(81,889)	(81,889)
Other comprehensive (loss)/income		—	—	(1)	(573)	—	—	(574)
Total comprehensive (loss)/income for the period		**—**	**—**	**(1)**	**(573)**	**—**	**(81,889)**	**(82,463)**
Transactions with owners in their capacity as owners:								
Contributions of equity net of transaction costs		83,814	—	—	—	—	—	83,814
		83,814	**—**	**—**	**—**	**—**	**—**	**83,814**
Tax credited / (debited) to equity		—	(212)	—	—	—	—	(212)
Fair value of share-based payments	17	—	3,655	—	—	—	—	3,655
		—	**3,443**	**—**	**—**	**—**	**—**	**3,443**
Balance as of June 30, 2023	7(a)	**1,249,123**	**101,367**	**(543)**	**(40,273)**	**12,969**	**(820,805)**	**501,838**
Balance as of July 1, 2023		**1,249,123**	**101,367**	**(543)**	**(40,273)**	**12,969**	**(820,805)**	**501,838**
Loss for the period		—	—	—	—	—	(87,956)	(87,956)
Other comprehensive (loss)/income		—	—	(743)	51	—	—	(692)
Total comprehensive (loss)/income for the period		**—**	**—**	**(743)**	**51**	**—**	**(87,956)**	**(88,648)**
Transactions with owners in their capacity as owners:								
Contributions of equity net of transaction costs		60,486	—	—	—	—	—	60,486
Contributions of equity for unissued ordinary shares, net of transaction costs		1,000	—	—	—	—	—	1,000
		61,486	**—**	**—**	**—**	**—**	**—**	**61,486**
Tax credited / (debited) to equity		—	(191)	—	—	—	—	(191)
Transfer of exercised options		204	(204)	—	—	—	—	—
Fair value of share-based payments	17	—	5,870	—	—	—	—	5,870
		204	**5,475**	**—**	**—**	**—**	**—**	**5,679**
Balance as of June 30, 2024	7(a)	**1,310,813**	**106,842**	**(1,286)**	**(40,222)**	**12,969**	**(908,761)**	**480,355**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying Notes.

Mesoblast Limited

Consolidated Balance Sheet

(in U.S. dollars, in thousands)	Note	As of June 30, 2024	2023
Assets			
Current Assets			
Cash & cash equivalents	5(a)	62,960	71,318
Trade & other receivables	5(b)	20,952	6,998
Prepayments	5(b)	2,551	3,342
Total Current Assets		**86,463**	**81,658**
Non-Current Assets			
Property, plant and equipment	6(a)	1,106	1,357
Right-of-use assets	6(b)	2,732	5,134
Financial assets at fair value through other comprehensive income	5(c)	1,014	1,757
Other non-current assets	5(d)	2,102	2,326
Intangible assets	6(c)	575,736	577,183
Total Non-Current Assets		**582,690**	**587,757**
Total Assets		**669,153**	**669,415**
Liabilities			
Current Liabilities			
Trade and other payables	5(e)	7,070	20,145
Provisions	6(d)	45,038	6,399
Borrowings	5(f)	13,862	5,952
Lease liabilities	6(b)	2,626	4,060
Warrant liability	5(f)	4,647	5,426
Total Current Liabilities		**73,243**	**41,982**
Non-Current Liabilities			
Provisions	6(d)	10,620	16,612
Borrowings	5(f)	100,483	102,811
Lease liabilities	6(b)	1,952	3,672
Deferred consideration	6(f)	2,500	2,500
Total Non-Current Liabilities		**115,555**	**125,595**
Total Liabilities		**188,798**	**167,577**
Net Assets		**480,355**	**501,838**
Equity			
Issued Capital	7(a)	1,310,813	1,249,123
Reserves	7(b)	78,303	73,520
Accumulated losses		(908,761)	(820,805)
Total Equity		**480,355**	**501,838**

The above consolidated balance sheet should be read in conjunction with the accompanying Notes.

Mesoblast Limited

Consolidated Statement of Cash Flows

(in U.S. dollars, in thousands)	Note	Year Ended June 30, 2024	2023	2022
Cash flows from operating activities				
Commercialization revenue received		6,776	7,480	9,980
Government grants and tax incentives and credits received		3,819	1,118	24
Payments to suppliers and employees (inclusive of goods and services tax)		(60,835)	(72,683)	(75,769)
Interest received		1,778	796	7
Income taxes received /(paid)		4	20	(24)
Net cash (outflows) in operating activities	8(b)	**(48,458)**	**(63,269)**	**(65,782)**
Cash flows from investing activities				
Investment in fixed assets		(271)	(264)	(157)
Receipts from investment in sublease		234	120	—
Payments for licenses		(60)	(50)	(75)
Net cash (outflows) in investing activities		**(97)**	**(194)**	**(232)**
Cash flows from financing activities				
Proceeds from borrowings		—	—	51,919
Repayment of borrowings		(10,000)	—	(55,458)
Payment of transaction costs from borrowings		(1,559)	(574)	(5,527)
Interest and other costs of finance paid		(5,717)	(6,014)	(6,084)
Proceeds from issue of shares		65,406	88,635	209
Proceeds from issue of warrants		—	—	8,081
Payments for share issue costs		(4,356)	(4,889)	(222)
Payments for lease liabilities		(3,522)	(2,656)	(2,788)
Net cash inflows/(outflows) by financing activities		**40,252**	**74,502**	**(9,870)**
Net increase/(decrease) in cash and cash equivalents		(8,303)	11,039	(75,884)
Cash and cash equivalents at beginning of period		71,318	60,447	136,881
FX (loss)/gain on the translation of foreign bank accounts		(55)	(168)	(550)
Cash and cash equivalents at end of period	8(a)	**62,960**	**71,318**	**60,447**

The above consolidated statement of cash flows should be read in conjunction with the accompanying Notes.

Mesoblast Limited

Notes to Consolidated Financial Statements

Mesoblast Limited ("the Company") and its subsidiaries ("the Group") are primarily engaged in the development of regenerative medicine products. The Group's primary proprietary regenerative medicine technology platform is based on specialized cells known as mesenchymal lineage cells. The Company was formed in 2004 as an Australian company and has been listed on the Australian Securities Exchange (the "ASX") since 2004. In November 2015, the Company listed in the United States of America ("U.S.") on the Nasdaq Global Select Market ("Nasdaq") and from this date has been dual-listed in Australia and the U.S.

These financial statements and notes are presented in U.S. dollars ("$" or "USD" or "US$"), unless otherwise noted, including certain amounts that are presented in Australian dollars ("AUD" or "A$") and Singapore dollars ("SGD" or "S$").

1. Basis of preparation

The general purpose financial statements of Mesoblast Limited and its subsidiaries have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board and Australian equivalent International Financial Reporting Standards, as issued by the Australian Accounting Standards Board. Mesoblast Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements cover Mesoblast Limited and its subsidiaries. The financial statements were authorized for issue by the board of directors on August 29, 2024. The directors have the power to amend and reissue the financial statements.

(i) Going concern

As of June 30, 2024, the Group held total cash reserves of $63.0 million. During the year ended June 30, 2024, the Group executed on reprioritization of projects and operational streamlining activities and as a result has reduced net cash usage for operating activities, which was $48.5 million for the year ended June 30, 2024, a reduction of 23% compared to the prior period.

As the Group prepares for a potential first product approval by the United States Food and Drug Administration ("FDA"), and in line with its commercial launch plans, additional inflows from capital markets, strategic partnerships, product specific financing or royalty monetization will be required to meet the Group's projected expenditure consistent with the Group's business strategy over at least the next 12 months. As a result of these matters, there is material uncertainty related to events or conditions that may cast significant doubt (or raise substantial doubt as contemplated by Public Company Accounting Oversight Board ("PCAOB") standards) on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets and liabilities (including derivative instruments) at fair value through profit or loss and investment property.

(iii) New and amended standards adopted by the Group

There were no new or amended standards adopted by the Group in the year ended June 30, 2024 that materially impacted the Group. These financial statements follow the same accounting policies as compared to the June 30, 2023 consolidated financial statements and related notes as filed with the Australian Securities Exchange and the Securities and Exchange Commission.

(iv) New accounting standards and interpretations not yet adopted by the Group

In April 2024, IFRS 18, "Presentation and Disclosure in Financial Statements" was issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1 "Presentation of

Financial Statements", impacts the presentation of primary financial statements and notes, including the statement of earnings where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The Group is currently assessing the impact of the new standard.

There were no other new accounting standards and interpretations not yet adopted by the Group for the June 30, 2024 reporting period that are expected to materially impact the Group.

(v) Use of estimates

The preparation of these consolidated financial statements requires the Group to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses and related disclosures. On an ongoing basis, the Group evaluates its significant accounting policies and estimates. Estimates are based on historical experience and on various market-specific and other relevant assumptions that the Group believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

(vi) Impact of after effects of COVID-19, geopolitical or economic instability and climate events

Estimates are assessed each period and updated to reflect current information, such as the economic considerations related to the after effects of the COVID-19 pandemic, geopolitical and/or economic instability or the impact of climate events could have on the Group's significant accounting estimates. The Group does not expect these areas to have a material impact on the Group's significant accounting estimates.

2. Significant changes in the current reporting period

(i) Significant events

The financial position and performance of the Group was affected by the following events during the year ended June 30, 2024:

- In August 2023, the FDA provided a complete response letter ("CRL") to the Group's Biologics License Application ("BLA") resubmission for remestemcel-L for the treatment of pediatric steroid-refractory acute graft versus host disease ("SR-aGVHD") and required more data to support marketing approval, including potency assay or clinical data. In March 2024, the FDA informed the Group that, following additional consideration, the available clinical data from the Phase 3 study MSB-GVHD001 appears sufficient to support submission of the proposed BLA for remestemcel-L for the treatment of pediatric patients with SR-aGVHD. In July 2024, as discussed in Note 15, the Group resubmitted its BLA for approval of remestemcel-L for the treatment of pediatric patients with SR-aGVHD, addressing remaining items in the August 2023 CRL. In July 2024, the FDA accepted the Group's BLA resubmission and set a Prescription Drug User Fee Act ("PDUFA") goal date of January 7, 2025. Assumptions associated with SR-aGVHD are included within the impairment assessment of Osiris mesenchymal stem cell ("MSC") products within in-process research and development, contingent consideration, pre-launch inventory and the NovaQuest borrowings on the consolidated balance sheet and forecast net operating cash usage. The outcome from the FDA decision on the Group's BLA resubmission could lead to a change in the assumptions used within these areas.
- In March 2024, the Group completed a pro-rata accelerated non-renounceable entitlement offer together with an institutional placement of new fully paid ordinary shares in Mesoblast Limited to existing eligible shareholders that was launched in December 2023, raising A$97.0 million at an issue price of A$0.30 per share. Proceeds of $39.7 million (A$60.3 million) and $24.7 million (A$36.7 million) were received and recognized in cash and cash equivalents in December 2023 and March 2024, respectively.

3. Loss before income tax

(in U.S. dollars, in thousands)	Note	Year Ended June 30, 2024	2023	2022
Revenue				
Commercialization revenue		5,902	7,501	9,039
Milestone revenue		—	—	1,172
Total Revenue		**5,902**	**7,501**	**10,211**
Clinical trial and research & development		**(3,963)**	**(8,771)**	**(10,483)**
Manufacturing production & development		**(13,252)**	**(25,468)**	**(28,884)**
Employee benefits				
Salaries and employee benefits		(20,415)	(17,197)	(18,997)
Defined contribution superannuation expenses		(369)	(384)	(402)
Equity settled share-based payment transactions[1]		(5,870)	(3,655)	(5,536)
Total Employee benefits		**(26,654)**	**(21,236)**	**(24,935)**
Depreciation and amortization of non-current assets				
Plant and equipment depreciation		(410)	(953)	(1,144)
Right of use asset depreciation		(2,771)	(1,661)	(1,717)
Intellectual property amortization		(1,485)	(1,493)	(1,519)
Total Depreciation and amortization of non-current assets		**(4,666)**	**(4,107)**	**(4,380)**
Other Management & administration expenses				
Overheads & administration		(8,584)	(10,104)	(10,157)
Consultancy		(2,458)	(3,922)	(3,751)
Legal, patent and other professional fees		(2,342)	(3,695)	(5,571)
Intellectual property expenses (excluding the amount amortized above)		(2,777)	(2,993)	(2,621)
Total Other Management & administration expenses		**(16,161)**	**(20,714)**	**(22,100)**
Fair value remeasurement of contingent consideration				
Remeasurement of contingent consideration	5(g)(iii)	(9,693)	8,771	913
Total Fair value remeasurement of contingent consideration		**(9,693)**	**8,771**	**913**
Fair value remeasurement of warrant liability				
Remeasurement of warrant liability	5(g)(vi)	779	(2,205)	5,896
Total Fair value remeasurement of warrant liability		**779**	**(2,205)**	**5,896**
Other operating income and expenses				
Research and development tax incentive income[2]		859	3,506	—
Interest income		1,824	831	3
Foreign exchange (losses)/gains		(76)	(163)	(536)
Derecognition of right-of-use asset		—	76	—
Foreign withholding tax paid		(37)	—	(3)
Total Other operating income and expenses		**2,570**	**4,250**	**(536)**

(in U.S. dollars, in thousands)	Note	Year Ended June 30, 2024	2023	2022
Finance (costs)/gains				
Remeasurement of borrowing arrangements		(2,351)	(678)	(382)
Interest expense		(20,658)	(19,444)	(16,906)
Total Finance costs		**(23,009)**	**(20,122)**	**(17,288)**
Total loss before income tax		**(88,147)**	**(82,101)**	**(91,586)**

(1) Share-based payment transactions

For the years ended June 30, 2024, 2023 and 2022, share-based payment transactions have been reflected in the Consolidated Statement of Comprehensive Income functional expense categories as follows:

(in U.S. dollars)	Year Ended June 30, 2024	2023	2022
Research and development	2,797,830	1,669,514	3,547,182
Manufacturing and commercialization	176,907	(1,136)	378,096
Management and administration	2,895,431	1,986,968	1,610,567
Equity settled share-based payment transactions	**5,870,168**	**3,655,346**	**5,535,845**

(2) Research and development tax incentive

The Group's research and development activities are eligible under the Australian government's Innovation Australia Research and Development Tax Incentive program for research and development activities conducted in relation to qualifying research that meets the regulatory criteria. Management has assessed these activities and expenditures to determine which costs are likely to be eligible under the incentive scheme. The Group assesses, on an annual basis, the quantum of previous research and development tax claims and on-going eligibility to claim this tax incentive in Australia.

The Group recorded $0.9 million, $3.5 million and $Nil in research and development tax incentive income for the years ended June 30, 2024, 2023 and 2022, respectively. Within the $3.5 million recognized in the year ended June 30, 2023, $1.2 million pertained to the year ended June 30, 2023, $1.1 million pertained to the year ended June 30, 2022 and $1.2 million pertained to the year ended June 30, 2021. Management concluded it's assessment of qualifying activities during the year ended June 30, 2023 and recognized the relevant income for the years ended June 30, 2023, 2022 and 2021. No income was recognized in the years ended June 30, 2022 and 2021 as management were yet to confirm if the Group's research and development activities were eligible under the incentive scheme.

4. Income tax benefit/(expense)

	(in U.S. dollars, in thousands)	Year Ended June 30, 2024	2023	2022
(a)	**Reconciliation of income tax to prima facie tax payable**			
	Loss from continuing operations before income tax	(88,147)	(82,101)	(91,586)
	Tax benefit at the Australian tax rate of 30% (2023: 30%, 2022: 30%)	(26,444)	(24,630)	(27,476)
	Tax effect of amounts which are not deductible/(exempt) in calculating taxable income:			
	Share-based payments expense	1,752	1,089	1,588
	Research and development tax concessions	324	(730)	(869)
	Foreign exchange translation (losses)/gains	(103)	501	159
	Contingent consideration	2,908	(2,631)	(274)
	Other sundry items	(231)	695	(2,036)
	Subtotal	**(21,794)**	**(25,706)**	**(28,908)**
	Adjustments for current tax of prior periods	198	274	(923)
	Differences in overseas tax rates	6,051	8,537	8,407
	Tax benefit not recognized	15,354	16,683	21,185
	Change in tax rate on Deferred tax assets[(1)]	—	—	(8,326)
	Change in tax rate on Deferred tax liability[(1)]	—	—	8,326
	Income tax benefit attributable to loss before income tax	**(191)**	**(212)**	**(239)**

(1) On June 30, 2022, there was a change in the expected tax rate applicable on future taxable profits in Singapore. The Group was expecting to benefit from concessionary tax rates (tax holiday) in Singapore under the tax incentives granted to the Group by the Singapore Economic Development Board, however at June 30, 2022 the Group had not met the conditions under the agreement to access the concessionary tax rates and therefore have recognized a change in the expected tax rate in Singapore to reflect the statutory tax rate of 17%. The Group is in current discussions with the Singapore Economic Development Board to amend the conditions of the incentive agreement and access these concessionary tax rates in the future.

	(in U.S. dollars, in thousands)	Year Ended June 30, 2024	2023	2022
(b)	**Income tax (benefit)/expense**			
	Current tax			
	Current tax	—	—	—
	Total current tax (benefit)/expense	—	—	—
	Deferred tax			
	(Increase)/decrease in deferred tax assets	56	38	(8,317)
	(Decrease)/increase in deferred tax liabilities	(247)	(250)	8,078
	Total deferred tax (benefit)/expense	**(191)**	**(212)**	**(239)**
	Income tax (benefit)/expense	**(191)**	**(212)**	**(239)**

Deferred tax assets have been brought to account only to the extent that it is foreseeable that they are recoverable against future tax liabilities.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Deferred tax assets are offset against taxable temporary differences (deferred tax liabilities) when the deferred tax balances relate to the same tax jurisdiction in accordance with our accounting policy.

Deferred taxes are measured at the rate in which they are expected to settle within the respective jurisdictions, which can change based on factors such as new legislation or timing of utilization and reversal of associated assets and liabilities.

	(in U.S. dollars, in thousands)	Year Ended June 30, 2024	2023	2022
(c)	**Amounts that would be recognized directly in equity if brought to account**			
	Aggregate current and deferred tax arising in the reporting period and not recognized in net loss or other comprehensive income but which would have been directly applied to equity had it been brought to account:			
	Current tax recorded in equity (if brought to account)	(1,329)	(1,716)	(142)
	Deferred tax recorded in equity (if brought to account)	1,029	839	715
		(300)	**(877)**	**573**

	(in U.S. dollars, in thousands)	Year Ended June 30, 2024	2023	2022
(d)	**Amounts recognized directly in equity**			
	Aggregate current and deferred tax arising in the reporting period and not recognized in net loss or other comprehensive income but debited/credited to equity			
	Current tax recorded in equity	—	—	—
	Deferred tax recorded in equity	191	212	239
		191	**212**	**239**

	(in U.S. dollars, in thousands)	Year Ended June 30, 2024	2023	2022
(e)	**Deferred tax assets not brought to account**			
	Unused tax losses			
	Potential tax benefit at local tax rates	140,129	125,728	111,283
	Other temporary differences			
	Potential tax benefit at local tax rates	14,204	12,318	11,046
	Other tax credits			
	Potential tax benefit at local tax rates	3,220	3,220	3,220
		157,553	**141,266**	**125,549**

The Group has not brought to account $620.6 million (2023: $553.0 million, 2022: $477.8 million) of gross tax losses, which includes the benefit arising from tax losses in overseas countries. As of June 30, 2024 $620.6 million of tax losses not brought to account have an indefinite life. Gross tax losses of $44.5 million recognized as deferred tax asset expire within a range of 9 to 14 years. The benefits of unused tax losses will only be brought to account when it is probable that they will be realized.

This benefit of tax losses will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realized;
- the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the Group in realizing the benefit from the deductions for the losses.

5. Financial assets and liabilities

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group;
- specific information about each type of financial instrument;
- accounting policies; and
- information used to determine the fair value of the instruments, including judgments and estimation uncertainty involved.

The Group holds the following financial instruments:

Financial assets (in U.S. dollars, in thousands)	Notes	Assets at FVOCI[1]	Assets at FVTPL[2]	Assets at amortized cost	Total
As of June 30, 2024					
Cash & cash equivalents	5(a)	—	—	62,960	62,960
Trade & other receivables	5(b)	—	—	20,952	20,952
Financial assets at fair value through other comprehensive income	5(c)	1,014	—	—	1,014
Other non-current assets	5(d)	—	—	2,102	2,102
		1,014	**—**	**86,014**	**87,028**
As of June 30, 2023					
Cash & cash equivalents	5(a)	—	—	71,318	71,318
Trade & other receivables	5(b)	—	—	6,998	6,998
Financial assets at fair value through other comprehensive income	5(c)	1,757	—	—	1,757
Other non-current assets	5(d)	—	—	2,326	2,326
		1,757	**—**	**80,642**	**82,399**

(1) Fair value through other comprehensive income

(2) Fair value through profit or loss

Financial liabilities (in U.S. dollars, in thousands)	Notes	Liabilities at FVOCI[1]	Liabilities at FVTPL[2]	Liabilities at amortized cost	Total
As of June 30, 2024					
Trade and other payables	5(e)	—	—	7,070	7,070
Borrowings	5(f)	—	—	114,345	114,345
Contingent consideration	5(g)(iii)	—	26,892	—	26,892
Warrant liability	5(g)(vi)	—	4,647	—	4,647
		—	**31,539**	**121,415**	**152,954**
As of June 30, 2023					
Trade and other payables	5(e)	—	—	20,145	20,145
Borrowings	5(f)	—	—	108,763	108,763
Contingent consideration	5(g)(iii)	—	17,199	—	17,199
Warrant liability	5(g)(vi)	—	5,426	—	5,426
		—	**22,625**	**128,908**	**151,533**

(1) Fair value through other comprehensive income

(2) Fair value through profit or loss

The Group's exposure to various risks associated with the financial instruments is discussed in Note 10. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

a. Cash and cash equivalents

	As of June 30,	
(in U.S. dollars, in thousands)	**2024**	**2023**
Cash at bank	62,563	70,920
Deposits at call[(1)]	397	398
	62,960	**71,318**

(1) As of June 30, 2024 and June 30, 2023, interest-bearing deposits at call include amounts of $0.4 million and $0.4 million, respectively, held as security and restricted for use.

(i) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition.

b. Trade and other receivables and prepayments

(i) Trade and other receivables

		As of June 30,	
(in U.S. dollars, in thousands)	**Note**	**2024**	**2023**
Trade receivables		1,403	2,276
Tax incentives recoverable		854	2,363
Foreign withholding tax recoverable		471	471
U.S. Tax credits		—	1,473
Net investment in sublease		224	195
Interest receivables		23	18
Other recoverable taxes (Goods and services tax and value-added tax)		423	202
Insurance Asset	22	17,554	—
Trade and other receivables		**20,952**	**6,998**

(ii) Prepayments

	As of June 30,	
(in U.S. dollars, in thousands)	**2024**	**2023**
Clinical trial research and development expenditure	391	950
Prepaid insurance and subscriptions	1,775	2,025
Other	385	367
Prepayments	**2,551**	**3,342**

(iii) Classification as trade and other receivables

Trade receivables and other receivables represent the principal amounts due at balance date less, where applicable, any provision for expected credit losses. The Group uses the simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance. Debts which are known to be uncollectible are written off in the consolidated income statement. All trade receivables and other receivables, with the exception of the net investment in sublease, are recognized at the value of the amounts receivable, as they are due for settlement within 60 days and therefore

do not require remeasurement. The net investment in sublease is recognized at the present value of minimum lease payments receivable over the remaining life of the lease.

(iv) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

(v) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 10(a) and (b).

c. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include the following classes of financial assets:

	As of June 30,	
(in U.S. dollars, in thousands)	**2024**	**2023**
Unlisted securities:		
Equity securities	1,014	1,757
	1,014	**1,757**

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprises equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Group considers this classification to be more relevant.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(ii) Impairment indicators for financial assets at fair value through other comprehensive income

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. See Note 23(m)(iv) for further details about the Group's impairment policies for financial assets.

(iii) Amounts recognized in other comprehensive income

For the years ended June 30, 2024, 2023 and 2022, the Group recognized in statement of comprehensive income a loss of $0.7 million, a $Nil gain/loss and a loss of $0.3 million respectively, for change in fair value of the financial assets through other comprehensive income.

(iv) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 5(g). None of the financial assets through other comprehensive income are either past due or impaired.

All financial assets at fair value through other comprehensive income are denominated in US$.

d. Other non-current assets

(in U.S. dollars, in thousands)	As of June 30, 2024	2023
Bank guarantee	481	481
Net investment in sublease	190	414
Letter of credit	1,179	1,179
Security deposit	252	252
	2,102	**2,326**

(i) Classification of financial assets as other non-current assets

Bank guarantee

These funds are held in an account named Mesoblast Limited at National Australia Bank according to the terms of a Bank Guarantee which is security for the sublease agreement for our occupancy of Level 38, 55 Collins Street, Melbourne, Victoria, Australia. The Bank Guarantee is security for the full and faithful performance and observance by the subtenant of the terms, covenants and conditions of the sublease. The Bank Guarantee continues in force until it is released by the lessor.

Letter of credit

These funds held in an account named Mesoblast, Inc. at the Bank of America according to the terms of an irrevocable standby letter of credit which is security for the sublease agreement for our occupancy of 505 Fifth Avenue, New York, New York, United States of America. The letter of credit is security for the full and faithful performance and observance by the subtenant of the terms, covenants and conditions of the sublease. The letter of credit is deemed to automatically extend without amendment for a period of one year at each anniversary.

(ii) Impairment and risk exposure

Information about the impairment of other non-current assets and their credit quality and the Group's exposure to credit risk can be found in Note 10(b).

e. Trade and other payables

(in U.S. dollars, in thousands)	As of June 30, 2024	2023
Trade payables and other payables	7,070	20,145
Trade and other payables	**7,070**	**20,145**

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

f. Borrowings

(in U.S. dollars, in thousands)	As of June 30, 2024	2023
Borrowings		
Secured liabilities:		
Borrowing arrangements	81,919	81,919
Less: transaction costs	(9,833)	(8,740)
Amortization of carrying amount, net of payments made	42,259	35,584
	114,345	**108,763**

(in U.S. dollars, in thousands)	As of June 30, 2024	2023
Borrowings		
Current		
Borrowings - NovaQuest	1,869	336
Borrowings - Oaktree	11,993	5,616
	13,862	5,952
Non-current		
Borrowings - NovaQuest	64,562	55,739
Borrowings - Oaktree	35,921	47,072
	100,483	102,811
	114,345	**108,763**

(i) Borrowing arrangements

Funds associated with Oaktree Capital Management, L.P. ("Oaktree")

In November 2021, the Group entered into a five-year senior debt facility provided by funds associated with Oaktree. The balance of funds drawn down is $50.0 million as of June 30, 2024. The facility has a three-year interest only period, at a fixed rate of 9.75% per annum, after which the principal amortizes 5% per quarter beginning December 2024 and a final payment is due no later than November 2026. The facility also allows the Group to make quarterly payments of interest at a rate of 8.0% per annum for the first two years, and the unpaid interest portion (1.75% per annum) has been added to the outstanding loan balance and currently accrues further interest at a fixed rate of 9.75% per annum.

On November 19, 2021, Oaktree were granted warrants to purchase 1,769,669 American Depositary Shares ("ADSs") at US$7.26 per ADS, a 15% premium to the 30-day VWAP. The Group determined that an obligation to issue the warrants arose from the time the debt facility was signed; consequently, a liability for the warrants was recognized in November 2021. The warrants were legally issued on January 11, 2022 and may be exercised within 7 years of issuance. On the issuance date of the Oaktree facility and the warrants, the warrants were initially measured at fair value and the Oaktree borrowing liability measured as the difference between the initial draw down of funds from the Oaktree facility and the fair value of the warrants. In December 2022, the Group amended the terms of the loan agreement with Oaktree and in connection with the loan amendment, Oaktree was granted warrants to purchase 455,000 ADSs at $3.70 per ADS, a 15% premium to the 30-day VWAP. The Group determined that an obligation to issue the warrants arose from the time the first amendment to the loan agreement was signed; consequently, a liability for the warrants was recognized in December 2022. The warrants were legally issued on March 8, 2023 and may be exercised within 7 years of issuance. Refer to Note 5(g)(vi) for more details on warrants issued.

On January 10, 2024, the ratio under Mesoblast's American Depository Receipt ("ADR") program was changed from 5 ordinary shares representing 1 ADS (5:1 ratio) to a new ratio of 10 ordinary shares representing 1 ADS (10:1 ratio). As a result of this ratio change and as a result of initiating the pro-rata accelerated non-renounceable rights issue in December 2023, the number and exercise price for the warrants was adjusted in accordance with the terms of these warrants. The warrants issued in November 2021 changed from 1,769,669 ADSs at $7.26 per ADS to 884,838 ADSs at $14.36 per ADS. The warrants issued in December 2022 changed from 455,000 ADSs at $3.70 per ADS to 227,502 ADSs at $7.24 per ADS.

In the years ended June 30, 2024, 2023 and 2022, respectively, the Group recognized losses of $2.3 million, $1.6 million and a minimal gain in the Consolidated Income Statement as remeasurement of borrowing arrangements within finance costs in relation to the adjustment of the carrying amount of our financial liability to reflect the revised estimated future cash flows from our facility. Within the $1.6 million loss recognized in the year ended June 30, 2023, $1.0 million related to the remeasurement due to additional warrants being issued to Oaktree as a result of the first amendment to the loan agreement and $0.6 million related to the adjustment of the carrying amount of our financial liability to reflect the revised estimated future cash flows from our credit facility.

The Group has pledged substantially all of its assets as collateral under the loan facility with Oaktree.

NovaQuest Capital Management, L.L.C.

On June 29, 2018, the Group entered into an eight-year, $40.0 million loan and security agreement with NovaQuest before drawing the first tranche of $30.0 million of the principal in July 2018. The loan term includes an interest only period of approximately four years through until July 8, 2022.

All interest and principal payments (i.e. the amortization period) are deferred until the earlier of loan maturity or from after the first commercial sale of remestemcel-L for the treatment in pediatric patients with SR-aGVHD in the United States and other geographies excluding Asia ("remestemcel-L for pediatric SR-aGVHD"). Principal is repayable in equal quarterly instalments over the amortization period of the loan and is subject to the payment cap described below. The loan has a fixed interest rate of 15% per annum. If there are no net sales of remestemcel-L for pediatric SR-aGVHD, the loan is only repayable at maturity. The Group can elect to prepay all outstanding amounts owing at any time prior to maturity, subject to a prepayment charge.

Following approval and first commercial sales, repayments commence based on a percentage of net sales and are limited by a payment cap which is equal to the principal due for the next 12 months, plus accumulated unpaid principal and accrued unpaid interest. During the four-year period commencing July 8, 2022, principal amortizes in equal quarterly instalments payable only after approval and first commercial sales. If in any quarterly period, 25% of net sales of remestemcel-L for pediatric SR-aGVHD exceed the annual payment cap, the Group will pay the payment cap and an additional portion of excess sales which will be used towards the prepayment amount in the event there is an early prepayment of the loan. If in any quarterly period 25% of net sales of remestemcel-L for pediatric SR-aGVHD is less than the annual payment cap, then the payment is limited to 25% of net sales of remestemcel-L for pediatric SR-aGVHD. Any unpaid interest will be added to the principal amounts owing and shall accrue further interest. At maturity date, any unpaid loan balances are repaid.

Because of this relationship of net sales and repayments, changes in our estimated net sales may trigger an adjustment of the carrying amount of the financial liability to reflect the revised estimated cash flows. The carrying amount is recalculated by computing the present value of the revised estimated future cash flows at the financial instrument’s original effective interest rate. The adjustment is recognized in the Income Statement as remeasurement of borrowing arrangements within finance costs in the period the revision is made.

In the years ended June 30, 2024, 2023 and 2022, respectively, the Group recognized a loss of $0.1 million and gains of $0.9 million and $0.5 million in the Consolidated Income Statement as remeasurement of borrowing arrangements within finance costs in relation to the adjustment of the carrying amount of the Group's financial liability to reflect the revised estimated future cash flows as a net result of changes to the key assumptions in development timelines.

The Group recognizes a liability as current based on repayments linked to estimates of sales of remestemcel-L. However, if sales of remestemcel-L are higher than estimated, actual repayments will exceed this amount, subject to the annual payment cap described above.

The carrying amount of the loan and security agreement with NovaQuest is subordinated to the Group’s fixed rate loan with the senior creditor, Oaktree. The Group have pledged a portion of our assets relating to the SR-aGVHD product candidate as collateral under the loan facility with NovaQuest.

(ii) Compliance with loan covenants

Our loan facilities with Oaktree and NovaQuest contain a number of covenants that impose operating restrictions on us, which may restrict our ability to respond to changes in our business or take specified actions. The Group has an operating objective to at all times maintain unrestricted cash reserves in excess of six months liquidity. The objective aligns

with our loan and security agreement with Oaktree where the Group is currently obliged to maintain a minimum unrestricted cash balance of $25.0 million.

The Group has complied with the financial and other restrictive covenants of its borrowing facilities during the year ended June 30, 2024 and during the year ended June 30, 2023.

(iii) Net debt reconciliation

	As of June 30,	
(in U.S. dollars, in thousands)	**2024**	**2023**
Cash and cash equivalents	62,960	71,318
Borrowings	(114,345)	(108,763)
Lease liabilities	(4,578)	(7,732)
Warrant liability	(4,647)	(5,426)
Net Debt[1]	**(60,610)**	**(50,603)**
Cash and cash equivalents	62,960	71,318
Gross debt - fixed interest rates	(118,923)	(116,495)
Gross debt - variable interest rates	—	—
Warrant liability	(4,647)	(5,426)
Net Debt[1]	**(60,610)**	**(50,603)**

(1) Net debt amount includes leases and borrowing arrangements

	Liabilities from financing activities				Other assets	
(in U.S. dollars, in thousands)	**Borrowings**	**Leases**	**Warrant liability**	**Sub-total**	**Cash and cash equivalents**	**Total**
Net Debt as at June 30, 2023	(108,763)	(7,732)	(5,426)	(121,921)	71,318	(50,603)
Cash Flows[1]	16,921	3,877	—	20,798	(8,303)	12,495
Remeasurement adjustments	(2,351)	—	779	(1,572)	—	(1,572)
Other Changes[2]	(20,152)	(724)	—	(20,876)	—	(20,876)
Foreign exchange adjustments	—	1		1	(55)	(54)
Net Debt as at June 30, 2024	**(114,345)**	**(4,578)**	**(4,647)**	**(123,570)**	**62,960**	**(60,610)**

(1) Cash flows for borrowings and leases include the payments of borrowings, lease liabilities, interest and debt transaction costs which are presented as financing cash flows in the statement of cash flows.

(2) Other changes include modification of leases and accrued interest expenses for borrowings and leases.

(i) Fair values of borrowing arrangements

The carrying amount of the borrowings at amortized cost in accordance with our accounting policy is a reasonable approximation of fair value.

g. Recognized fair value measurements

(i) Fair value hierarchy

The following table presents the Group's financial assets and financial liabilities measured and recognized at fair value as of June 30, 2024 and June 30, 2023 on a recurring basis, categorized by level according to the significance of the inputs used in making the measurements:

As of June 30, 2024 (in U.S. dollars, in thousands)	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial assets at fair value through other comprehensive income:					
Equity securities - biotech sector	5(c)	—	—	1,014	1,014
Total Financial Assets		—	—	**1,014**	**1,014**
Financial Liabilities					
Financial liabilities at fair value through profit or loss:					
Contingent consideration	5(g)(iii)	—	—	26,892	26,892
Warrant liabilities	5(g)(vi)	—	—	4,647	4,647
Total Financial Liabilities		—	—	**31,539**	**31,539**

There were no transfers between any of the levels for recurring fair value measurements during the period.

As of June 30, 2023 (in U.S. dollars, in thousands)	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial assets at fair value through other comprehensive income:					
Equity securities - biotech sector	5(c)	—	—	1,757	1,757
Total Financial Assets		—	—	**1,757**	**1,757**
Financial Liabilities					
Financial liabilities at fair value through profit or loss:					
Contingent consideration	5(g)(iii)	—	—	17,199	17,199
Warrant liabilities	5(g)(vi)	—	—	5,426	5,426
Total Financial Liabilities		—	—	**22,625**	**22,625**

The Group’s policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and financial assets at fair value through other comprehensive income securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, foreign exchange contracts) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for provisions (contingent consideration), equity securities (unlisted) and warrant liabilities.

(ii) Valuation techniques used.

The Group did not hold any level 1 or 2 financial instruments as at June 30, 2024 or June 30, 2023.

The Group's level 3 assets consists of an investment in unlisted equity securities in the biotechnology sector. Level 3 assets were 100% of total assets measured at fair value as at June 30, 2024 and June 30, 2023. The Group's level 3 liabilities consist of a contingent consideration provision related to the acquisition of Osiris' MSC business and warrant liabilities related to the warrants granted to Oaktree as part of the debt facility. Level 3 liabilities were 100% of total liabilities measured at fair value as at June 30, 2024 and June 30, 2023. The Group used discounted cash flow analysis to determine the fair value measurements of Osiris' MSC business and used the Black-Scholes valuation method to determine the fair value of warrant liabilities. Refer to Note 5(g)(vi) for the fair value measurement and movements in warrant liability for the period ended June 30, 2024 and June 30, 2023.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in the contingent consideration balances within the level 3 instruments for the years ended June 30, 2024 and June 30, 2023:

(in U.S. dollars, in thousands)	Contingent consideration provision
Opening balance - July 1, 2022	23,284
Reclassification during the period	2,686
Charged/(credited) to consolidated income statement:	
Remeasurement[1]	(8,771)
Closing balance - June 30, 2023	**17,199**
Opening balance - July 1, 2023	17,199
Charged/(credited) to consolidated income statement:	
Remeasurement[2]	9,693
Closing balance - June 30, 2024	**26,892**

(1) In the year ended June 30, 2023, a gain of $8.8 million was recognized on the remeasurement of contingent consideration pertaining to the acquisition of assets from Osiris. This remeasurement was a net result of changing the key assumptions of the contingent consideration valuation such as probability of payment, development timelines and the increase in valuation as the time period shortens between the valuation date and the potential settlement dates of contingent consideration, including the impact from the CRL from the FDA on the Group's BLA for remestemcel-L for the treatment of pediatric SR-aGVHD in August 2023. The assumptions relating to development timelines were updated to reflect expectations as a result of the CRL.

(2) In the year ended June 30, 2024, a loss of $9.7 million was recognized on the remeasurement of contingent consideration pertaining to the acquisition of assets from Osiris. This remeasurement was a net result of changing key assumptions of the contingent consideration valuation, such as probability of success, development timelines and the increase in valuation as the time period shortens between the valuation date and the potential settlement dates of contingent consideration. The outcome from the FDA decision on the Group's BLA resubmission in July 2024, as discussed in Note 15, could lead to a change in the assumptions used within the valuation of the contingent consideration.

(iv) Valuation inputs and relationship to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

(in U.S. dollars, in thousands, except percent data) Description	Fair value as of June 30, 2024)	Fair value as of June 30, 2023)	Valuation technique	Unobservable inputs[1]	Range of inputs (weighted average) Year Ended June 30, 2024	Range of inputs (weighted average) Year Ended June 30, 2023	Relationship of unobservable inputs to fair value
Contingent consideration provision	26,892	17,199	Discounted cash flows	Risk adjusted discount rate	11%-13% (12.5%)	11%-13% (12.5%)	Year ended June 30, 2024: A change in the discount rate by 0.5% would have no impact to the fair value. Year ended June 30, 2023: A change in the discount rate by 0.5% would increase/decrease the fair value by 0.01%.
				Expected unit sales price	Various	Various	Year ended June 30, 2024: A change in the price assumptions by 10% would increase/decrease the fair value by 0.1%. Year ended June 30, 2023: A change in the price assumptions by 10% would increase/decrease the fair value by 0.1%.
				Expected sales volumes	Various	Various	Year ended June 30, 2024: A change in the volume assumptions by 10% would increase/decrease the fair value by 0.1%. Year ended June 30, 2023: A change in the volume assumptions by 10% would increase/decrease the fair value by 0.1%.
				Probability of success and payment	Various	Various	Year ended June 30, 2024: A change in the probability of success and payment assumptions by 10% and 20% would increase/decrease the fair value by 10% and 20.1%, respectively. Year ended June 30, 2023: A change in the probability of success and payment assumptions by 10% and 20% would increase/decrease the fair value by 8% and 16%, respectively.

(1) There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(v) Valuation processes

In connection with the Osiris acquisition, on October 11, 2013 (the “acquisition date”), an independent valuation of the contingent consideration was carried out by an independent valuer.

For the years ended June 30, 2024 and June 30, 2023, the Group has adopted a process to value contingent consideration internally. This valuation has been completed by the Group’s internal valuation team and reviewed by the interim Chief Financial Officer (the "CFO"). The valuation team is responsible for the valuation model. The valuation team also manages a process to continually refine the key assumptions within the model. This is done with input from the relevant business units. The key assumptions in the model have been clearly defined and the responsibility for refining those assumptions has been assigned to the most relevant business units. For each indication we determine the probability

of success based on the current development status within each jurisdiction and payment provisions within the agreement. Cash flows relevant to each jurisdiction are discounted appropriately based on the discount rate assumed. The remeasurement charged to the consolidated income statement in the year ended June 30, 2024 was a net result of changing the key assumptions of the contingent consideration valuation such as probability of success, development timelines and the increase in valuation as the time period shortens between the valuation date and the potential settlement dates of contingent consideration. The outcome from the FDA decision on the Group's BLA resubmission in July 2024, with a PDUFA goal date of January 7, 2025, as discussed in Note 15, could lead to a change in the assumptions associated with SR-aGVHD and a remeasurement of contingent consideration, up or down, could occur.

	As of June 30,	
The fair value of contingent consideration (in U.S. dollars, in thousands)	**2024**	**2023**
Fair value of cash or stock payable, dependent on achievement of future late-stage clinical or regulatory targets	26,236	16,606
Fair value of royalty payments from commercialization of the intellectual property acquired	656	593
	26,892	**17,199**

The main level 3 inputs used by the Group are evaluated as follows:

Risk adjusted discount rate:	The discount rate used in the valuation has been determined based on required rates of returns of listed companies in the biotechnology industry (having regards to their stage of development, their size and number of projects) and the indicative rates of return required by suppliers of venture capital for investments with similar technical and commercial risks. This assumption is reviewed as part of the valuation process outlined above.
Expected unit sales prices:	Expected market sale price giving consideration to comparable products available in the market place and a value based pricing assessment. This assumption is reviewed as part of the valuation process outlined above.
Expected sales volumes:	Expected sales volumes of the most comparable products currently available in the market place. This assumption is reviewed as part of the valuation process outlined above.
Probability of success and payment:	Expected cash flows used to measure contingent consideration are risk adjusted for the probability of successful development of products and payment provisions with the agreement. These assumptions are reviewed as part of the valuation process outlined above.

(vi) Warrant liability

(in U.S. dollars, in thousands)	As of June 30,	
Warrant liability	**2024**	**2023**
Opening balance	5,426	2,185
Warrants fair value at grant date - December 22, 2022	—	1,036
Remeasurement of warrant liability	(779)	2,205
Closing Balance	**4,647**	**5,426**

On November 19, 2021, in connection with the initial draw down of the Oaktree debt, Oaktree was granted the right to warrants to purchase 1,769,669 ADSs at US$7.26 per ADS, a 15% premium to the 30-day VWAP. Given that Oaktree received an unconditional right to the warrants on November 19, 2021, this date has been determined as the measurement date. The warrant instruments were issued on January 11, 2022, following the required administrative process, and these warrants may be exercised within 7 years of issuance of the warrant instruments. The warrants do not confer any rights to dividends or a right to participate in a new issue without exercising the warrant.

On December 21, 2022, the Group amended the terms of the loan agreement with Oaktree and in connection with the loan amendment, Oaktree was granted warrants to purchase 455,000 ADSs at $3.70 per ADS, a 15% premium to the 30-day VWAP. The Group determined that an obligation to issue the warrants arose from the time the first amendment to

the loan agreement was signed; consequently, a liability for the warrants was recognized in December 2022. The warrants were legally issued on March 8, 2023 and may be exercised within 7 years of issuance. The warrants do not confer any rights to dividends or a right to participate in a new issue without exercising the warrant.

On January 10, 2024, the ratio under Mesoblast's American Depository Receipt ("ADR") program was changed from 5 ordinary shares representing 1 ADS (5:1 ratio) to a new ratio of 10 ordinary shares representing 1 ADS (10:1 ratio). As a result of this ratio change and as a result of completing the pro-rata accelerated non-renounceable rights issue in December 2023, the number and exercise price for the warrants was adjusted in accordance with the terms of these warrants. The warrants issued in November 2021 changed from 1,769,669 ADSs at US$7.26 per ADS to 884,838 ADSs at US$14.36 per ADS. The warrants issued in December 2022 changed from 455,000 ADSs at US$3.70 per ADS to 227,502 ADSs at US$7.24 per ADS.

The exercise price of the warrants will be received in US$, which is different to Mesoblast Limited's functional currency of A$ which gives rise to variability in the cash flow. As a result, the warrants are classified as a financial liability in accordance with *IAS32 Financial Instruments: Presentation*. The financial liability is recorded in warrant liability at fair value at grant date and subsequently remeasured at each reporting period with changes being recorded in the Consolidated Income Statement as remeasurement of warrant liability. The warrant liabilities are considered level 3 liabilities as the determination of fair value includes various assumptions about the share prices and historical volatility as inputs.

As of June 30, 2024 and 2023, the fair value of warrant liability was $4.6 million and $5.4 million, respectively. During the year ended June 30, 2024, a remeasurement gain of $0.8 million was recognized on the remeasurement of warrant liability. During the year ended June 30, 2023, a remeasurement loss of $2.2 million was recognized on the remeasurement of warrant liability.

(vii) Fair value of warrants

The warrants granted are not traded in an active market and therefore the fair value has been estimated by using the Black-Scholes valuation method based on the following assumptions. Key terms of the warrants are included below. The following assumptions were based on observable market conditions that existed as of June 30, 2024 and 2023.

(in U.S. dollars, except percent data and as otherwise noted) Assumption	As of June 30, 2024	As of June 30, 2023	Rationale
Share Price	$6.81	$3.91	Closing share price on valuation date from external market source
Exercise Price[(1)]	$7.24 to $14.36	$3.70 to $7.26	As per subscription agreement
Expected Term	5 to 6 years	6 to 7 years	As per subscription agreement
Dividend Yield	0%	0%	Based on Company's nil dividend history
Expected Volatility	91.91%	81.26%	Based on historical volatility data for the Company
Risk Free Interest Rate	4.38%	4.01%	Based on the closing U.S. treasury issued 7 year bonds on valuation date
Fair value per warrant	$3.9352 to $5.1211	$2.3103 to $2.9401	Determined using Black-Scholes valuation model with the inputs above
Fair value	$4,647,075	$5,426,212	Fair value of 1,112,340[(1)]warrants of $4,647,075 as of June 30, 2024 and fair value of 2,224,669[(1)] warrants of $5,426,212 as of June 30, 2023

(1) As a result of the ratio change under Mesoblast's ADR program on January 10, 2024 and as a result of completing the pro-rata accelerated non-renounceable rights issue in December 2023, the warrants issued in November 2021 changed from 1,769,669 ADSs at US$7.26 per ADS to 884,838 ADSs at US$14.36 per ADS. The warrants issued in December 2022 changed from 455,000 ADSs at US$3.70 per ADS to 227,502 ADSs at US$7.24 per ADS.

6. Non-financial assets and liabilities

a. Property, plant and equipment

(in U.S. dollars, in thousands)	Plant and Equipment	Office Furniture and Equipment	Computer Hardware and Software	Total
Year Ended June 30, 2023				
Opening net book amount	1,208	692	145	2,045
Additions	171	43	60	274
Exchange differences	(104)	113	(18)	(9)
Depreciation charge	(818)	(45)	(90)	(953)
Closing net book value	**457**	**803**	**97**	**1,357**
As of June 30, 2023				
Cost	6,910	2,074	3,353	12,337
Accumulated depreciation	(6,453)	(1,271)	(3,256)	(10,980)
Net book value	**457**	**803**	**97**	**1,357**
Year Ended June 30, 2024				
Opening net book amount	457	803	97	1,357
Additions	38	—	120	158
Disposals	—	(2)	(7)	(9)
Exchange differences	(6)	(8)	16	2
Depreciation charge	(281)	(41)	(80)	(402)
Closing net book value	**208**	**752**	**146**	**1,106**
As of June 30, 2024				
Cost	6,067	2,044	644	8,755
Accumulated depreciation	(5,859)	(1,292)	(498)	(7,649)
Net book value	**208**	**752**	**146**	**1,106**

(i) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over the estimated useful lives. The estimated useful lives are:

- Plant and equipment 3 – 15 years
- Office furniture and equipment 5 – 20 years
- Computer hardware and software 3 – 5 years

See Note 23(o) for other accounting policies relevant to property, plant and equipment.

b. Leases

(i) Amounts recognized on the consolidated balance sheet

Right-of-use assets

(in U.S. dollars, in thousands)	Buildings	Manufacturing	Total
Year Ended June 30, 2023			
Opening net book amount	5,096	2,824	7,920
Additions/(derecognition)	(649)	—	(649)
Remeasurement	526	(302)	224
Exchange differences	(15)	—	(15)
Depreciation charge	(1,661)	(685)	(2,346)
Closing net book value	**3,297**	**1,837**	**5,134**
As of June 30, 2023			
Cost	9,957	6,178	16,135
Accumulated depreciation	(6,660)	(4,341)	(11,001)
Net book value	**3,297**	**1,837**	**5,134**
Year Ended June 30, 2024			
Opening net book amount	3,297	1,837	5,134
Additions	—	—	—
Remeasurement	—	369	369
Exchange differences	—	—	—
Depreciation charge	(1,570)	(1,201)	(2,771)
Closing net book value	**1,727**	**1,005**	**2,732**
As of June 30, 2024			
Cost	9,128	6,245	15,373
Accumulated depreciation	(7,401)	(5,240)	(12,641)
Net book value	**1,727**	**1,005**	**2,732**

Lease liabilities

	As of June 30,	
	2024	**2023**
Current	2,626	4,060
Non-current	1,952	3,672
Lease liabilities included in the balance sheet	**4,578**	**7,732**

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for buildings exclude service fees for cleaning and other costs. The interest expense (included in finance costs) for leases was $0.4 million, $0.5 million and $0.6 million for the years ended June 30, 2024, 2023 and 2022, respectively. In the years ended June 30, 2024 and 2023, total payments associated with lease liabilities were $3.9 million and $3.2 million, respectively.

Payments associated with short-term leases with a lease term of 12 months or less, contracts that contain lease and non-lease components that are cancellable within 12 months and leases of low-value assets are recognized on a straight-line

basis as an expense in profit or loss. The expense relating to short-term leases was $0.3 million for the year ended June 30, 2024 and $1.1 million for the year ended June 30, 2023.

(ii) Depreciation methods and useful lives of right-of use assets

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts over the estimated useful lives. Depreciation for leases relating to buildings for the years ended June 30, 2024, 2023 and 2022 was $1.6 million, $1.7 million and $1.7 million, respectively.

Depreciation for the lease relating to manufacturing was $1.2 million, $0.7 million, and $1.4 million for the years ended June 30, 2024, 2023 and 2022, respectively, of which the $1.2 million of depreciation in the year ended June 30, 2024 was recognized in the consolidated income statement. Prior to the year ended June 30, 2024, depreciation on the manufacturing lease was capitalized within pre-launch inventory.

(iii) Extension and termination options

Extension options and termination options may be included in the right-of-use asset leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options and periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

A right-of-use asset and lease liability has been recognized in relation to the manufacturing service agreement entered into with Lonza in October 2019 for the supply of commercial product for the potential approval and launch of remestemcel-L for the treatment of SR-aGVHD in the US market. Management has determined that this agreement has a non-cancellable lease term expiring within 2 years from June 30, 2024, which is cancellable in limited circumstances.

As of June 30, 2024, the anticipated future contractual cash flows relating to the lease component of the Lonza agreement are $1.9 million on an undiscounted basis, as included within lease liabilities in Note 10(c). The anticipated future contractual cash flows exclude cashflows beyond the non-cancellable lease term as it is not reasonably certain the Group will extend the agreement. At the Group's discretion, the minimum financial commitment relating to the lease component under this manufacturing services agreement can be reduced by $1.0 million under certain conditions.

See Note 23(v) for other accounting policies relevant to lease accounting.

c. Intangible assets

(in U.S. dollars, in thousands)	Goodwill	Acquired licenses to patents	In-process research and development acquired	Current marketed products	Total
Year Ended June 30, 2023					
Opening net book amount	134,453	1,632	427,779	14,788	578,652
Additions/reversals	—	23	—	—	23
Exchange differences	—	1	—	—	1
Amortization charge	—	(38)	—	(1,455)	(1,493)
Closing net book amount	**134,453**	**1,618**	**427,779**	**13,333**	**577,183**
As of June 30, 2023					
Cost	134,453	2,993	489,698	23,999	651,143
Accumulated amortization	—	(1,375)	—	(10,666)	(12,041)
Accumulated impairment	—	—	(61,919)	—	(61,919)
Net book amount	**134,453**	**1,618**	**427,779**	**13,333**	**577,183**
Year Ended June 30, 2024					
Opening net book amount	134,453	1,618	427,779	13,333	577,183
Additions	—	37	—	—	37
Exchange differences	—	1	—	—	1
Amortization charge	—	(30)	—	(1,455)	(1,485)
Closing net book amount	**134,453**	**1,626**	**427,779**	**11,878**	**575,736**
As of June 30, 2024					
Cost	134,453	3,032	489,698	24,000	651,183
Accumulated amortization	—	(1,406)	—	(12,122)	(13,528)
Accumulated impairment	—	—	(61,919)	—	(61,919)
Net book amount	**134,453**	**1,626**	**427,779**	**11,878**	**575,736**

(i) Carrying value of in-process research and development acquired by product

	As of June 30,	
(in U.S. dollars, in thousands)	**2024**	**2023**
Cardiovascular products[1]	254,351	254,351
Intravenous products for metabolic diseases and inflammatory/immunologic conditions[2]	70,730	70,730
MSC products[3]	102,698	102,698
	427,779	**427,779**

(1) Includes MPC-150-IM for the treatment or prevention of chronic heart failure and MPC-25-IC for the treatment or prevention of acute myocardial infarction

(2) Includes MPC-300-IV for the treatment of biologic-refractory rheumatoid arthritis and diabetic nephropathy

(3) Includes remestemcel-L for the treatment of SR-aGVHD and remestemcel-L for the treatment of Crohn's disease

For all products included within the above balances, the underlying currency of each item recorded is US$.

(ii) Amortization methods and useful lives

The Group amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

- Acquired licenses to patents 7 – 16 years
- Current marketed products 15 – 20 years

See Note 23(p) for the other accounting policies relevant to intangible assets and Note 23(j) for the Group's policy regarding impairments.

(iii) Significant estimate: Impairment of goodwill and assets with an indefinite useful life

The Group tests annually, or more frequently if events or changes in circumstances indicate that they might be impaired, whether goodwill and its assets with indefinite useful lives have suffered any impairment in accordance with its accounting policy stated in Note 23(j). The recoverable amounts of these assets and cash-generating units have been determined based on fair value less costs to dispose calculations, which require the use of market-participant assumptions that are based on development strategies using external data sources as well as past experience. The full annual impairment assessment was performed at March 31, 2024 and no impairment of the in-process research and development and goodwill was identified.

In August 2023, the FDA issued a CRL to the Group's BLA for remestemcel-L for the treatment of pediatric SR-aGVHD and the Group has considered this to be an impairment indicator that could cause the carrying amount of its intangible assets to exceed its recoverable amounts. As a result, the Group completed an impairment assessment on its MSC products intangible asset and goodwill, which considered the impact of the FDA's CRL. An external valuation was also obtained for the MSC products for the impairment assessment performed as a result of the receipt of the CRL. No impairment of the in-process research and development and goodwill was identified.

In July 2024, as discussed in Note 15, the Group resubmitted its BLA for approval of remestemcel-L for the treatment of pediatric SR-aGVHD, and the FDA accepted the Group's BLA resubmission and set a PDUFA goal date of January 7, 2025. The outcome from the FDA decision on the Group's BLA resubmission could lead to a change in the assumptions used within the impairment assessment associated with SR-aGVHD that could cause the carrying amount of our intangible asset to exceed its recoverable amount.

(iv) Impairment tests for goodwill and intangible assets with an indefinite useful life

The Group has recognized goodwill as a result of two separate acquisitions. Goodwill of $118.4 million was recognized on acquisition of Angioblast Systems Inc. in 2010, $13.9 million was recognized on the acquisition of the MSC assets from Osiris ("MSC business combination") in 2013 and $2.1 million was recognized on finalization of the MSC business combination of Osiris in 2015. In all cases the goodwill recognized represented excess in the purchase price over the net identifiable assets and in-process research and development acquired in the transaction.

On acquisition, goodwill was not able to be allocated to the cash generating unit ("CGU") level or to a group of CGU given the synergies of the underlying research and development. For the purpose of impairment testing, goodwill is monitored by management at the operating segment level. The Group is managed as one operating segment, being the development of cell technology platform for commercialization.

IFRS requires that acquired in-process research and development be measured at fair value upon acquisition and carried as an indefinite life intangible asset subject to annual impairment reviews. The Group have recognized in-process research and development as a result of two separate acquisitions. In-process research and development of $387.0 million was recognized on the acquisition of Angioblast Systems Inc. in 2010 and $126.7 million was recognized on the acquisition of assets from Osiris in 2013 and $24.0 million was reclassified to current marketed products upon the TEMCELL asset becoming available for use in Japan. In 2016, the Group fully impaired $61.9 million of in-process research and development relating to our product candidates, MPC-MICRO-IO for the treatment of age-related macular degeneration and MPC-CBE for the expansion of hematopoietic stem cells within cord blood, as the Group suspended further patient enrollment of the Phase IIa MPC-MICRO-IO clinical trial and the Phase III MPC-CBE clinical trial as the Group prioritized the funding of its lead product candidates.

The Group still believe these product candidates remain viable upon further funding, or partnership, and accordingly these products should not be regarded as abandoned, where typically, abandoned programs would be closed down and the related research and development efforts are considered impaired and the asset is fully expensed. The remaining carrying amount of in-process research and development as at June 30, 2024 and June 30, 2023 was $427.8 million.

In-process research and development acquired is considered to be an indefinite life intangible asset on the basis that it is incomplete and cannot be used in its current form (see Note 23(p)(iii)). The intangible asset's life will remain indefinite until such time it is completed and commercialized or impaired. The carrying value of in-process research and development is a separate asset which has been subject to impairment testing at the cash generating unit level, which has been determined to be at the product level.

The recoverable amount of both goodwill and in-process research and development was assessed as of March 31, 2024 based on the fair value less costs to dispose. No impairment was identified as a result of this impairment assessment.

Management assess for indicators of impairment as at June 30, 2024, including considering events up to the date of the approval of the financial statements. In July 2024, as discussed in Note 15, the Group resubmitted its BLA for approval of remestemcel-L for the treatment of pediatric SR-aGVHD, and the FDA accepted the Group's BLA resubmission and set a PDUFA goal date of January 7, 2025. The outcome from the FDA decision on the Group's BLA resubmission could lead to a change in the assumptions used within the impairment assessment associated with SR-aGVHD that could cause the carrying amount of our intangible asset to exceed its recoverable amount.

(v) Key assumptions used for fair value less costs to dispose calculations

In determining the fair value less costs to dispose the Group has given consideration to the following internal and external indicators:

- discounted expected future cash flows of programs valued by the Group's internal valuation team and reviewed by the interim CFO. The valuation team also manages a process to continually refine the key assumptions within the model. This is done with input from the relevant business units. The key assumptions in the model have been clearly defined and the responsibility for refining those assumptions has been assigned to the most relevant business units. When determining key assumptions, the business units refer to both external sources and past experience as appropriate. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation;
- the scientific results and progress of the trials since acquisition;
- the market capitalization of the Group on the ASX (ASX:MSB); and
- the valuation of the Group's assets from an independent valuation. An independent valuation was obtained for all assets at March 31, 2023 and for the MSC products for the impairment assessment performed as a result of the receipt of the complete response in August 2023.

Costs of disposal were assumed to be immaterial.

Discounted cash-flows used a real post-tax discount rate range of 13.8% to 15.5%, and include estimated real cash inflows and outflows for each program through to expected patent expiry which ranges from 8 to 24 years.

In relation to cash outflows consideration has been given to cost of goods sold, selling costs and clinical trial schedules including estimates of numbers of patients and per patient costs. Associated expenses such as regulatory fees and patent maintenance have been included as well as any further preclinical development if applicable.

In relation to cash inflows consideration has been given to product pricing, market population and penetration, sales rebates and discounts, launch timings and probability of success in the relevant applicable markets.

There are no standard growth rates applied, other than our estimates of market penetration which increase initially, plateau and then decline.

The assessment of the recoverable amount of each product has been made in accordance with the discounted cash-flow assumptions outlined above. The assessments showed that the recoverable amount of each product exceeds the carrying amount and therefore there is no impairment.

The assessment of goodwill showed the recoverable amount of the Group's operating segment, including goodwill and remaining in-process research and development, exceeds carrying amounts, and therefore there is no impairment.

(vi) Impact of possible changes in key assumptions

The Group has considered and assessed reasonably possible changes in the key assumptions and has not identified any instances that could cause the carrying amount of our intangible assets to exceed its recoverable amount.

Whilst there is no impairment, the key sensitivities in the valuation are dependent on the continued successful development of our technology platforms. In July 2024, as discussed in Note 15, the Group resubmitted its BLA for approval of remestemcel-L for the treatment of pediatric SR-aGVHD, and the FDA accepted the Group's BLA resubmission and set a PDUFA goal date of January 7, 2025. The outcome from the FDA decision on the Group's BLA resubmission could lead to a change in the assumptions used within the impairment assessment associated with SR-aGVHD that could cause the carrying amount of our intangible asset to exceed its recoverable amount. If the Group is unable to successfully develop our technology platforms, an impairment of the carrying amount of our intangible assets may result.

d. Provisions

		As of June 30, 2024			As of June 30, 2023		
(in U.S. dollars, in thousands)	**Notes**	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Contingent consideration		16,298	10,594	26,892	636	16,563	17,199
Employee benefits		7,436	26	7,462	2,013	49	2,062
Provision for license agreements		3,750	—	3,750	3,750	—	3,750
Provision for litigation settlements	22	17,554	—	17,554	—	—	—
		45,038	**10,620**	**55,658**	**6,399**	**16,612**	**23,011**

(i) Information about individual provisions and significant estimates

Contingent consideration

The contingent consideration provision relates to the Group’s liability for certain milestones and royalty achievements pertaining to the acquired MSC assets from Osiris. Further disclosures can be found in Note 5(g)(iii).

Employee benefits

The provision for employee benefits relates to the Group’s liability for annual leave, short term incentives, long service leave and deferred director fees.

Employee benefits include accrued annual leave. As of June 30, 2024 and 2023, the entire amount of the annual leave accrual was $1.2 million and $1.1 million respectively, and is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

Employee benefits include a provision for the Group's liability for short term incentives. As of June 30, 2024 and 2023, the provision for short term incentive incentives was $5.4 million and $0.4 million, respectively, and the provision as of June 30, 2024 of $5.4 million includes $2.4 million and $3.0 million relating to the entitlements for the years ended June 30, 2024 and 2023, respectively, given that subsequent to June 30, 2023 the conditions of achievement of the short-term incentive for year ended June 30, 2023 were modified to make it dependent on Mesoblast achieving FDA marketing authorization. In August 2024, as discussed in Note 15, the Group modified the short term incentive plan providing employees with the choice to elect into receiving an option grant in lieu of cash payment of their short term incentive

entitlements for the years ended June 30, 2024 and 2023, which have been deferred to BLA approval. The level of participation and the terms of the modification are yet to be determined at the date of this report.

(ii) Movements

The contingent consideration provision relates to the Group's liability for certain milestones and royalty achievements. Refer to Note 5(g)(iii) for movements in contingent consideration for the years ended June 30, 2024 and 2023.

e. Deferred tax balances

(i) Deferred tax balances

	As of June 30,	
(in U.S. dollars, in thousands)	**2024**	**2023**
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Tax losses	74,602	76,020
Other temporary differences	13,143	11,972
Total deferred tax assets	**87,745**	**87,992**
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Intangible assets	87,745	87,992
Total deferred tax liabilities	**87,745**	**87,992**
Net deferred tax liabilities	—	—

(ii) Movements

(in U.S. dollars, in thousands)	**Tax losses[1] (DTA)**	**Other temporary differences[1] (DTA)**	**Intangible assets (DTL)**	**Total (DTL)**
As of June 30, 2022	**80,411**	**7,831**	**(88,242)**	**—**
Credited/(charged) to:				
- profit or loss	(4,179)	4,141	250	212
- directly to equity	(212)	—	—	(212)
As of June 30, 2023	**76,020**	**11,972**	**(87,992)**	**—**
Credited/(charged) to:				
- profit or loss	(1,227)	1,171	247	191
- directly to equity	(191)	—	—	(191)
As of June 30, 2024	**74,602**	**13,143**	**(87,745)**	**—**

(1) Deferred tax assets are netted against deferred tax liabilities.

f. Deferred consideration

	As of June 30,	
(in U.S. dollars, in thousands)	**2024**	**2023**
Opening balance[1]	2,500	2,500
Amount recognized as revenue during the period	—	—
Balance as of the end of the period	**2,500**	**2,500**

(1) The $2.5 million milestone payment received in December 2019 from Grünenthal was considered constrained and resulted in deferred consideration as of June 30, 2024.

7. Equity

a. Contributed equity

(i) Share capital

	As of June 30,					
	2024	2023	2022	2024	2023	2022
	Shares No.			(U.S. dollars, in thousands)		
Contributed equity						
(i) Share capital						
Ordinary shares	1,141,784,114	814,204,825	650,454,551	1,310,813	1,249,123	1,165,309
Less: Treasury Shares	(542,903)	(542,903)	(542,903)	—	—	—
Total Contributed Equity	**1,141,241,211**	**813,661,922**	**649,911,648**	**1,310,813**	**1,249,123**	**1,165,309**

(ii) Movements in ordinary share capital

	As of June 30,					
	2024	2023	2022	2024	2023	2022
	Shares No.			(U.S. dollars, in thousands)		
Opening balance	**814,204,825**	**650,454,551**	**648,696,070**	**1,249,123**	**1,165,309**	**1,163,153**
Issues of ordinary shares during the period						
Exercise of share options[1]	—	—	—	7	—	209
Transfer to employee share trust[1]	1,072,363	—	—	—	—	—
Share based compensation for services rendered	—	—	1,758,481	—	—	1,698
Entitlement offer to existing eligible shareholders and institutional placement[2]	326,506,926	—	—	64,399	—	—
Placement of shares under a share placement agreement[3]	—	163,750,274	—	—	89,141	—
Transaction costs arising on share issue	—	—	—	(3,920)	(5,327)	21
	327,579,289	163,750,274	1,758,481	60,486	83,814	1,928
Unissued ordinary shares during the period						
Placement of shares under a share placement agreement[2]	—	—	—	1,000	—	—
	—	—	—	1,000	—	—
Total contributions of equity during the period	327,579,289	163,750,274	1,758,481	61,486	83,814	1,928
Share options reserve transferred to equity on exercise of options	—	—	—	204	—	228
Ending balance	**1,141,784,114**	**814,204,825**	**650,454,551**	**1,310,813**	**1,249,123**	**1,165,309**

(1) Options are issued to employees, directors and consultants in accordance with the Mesoblast Employee Share Option Plan. Unpaid shares are issued to the share trust to enable future option exercises to be settled. On exercise of options, the proceeds of the exercise are recorded in ordinary share capital in Mesoblast Limited and the exercise is settled by transfer of the shares from the share trust to the employee.

(2) In December 2023 and March 2024, respectively, 201,137,412 and 125,369,514 shares were issued in a 1 for 4 pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in Mesoblast Limited to existing shareholders in Australia and certain other countries together with an institutional placement of new fully paid ordinary shares in Mesoblast Limited, at A$0.30 per share. As part of the placement in March 2024, Dr. Eric Rose, the Company's Chief Medical Offer and a director of Mesoblast, subscribed for 5,039,814 shares in Mesoblast Limited at A$0.30 per share, subject to shareholder approval, and therefore the shares remain in unissued capital until the shares are issued.

(3) In August 2022, 86,666,667 shares were issued in an equity purchase of Mesoblast Limited at A$0.75 per share to existing and new institutional investors, representing a 5.00% discount to the thirty trading-day volume weighted average price. In April 2023, 77,083,607 shares were issued in an equity purchase of Mesoblast Limited at A$0.85 per share primarily to existing major shareholders, representing a 15.00% discount to the five trading-day volume weighted average price.

(iii) Movements of shares in share trust

	As of June 30			As of June 30		
	2024	2023	2022	2024	2023	2022
	Shares No.			(U.S. dollars, in thousands)		
Opening balance	542,903	542,903	771,983	—	—	—
Movement of shares in share trust						
Transfer to employee share trust[1]	1,072,363	—	—	—	—	—
Exercise of share options[1]	(1,072,363)	—	(229,080)	—	—	—
Ending balance	**542,903**	**542,903**	**542,903**	—	—	—

(1) Options are issued to employees, directors and consultants in accordance with the Mesoblast Employee Share Option Plan. Unpaid shares are issued to the share trust to enable future option exercises to be settled. On exercise of options, the proceeds of the exercise are recorded in ordinary share capital in Mesoblast Limited and the exercise is settled by transfer of the shares from the share trust to the employee.

(iv) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Group in equal proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value and the Company does not have a limited amount of authorized capital.

(v) Employee share options

Information relating to the Group’s employee share option plan, including details of shares issued under the scheme, is set out in Note 17.

b. Reserves

(i) Reserves

	As at June 30,	
(in U.S. dollars, in thousands)	2024	2023
Share-based payments reserve	106,842	101,367
Investment revaluation reserve	(1,286)	(543)
Foreign currency translation reserve	(40,222)	(40,273)
Warrants reserve	12,969	12,969
	78,303	**73,520**

(ii) Reconciliation of reserves

(in U.S. dollars, in thousands)	As at June 30,	
Share-based payments reserve	**2024**	**2023**
Opening balance	101,367	97,924
Tax credited / (debited) to equity	(191)	(212)
Transfer to ordinary shares on exercise of options	(204)	—
Share-based payment expense for the year	5,870	3,655
Closing Balance	**106,842**	**101,367**
Investment revaluation reserve		
Opening balance	(543)	(542)
Changes in the fair value of financial assets through other comprehensive income	(743)	(1)
Closing Balance	**(1,286)**	**(543)**
Foreign currency translation reserve		
Opening balance	(40,273)	(39,700)
Currency gain/(loss) on translation of foreign operations net assets	51	(573)
Closing Balance	**(40,222)**	**(40,273)**
Warrant reserve		
Opening balance	12,969	12,969
Movements during the period	—	—
Closing Balance	**12,969**	**12,969**

(iii) Nature and purpose of reserves

Share-based payment reserve

The share-based payments reserve is used to recognize:

- the fair value[(1)] of options issued but not exercised; and
- the fair value[(1)] of deferred shares granted but not yet vested.

(1) The fair value recognized is determined at the acceptance date, which is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the employee have a shared understanding of the terms and conditions of the arrangement or when they are approved by shareholders when this is required.

Foreign currency translation reserve

Exchange differences arising on translation of a foreign controlled entity are recognized in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Warrants reserve

In March 2021, the Group completed a A$138.0 million (US$110.0 million) private placement of 60,109,290 new fully-paid ordinary shares at a price of A$2.30. As part of this placement, the Group also issued one warrant for every four ordinary shares issued in the placement, which resulted in a further 15,027,327 warrants issued. Each warrant has an exercise price of A$2.88 per share and a 7 year term. The Group has a right to compel exercise of the warrants at any time, subject to the price of the Group's ordinary shares trading at least A$4.32 for 45 consecutive days on the ASX. The warrants do not confer any rights to dividends or a right to participate in a new issue without exercising the warrant. As a

result of completing the pro-rata accelerated non-renounceable rights issue in December 2023, the exercise price for the warrants was adjusted from A$2.88 per share to A$2.86 per share with effect from January 5, 2024.

The terms of the warrants include certain anti-dilution clauses, which adjust the exercise price or conversion ratio in the event of a rights issue or bonus issue. Management analyzed these clauses and determined the fixed-for-fixed requirement was still satisfied because the relative rights of shareholders and warrant holders were maintained. Therefore the warrants were classified as equity. The warrants were initially measured in equity at fair value, which was determined using a Monte Carlo simulation (refer to Note 7(b)(iv)), with the residual consideration being attributed to the ordinary shares issued in the same transaction. The warrants are not remeasured for subsequent changes in fair value.

(iv) Fair value of warrants

The warrants granted are not traded in an active market and therefore the fair value has been estimated by using the Monte Carlo pricing model based on the following assumptions. Key terms of the warrants are included above. The following assumptions were based on observable market conditions that existed at the issue date.

(in U.S. dollars, except percent data and as otherwise noted) **Assumption**	**At Issue date - March 18, 2021**	**Rationale**
Share Price	A$2.41	Closing share price on valuation date from external market source
Exercise Price[(1)]	A$2.88	As per subscription agreement
Expected Term	7 years	As per subscription agreement
Dividend Yield	0%	Based on Company's nil dividend history
Expected Volatility	66.88%	Based on historical volatility data for the Company
A$-US$ FX Spot Rate	0.7827	Closing FX rate on valuation date from the Reserve Bank of Australia historical foreign exchange rate tables
Risk Free Interest Rate	1.24%	Based on the mid-point of the Australian Government issued 5 year and 10 year bonds
Fair value per warrant	$0.863 (A$1.103)	Determined using Monte Carlo pricing models with the inputs above
Fair value	$12,968,583	Fair value of 15,027,327 warrants as at issue date

(1) As a result of completing the pro-rata accelerated non-renounceable rights issue in December 2023, the exercise price for the warrants was adjusted from A$2.88 per share to A$2.86 per share with effect from January 5, 2024.

8. Cash flow information

(in U.S. dollars, in thousands) (a) Reconciliation of cash and cash equivalents	As of June 30, 2024	 2023	 2022
Cash at bank	62,563	70,920	60,034
Deposits at call	397	398	413
	62,960	**71,318**	**60,447**

(in U.S. dollars, in thousands) (b) Reconciliation of net cash flows used in operations with loss after income tax	As of June 30, 2024	 2023	 2022
Loss for the period	(87,956)	(81,889)	(91,347)
Add/(deduct) net loss for non-cash items as follows:			
Depreciation and amortization	4,666	4,107	4,380
Foreign exchange losses/(gains)	78	62	536
Finance costs	22,792	20,122	17,288
Remeasurement of contingent consideration	9,693	(8,771)	(913)
Remeasurement of warrant liabilities	(779)	2,205	(5,896)
Equity settled share-based payment	5,870	3,655	5,536
Deferred tax benefit	(191)	(212)	(235)
Gain on derecognition of right-of-use assets	—	(76)	—
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables	(15,466)	(118)	140
Decrease/(increase) in prepayments	807	1,650	1,555
Increase/(decrease) in trade and other payables	(12,378)	(398)	4,777
Decrease/(increase) in tax incentive recoverable	1,490	(2,388)	—
Increase/(decrease) in provisions	22,916	(1,218)	(1,603)
Net cash outflows used in operations	**(48,458)**	**(63,269)**	**(65,782)**

9. Significant estimates, judgments and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgments is included in Notes 1 to 8 together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Significant estimates and judgments

The areas involving significant estimates or judgments are:

- recognition of revenue (Note 3 and Note 23(e));
- fair value of contingent liabilities and contingent purchase consideration in a business combination (Note 5(g) and 13);
- recoverable amount of goodwill and other intangible assets including in-process research and development (Note 6(c));
- useful life of intangible assets (Note 6(c));
- recognition of deferred tax assets and deferred tax liabilities (Note 4);
- fair value of share-based payments (Note 17);

- remeasurement of borrowings due to change in estimated cash flows (Note 5(f));
- recognition of pre-launch inventory costs (Note 23(f)); and
- fair value of warrant liability (Note 5(g)).

The preparation of these consolidated financial statements requires the Group to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses and related disclosures. On an ongoing basis, the Group evaluates its significant accounting policies and estimates. Estimates are based on historical experience and on various market-specific and other relevant assumptions that the Group believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

10. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – currency risk	Future commercial transactions Recognized financial assets and liabilities not denominated in the functional currency of each entity within the Group	Cash flow forecasting Sensitivity analysis	The future cash flows of each currency are forecast and the quantum of cash reserves held for each currency are managed in line with future forecasted requirements. Cross currency swaps are undertaken as required.
Market risk – interest rate risk	Term deposits at fixed rates Cash deposits at variable rates	Sensitivity analysis	Vary length of term deposits, utilize interest bearing accounts and periodically review interest rates available to ensure we earn interest at market rates.
Market risk – price risk	Long-term borrowings	Sensitivity analysis	Forecasts of net sales of the product underlying the NovaQuest borrowing arrangement are updated on a quarterly basis to evaluate the impact on the carrying amount of the financial liability.
Market risk - share price risk	Warrant liability	Sensitivity analysis	The future exercise of warrants will not impact the Group's future cash flows significantly given the warrants will be paid in shares upon exercise. Therefore there are no significant cashflow risks associated with these warrants. The Group monitors the profit or loss impact that share price movements have on the valuation of the warrant liability each period.
Credit risk	Cash and cash equivalents, trade and other receivables and other non-current assets	Aging analysis Credit ratings	Transact primarily with the best risk rated banks available in each region giving consideration to the products required, the quantum of cash reserves held and future forecasted requirements
Liquidity risk	Cash and cash equivalents, borrowings, trade payables, lease liabilities and contingent consideration	Rolling cash flow forecasts	Future cash flows requirements are forecasted and capital raising strategies are planned to ensure sufficient cash balances are maintained to meet the Group's future commitments.

a. Market risk

(i) Currency risk

The Group has foreign currency amounts owing relating to clinical, regulatory and overhead activities and foreign currency deposits held primarily in the Group's Australian based entity, whose functional currency is the A$. The Group

also has foreign currency amounts owing in the Group's Swiss and Singapore based entities, whose functional currencies are the US$. The Group also has foreign currency amounts owing in various other non-US$ currencies in A$ and US$ functional currency entities in the Group relating to clinical, regulatory and overhead activities. These foreign currency balances give rise to a currency risk, which is the risk of the exchange rate moving, in either direction, and the impact it may have on the Group's financial performance.

Currency risk is minimized by ensuring the proportion of cash reserves held in each currency matches the expected rate of spend of each currency.

As of June 30, 2024, the Group held 76% of its cash in US$, 23% in A$ and 1% in other currencies. As of June 30, 2023 the Group held 67% of its cash in US$, and 33% in A$.

The balances held at the end of the year that give rise to currency risk exposure are presented in US$ in the following table, together with a sensitivity analysis which assesses the impact that a change of +/-20% in the exchange rate as of June 30, 2024 and June 30, 2023 would have had on the Group's reported net profits/(losses) and/or equity balance. The bank balances held at the end of the year that are presented in the following table give rise to currency risk exposure as they are not in the functional currency of the entity in which it is held.

(in U.S. dollars, in thousands, unless otherwise noted) **As of June 30, 2024**	**Foreign currency balance held**	**+20%** **Profit/(Loss) US$**	**-20%** **Profit/(Loss) US$**
Bank accounts – USD	US$819	$ 164	$ (164)
Bank accounts – CHF	CHF96	$ 21	$ (21)
Bank accounts – SGD	S$62	$ 9	$ (9)
Bank accounts – EUR	EUR151	$ 32	$ (32)
Trade and other receivables - USD	US$400	$ 80	$ (80)
Trade and other receivables - SGD	S$396	$ 58	$ (58)
Trade and other receivables - CHF	CHF4	$ 1	$ (1)
Trade and other receivables - EUR	EUR175	$ 37	$ (37)
Trade payables and accruals - USD	(US$1,024)	$ (204)	$ 204
Trade payables and accruals - AUD	(A$130)	$ (17)	$ 17
Trade payables and accruals - SGD	(S$217)	$ (32)	$ 32
Trade payables and accruals - GBP	(GBP60)	$ (15)	$ 15
Trade payables and accruals - EUR	(EUR36)	$ (8)	$ 8
Trade payables and accruals - CHF	(CHF19)	$ (4)	$ 4
Provisions – USD	(US$1,750)	$ (350)	$ 350
		$ (228)	**$ 228**

(in U.S. dollars, in thousands, unless otherwise noted) As of June 30, 2023	Foreign currency balance held	+20% Profit/(Loss) US$	-20% Profit/(Loss) US$
Bank accounts – USD	US$60	$ 12	$ (12)
Bank accounts – CHF	CHF79	$ 18	$ (18)
Bank accounts – SGD	S$80	$ 12	$ (12)
Bank accounts – EUR	EUR4	$ 1	$ (1)
Trade and other receivables - USD	US$400	$ 80	$ (80)
Trade and other receivables - SGD	S$106	$ 16	$ (16)
Trade and other receivables - CHF	CHF3	$ 1	$ (1)
Trade and other receivables - EUR	EUR292	$ 63	$ (63)
Trade payables and accruals - USD	(US$1,361)	$ (272)	$ 272
Trade payables and accruals - AUD	(A$1,064)	$ (141)	$ 141
Trade payables and accruals - SGD	(S$422)	$ (62)	$ 62
Trade payables and accruals - GBP	(GBP45)	$ (11)	$ 11
Trade payables and accruals - EUR	(EUR26)	$ (6)	$ 6
Trade payables and accruals - CHF	(CHF40)	$ (9)	$ 9
Provisions – USD	(US$1,750)	$ (350)	$ 350
		$ (648)	**$ 648**

(ii) Cash flow and interest rate risk

The Group is exposed to interest rate movements which impacts interest income earned on its deposits and at call accounts. The interest rate risk is managed by spreading the maturity date of our deposits across various periods. The Group ensures that sufficient funds are available, in at call accounts, to meet the working capital requirements of the Group.

The deposits held which derive interest revenue are described in the table below, together with the maximum and minimum interest rates being earned as of June 30, 2024 and June 30, 2023. The effect on profit is shown if interest rates change by 10%, in either direction, is as follows:

	As of Jun 30, 2024			As of June 30, 2023		
(in U.S. dollars, in thousands, except percent data)	Low	High	US$	Low	High	US$
Funds invested – US$	1.84 %	1.84 %	25,123	1.79 %	1.79 %	40,569
Rate increase by 10%	2.02 %	2.02 %	46	1.97 %	1.97 %	73
Rate decrease by 10%	1.66 %	1.66 %	(46)	1.61 %	1.61 %	(73)

	As of Jun 30, 2024			As of June 30, 2023 [1]		
(in Australian dollars, in thousands, except percent data)	Low	High	A$	Low	High	A$
Funds invested – A$	3.85 %	4.86 %	22,169	3.60 %	4.59 %	35,707
Rate increase by 10%	4.24 %	5.35 %	95	3.96 %	5.05 %	143
Rate decrease by 10%	3.47 %	4.37 %	(95)	3.24 %	4.13 %	(143)

(1) A$ deposits held as of June 30, 2023 have been updated to reflect the increasing impact of higher interest rates.

(iii) Price risk

Price risk is the risk that future cash flows derived from financial instruments will be altered as a result of a market price movement, which is defined as movements other than foreign currency rates and interest rates. The Group is

exposed to price risk which arises from long-term borrowings under its facility with NovaQuest, where the timing and amounts of principal and interest payments is dependent on net sales of remestemcel-L for the treatment of SR-aGVHD in pediatric patients in the United States and other territories excluding Asia. As net sales of remestemcel-L for the treatment of SR-aGVHD in pediatric patients in these territories increase/decrease, the timing and amount of principal and interest payments relating to the financing arrangement will also fluctuate, resulting in an adjustment to the carrying amount of financial liability. The adjustment is recognized in the Consolidated Income Statement as remeasurement of borrowing arrangements within finance costs in the period the revision is made.

The exposure of the Group's borrowing to price rate changes are as follows:

	As of Jun 30, 2024		As of June 30, 2023	
(in U.S. dollars, in thousands, except percent data)	**Total**	**% of total borrowings**	**Total**	**% of total borrowings**
Financial liabilities				
Current borrowings				
Borrowings – NovaQuest	1,869	2 %	336	0 %
Non-current borrowings				
Borrowings – NovaQuest	64,562	56 %	55,739	51 %
	66,431	**58 %**	**56,075**	**51 %**

As at June 30, 2024, all other factors held constant, a +/-20% change in the forecast net sales of remestemcel-L for the treatment of SR-aGVHD in pediatric patients in the United States and other territories excluding Asia would not have a significant impact on non-current borrowings and profit.

The Group is also exposed to price risk on contingent consideration provision balances, as expected unit revenues are a significant unobservable input used in the level 3 fair value measurements. As at June 30, 2024, all other factors held constant, the increase/decrease in price assumptions adopted in the fair value measurements of the contingent consideration provision are discussed in Note 5(g)(*iv*).

The Group does not consider it has any exposure to price risk other than those already described above.

(iv) Share price risk

The Group's exposure to share price risk arises from warrant liabilities held by the Group and classified in the statement of financial position at fair value through profit or loss. The future exercise of these warrants will not impact the Group's future cash flows significantly given the warrants will be paid in shares upon exercise, therefore there are no significant cashflow risks associated with these warrants. The Group monitors the impact on profit or loss that share price movements have on the valuation of the warrant liability each period.

The table below summarizes the impact of the increase/decrease of Mesoblast's share price on the Group's profit or loss during the period, based on the assumption that the share price had increased/decreased by 10% and 10% with all other variables held constant as of June 30, 2024 and June 30, 2023 respectively.

(in U.S. dollars, in thousands)	As of June 30, 2024	As of June 30, 2023
Financial liabilities		
Warrant liability	4,647	5,426
Impact on profit or (loss)		
Share price increase by 10% (2023: 10%)	(598)	(698)
Share price decrease by 10% (2023: 10%)	587	686

b. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause financial loss to the other party. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets. The Group's receivables are tabled below.

	As of June 30,	
(in U.S. dollars, in thousands)	2024	2023
Cash and cash equivalents		
Deposits at call (Note 5(a)) - minimum A rated	397	398
Cash at bank (Note 5(a)) - minimum A rated	62,563	70,920
Trade and other receivables		
Receivable from other parties (non-rated)	1,403	2,276
Receivable from the Australian Government (Income Tax)	854	2,363
Receivable from the United States Government (U.S. tax credits)	—	1,473
Receivable from the Australian Government (Foreign Withholding Tax)	400	400
Receivable from the Australian Government (Goods and Services Tax)	126	121
Receivable from the Singapore Government (Goods and Services Tax)	292	78
Receivable from the United States Government (Foreign Withholding Tax)	71	71
Receivable from minimum A rated bank deposits (interest)	23	18
Receivable from the Swiss Government (Value-Added Tax)	5	3
Receivable from the United States Government (Income Tax)	—	—
Other non-current assets		
Minimum A rated bank deposits (held as security)	1,912	1,912

Liquidity risk

Liquidity risk is the risk that the Group will not be able to pay its debts as and when they fall due. Liquidity risk has been assessed in Note 1(*i*).

All financial liabilities, excluding contingent consideration, borrowings and lease liabilities held by the Group as of June 30, 2024 and June 30, 2023 mature within 6 months. Trade payables and contingent consideration held by the Group as of June 30, 2024 and June 30, 2023 are non-interest bearing. The total contractual cash flows associated with trade payables equate to the carrying amount disclosed within the financial statements.

As of June 30, 2024, the maturity profile of the anticipated future contractual cash flows, on an undiscounted basis and removing probability adjustments as applicable for contingent consideration, and which, therefore differs from the carrying value, is as follows:

(in U.S. dollars, in thousands)	Within 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flows	Carrying amount
Borrowings[1][2]	(15,763)	(140,716)	—	—	(156,479)	(114,345)
Trade payables	(7,071)	—	—	—	(7,071)	(7,070)
Lease liabilities	(2,819)	(1,797)	(206)	—	(4,822)	(4,578)
Contingent consideration[3]	(5,500)	(1,604)	—	—	(7,104)	(656)
	(31,153)	**(144,117)**	**(206)**	**—**	**(175,476)**	**(126,649)**

(1) Contractual cash flows include payments of principal, interest and other charges. Interest is calculated based on debt held at June 30, 2024 without taking into account drawdowns of further tranches.

(2) In relation to the contractual maturities of the NovaQuest borrowings, there is variability in the maturity profile of the anticipated future contractual cash flows given the timing and amount of payments are calculated based on our estimated net sales of remestemcel-L for the treatment of pediatric SR-aGVHD in the United States and other territories excluding Asia.

(3) In relation to the contractual maturities of the royalty payments related to contingent consideration, there is variability in the maturity profile of the anticipated future contractual cash flows given the timing and amount of payments are calculated based on our estimated net sales of remestemcel-L for the treatment of children and adults with aGVHD. Product royalties will be payable in cash which will be funded from royalties received from net sales. With respect to future milestone payments, contingent consideration will be payable in cash or shares at our discretion. The carrying amount reflects the discounted and probability adjusted contractual balance related to royalty payments.

11. Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. See Note 5(a) for the cash reserves of the Group as at the end of the financial reporting period.

12. Interests in other entities

The Group's subsidiaries as of June 30, 2024 and 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business, aside from BeiCell Ltd, which was incorporated in the Cayman Islands however operates in Hong Kong.

	Country of incorporation	Class of shares	Equity holding	
			As of June 30,	
			2024	2023
			%	%
Mesoblast, Inc.	USA	Ordinary	100	100
Mesoblast International Sàrl (includes Mesoblast International Sàrl Singapore Branch)	Switzerland	Ordinary	100	100
Mesoblast Australia Pty Ltd	Australia	Ordinary	100	100
Mesoblast UK Ltd	United Kingdom	Ordinary	100	100
BeiCell Ltd	Cayman Islands	Ordinary	100	100

13. Contingent assets and liabilities

a. Contingent assets

The Group did not have any contingent assets outstanding as of June 30, 2024 and June 30, 2023.

b. Contingent liabilities

(i) Central Adelaide Local Health Network Incorporated ("CALHNI") (formerly Medvet)

The Group acquired certain intellectual property relating to our MPCs, or Medvet IP, pursuant to an Intellectual Property Assignment Deed, or IP Deed, with Medvet Science Pty Ltd, or Medvet. Medvet's rights under the IP Deed were transferred to Central Adelaide Local Health Network Incorporated, or CALHNI, in November 2011. In connection with its use of the Medvet IP, on completion of certain milestones the Group will be obligated to pay CALHNI, as successor in interest to Medvet, (i) certain aggregated milestone payments of up to $2.2 million and single-digit royalties on net sales of products covered by the Medvet IP, for cardiac muscle and blood vessel applications and bone and cartilage regeneration and repair applications, subject to minimum annual royalties beginning in the first year of commercial sale of those products and (ii) single-digit royalties on net sales of the specified products for applications outside the specified fields.

(ii) Other contingent liabilities

The Group has entered into a number of other agreements with other third parties pertaining to intellectual property. Contingent liabilities may arise in the future if certain events or developments occur in relation to these

agreements. As of June 30, 2024, the Group has assessed these contingent liabilities to be remote and specific disclosure is not required.

14. Commitments

a. Capital commitments

The Group did not have any commitments for future capital expenditure outstanding as of June 30, 2024 and June 30, 2023.

b. Purchase commitments

In December 2019, the Group commenced production under its manufacturing service agreement with Lonza for the supply of commercial product for the potential approval and launch of remestemcel-L for the treatment of pediatric SR-aGVHD in the US market. This agreement contains lease and non-lease components. As of June 30, 2024, the agreement contains a minimum remaining financial commitment of the non-lease component of $9.1 million, payable until December 2025, which is cancellable in limited circumstances. The Group has accounted for the lease component within the agreement as a lease liability separately from the non-lease components. As of June 30, 2024, the lease component is $1.9 million on an undiscounted basis, as disclosed within the total contractual cash flows as lease liabilities in Note 10(c). At the Group's discretion, the minimum financial commitment under this manufacturing services agreement can be reduced by $4.9 million under certain conditions, with $1.0 million of this reduction relating to the lease component and $3.9 million relating to the non-lease component of the agreement.

The group have agreements with third parties related to contract manufacturing and other goods and services. As of June 30, 2024, the Group had $3.4 million of non-cancellable purchase commitments related to raw materials, manufacturing agreements and other goods and services. This amount represents our minimum contractual obligations, including termination fees. Certain agreements provide for termination rights subject to termination fees. Under such agreement, the Group are contractually obligated to make certain payments, mainly, to reimburse them for their unrecoverable outlays incurred prior to cancellation.

The Group did not have any other purchase commitments as of June 30, 2024.

15. Events occurring after the reporting period

In July 2024, the Group resubmitted it's BLA with the FDA for approval of remestemcel-L in the treatment of children with SR-aGVHD and the FDA accepted the Group's BLA resubmission and set a PDUFA goal date of January 7, 2025. Assumptions associated with SR-aGVHD are included within the impairment assessment of Osiris MSC products within in-process research and development, contingent consideration, pre-launch inventory and the NovaQuest borrowings on the consolidated balance sheet and forecast net operating cash usage.

In August 2024, the Group modified the short term incentive plan providing employees with the choice to elect into receiving an option grant in lieu of cash payment of their short term incentive entitlements for the years ended June 30, 2024 and 2023, which have been deferred to BLA approval. The level of participation and the terms of the modification are yet to be determined at the date of this report.

In August 2024, the Group announced that the consolidated class action, filed in the Federal Court in Australia in 2022, has been resolved subject to Federal Court approval and includes no admission of liability. In relation to the settlement of the class action, which was assessed as an adjusting subsequent event, the Group recognized a provision for litigation settlement as of June 30, 2024 in the consolidated balance sheet (inclusive of interest and costs), refer to Note 6(d). Given the settlement will be funded entirely by Mesoblast's insurers, the Group has also recognized an insurance asset within trade and other receivables in the consolidated balance sheet as of June 30, 2024, refer to Note 5(b).

There were no other events that have occurred after June 30, 2024 and prior to the signing of this financial report that would likely have a material impact on the financial results presented.

16. Related party transactions

a. Parent entity

The parent entity within the Group is Mesoblast Limited.

b. Subsidiaries

Details of interests in subsidiaries are disclosed in Note 12 to the financial statements.

c. Key management personnel compensation

The aggregate compensation made to Directors and other members of key management personnel ("KMP") of the Group is set out below:

	Year Ended June 30,	
(in U.S. dollars)	**2024**	**2023**
Short-term employee benefits	2,762,736	2,153,181
Long-term employee benefits	11,124	11,326
Post-employment benefits	18,900	23,935
Share based payments	1,704,995	881,342
	4,497,755	**3,069,784**

The aggregate other service payments made to Directors and other members of key management personnel of the Group is set out below:

Philip Krause has been a non-executive director of Mesoblast since March 2022. Philip Krause was appointed to a formal strategic advisory role on June 4, 2023 where he was remunerated at an hourly rate and the agreement was able to be terminated on 15 written days notice. The consulting agreement was in addition to Philip Krause's existing role as non-executive director. Philip Krause was determined not to be independent on August 28, 2023 and his director fees ceased from August 1, 2023. On October 1, 2023, Philip Krause's consulting agreement was amended, where he is now remunerated via a monthly retainer of $20,000 for strategic advisory services and his role as non-executive director and these fees are included in the table above. The agreement is ongoing, with either party able to terminate on 90 written days notice. The total aggregate fees paid to Philip Krause through the original consulting agreement for the year ended June 30, 2024 and 2023 was $220,900 and $110,383, respectively.

There were no loans or other related transactions with KMP during the financial year.

d. Transactions with other related parties

Accounts receivable from revenues, accounts payable to expenses and loans from subsidiaries as at the end of the fiscal year have been eliminated on consolidation of the Group.

e. Terms and conditions

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties.

Outstanding balances are unsecured and are repayable in cash.

17. Share-based payments

The Company has adopted an Employee Share Option Plan (“ESOP”) to foster an ownership culture within the Company and to motivate senior management and consultants to achieve performance targets. Selected directors, employees and consultants may be eligible to participate in ESOP at the absolute discretion of the board of directors, and in the case of directors, upon approval by shareholders.

Grant policy

In accordance with the Company's policy, options are typically issued in three equal tranches. The length of time from grant date to expiry date is typically 7 years.

Options issued to employees generally vest based on performance or time conditions, or both. In the year ended June 30, 2024, senior executives were issued options that vest based on performance and time conditions. These options are required to satisfy certain pre-specified performance conditions and time-based vesting conditions prior to vesting. Time-based conditions restrict vesting to a maximum of one third at 12 months, two thirds at 24 months and full grant at 36 months, but only if the pre-specified performance conditions have been met. For time-based vesting options, the first tranche typically vests 12 months after grant date, the second tranche 24 months after grant date, and the third tranche 36 months after grant date.

The exercise price is determined by reference to the Company policy. Generally the exercise price is the higher of the volume weighted average share price of the five ASX trading days up to Board approval of the grant, and the last closing price of an ordinary share on the ASX at Board approval. In the case of options that have time-based vesting conditions only, the board of directors adds a 10% premium to the market price. Options with performance based vesting conditions are issued with no premium. The board of directors' policy is not to issue options at a discount to the market price.

The aggregate number of options which may be issued pursuant to the ESOP must not exceed 10,000,000 with respect to US incentive stock options, and with respect to Australian residents, the limit imposed under the Australian Securities and Investments Commission Class Order 14/1000.

a. Reconciliation of outstanding share based payments

Series	Grant Date[(1)]	Expiry Date	Exercise Price	Opening Balance	Granted No. (during the year)	Exercised No. (during the year)	Lapsed/Forfeited* No. (during the year)	Closing Balance	Vested and exercisable No (end of year)
35a	08-Jul-20	08-Jul-23	A$2.86	1,500,000		—	(1,500,000)	—	—
36	06-Dec-16	05-Dec-23	A$1.31	533,000		—	(533,000)	—	—
36a	06-Dec-16	05-Dec-23	A$1.19	1,950,730		—	(1,950,730)	—	—
38	16-Sep-17	15-Sep-24	A$1.52	50,000		—	—	50,000	50,000
39	13-Oct-17	12-Oct-24	A$1.92	975,000		—	(160,000)	815,000	815,000
39a	13-Oct-17	12-Oct-24	A$1.74	902,425		—	—	902,425	902,425
40	24-Nov-17	23-Nov-24	A$1.39	750,000		—	—	750,000	750,000
40a	24-Nov-17	23-Nov-24	A$1.26	750,000		—	—	750,000	—
41	18-Jun-18	17-Jun-25	A$1.50	200,000		—	—	200,000	200,000
42	11-Jul-18	10-Jul-25	A$1.54	200,000		—	—	200,000	200,000
43	18-Jul-18	17-Jul-25	A$1.85	3,133,332		—	(135,000)	2,998,332	2,998,332
43b	18-Jul-18	17-Jul-25	A$1.85	350,000		—	—	350,000	350,000
45	30-Nov-18	29-Nov-25	A$1.31	590,000		—	—	590,000	590,000
46	19-Jan-19	18-Jan-26	A$1.43	3,333		—	—	3,333	3,333
47	19-Jan-19	18-Jan-26	A$1.43	150,000		—	—	150,000	150,000
48	04-Apr-19	03-Apr-26	A$1.46	300,000		—	—	300,000	300,000
49	20-Jul-19	19-Jul-26	A$1.60	3,018,669		—	(310,000)	2,708,669	2,708,669
49a	20-Jul-19	19-Jul-26	A$1.45	2,833,332		—	—	2,833,332	1,883,332
49b	20-Jul-19	19-Jul-26	A$1.45	1,346,667		—	—	1,346,667	673,334
49c	20-Jul-19	19-Jul-26	A$1.45	538,667		—	—	538,667	538,667
50	20-Jul-19	19-Jul-26	A$1.45	700,000		—	—	700,000	175,000
54	25-Nov-19	24-Nov-26	A$1.96	20,000		—	—	20,000	20,000
55	29-May-19	28-May-26	A$1.46	350,000		—	—	350,000	300,000
56	18-Nov-19	17-Nov-26	A$1.81	200,000		—	—	200,000	200,000
57	25-Nov-19	24-Nov-26	A$1.78	100,000		—	—	100,000	100,000
58	25-Nov-19	24-Nov-26	A$1.96	150,000		—	—	150,000	150,000
59	24-Jan-20	23-Jan-27	A$3.36	10,000		—	—	10,000	10,000
63	18-May-20	17-May-27	A$4.00	1,200,000		—	—	1,200,000	1,200,000

Series	Grant Date[(1)]	Expiry Date	Exercise Price	Opening Balance	Granted No. (during the year)	Exercised No. (during the year)	Lapsed/Forfeited* No. (during the year)		Closing Balance	Vested and exercisable No (end of year)
63a	18-May-20	17-May-27	A$3.63	1,200,000		—	—		1,200,000	500,000
64	16-Jul-20	15-Jul-27	A$3.73	3,253,333		—	(213,333)		3,040,000	3,040,000
64a	16-Jul-20	15-Jul-27	A$3.39	1,735,000		—	—		1,735,000	478,334
64c	16-Jul-20	15-Jul-27	A$3.39	350,000		—	—		350,000	116,666
64d	16-Jul-20	15-Jul-27	A$3.39	300,000		—	—		300,000	200,000
64e	16-Jul-20	15-Jul-27	A$3.39	1,200,000		—	—		1,200,000	720,000
66	11-Sep-20	10-Sep-27	A$4.76	200,000		—	—		200,000	100,000
68	20-Nov-20	19-Nov-27	A$3.58	200,000		—	—		200,000	200,000
69	20-Nov-20	19-Nov-27	A$3.58	100,000		—	—		100,000	100,000
71	17-Feb-21	16-Feb-28	A$2.65	250,000		—	—		250,000	250,000
72	15-Apr-21	14-Apr-28	A$2.26	200,000		—	—		200,000	200,000
74	08-Sep-21	07-Sep-28	A$1.93	3,186,333		—	(143,335)		2,929,666	1,942,003
74	08-Sep-21	07-Sep-28	A$1.93				(113,332)	*		
74a	08-Sep-21	07-Sep-28	A$1.75	3,850,000		—	—		3,850,000	1,653,334
74b	08-Sep-21	07-Sep-28	A$1.75	1,550,000		—	—		1,550,000	620,000
75	23-Dec-21	22-Dec-28	A$1.40	200,000		—	—		200,000	200,000
76	17-Oct-22	16-Oct-29	A$1.01	1,250,000		—	—		1,250,000	416,667
77	23-May-22	22-May-29	A$0.99	200,000		—	—		200,000	133,334
78	24-Aug-22	23-Aug-29	A$0.83	200,000		—	—		200,000	66,667
79	17-Oct-22	16-Oct-29	A$1.11	5,754,500		—	(30,000)		5,054,500	1,668,167
79	17-Oct-22	16-Oct-29	A$1.11				(670,000)	*		
79a	17-Oct-22	16-Oct-29	A$1.01	4,350,000		—	—		4,350,000	635,000
79b	17-Oct-22	16-Oct-29	A$1.11	225,000		—	—		225,000	75,000
79c	17-Oct-22	16-Oct-29	A$1.01	3,225,000		—	—		3,225,000	—
79d	17-Oct-22	16-Oct-29	A$1.01	1,200,000		—	—		1,200,000	390,000
80	08-Aug-22	07-Aug-29	A$0.91	100,000		—	—		100,000	100,000
81	11-Dec-20	10-Dec-27	A$4.58	100,000		—	—		100,000	100,000
82	21-Nov-22	20-Nov-29	A$1.10	100,000		—	—		100,000	33,334
83	30-Mar-23	29-Mar-30	A$1.01	150,000		—	(105,000)	*	45,000	15,000
84	30-Mar-23	29-Mar-30	A$0.92	—	600,000	—	—		600,000	100,000
85	12-Oct-23	11-Oct-30	A$0.36	—	2,493,835	—	—		2,493,835	831,279
86	12-Oct-23	11-Oct-30	A$0.36	—	1,853,889	—	—		1,853,889	617,965
87	16-Oct-23	15-Oct-30	A$0.39	—	5,459,500	—	(25,000)	*	5,434,500	—
87a	16-Oct-23	15-Oct-30	A$0.35	—	1,995,000	—	—		1,995,000	—
87b	16-Oct-23	15-Oct-30	A$0.35	—	3,160,000	—	—		3,160,000	—
87c	16-Oct-23	15-Oct-30	A$0.35	—	2,730,000	—	—		2,730,000	—
88	16-Oct-23	15-Oct-30	A$0.35	—	873,393	—	—		873,393	291,131
89	24-Oct-23	23-Oct-30	A$0.37	—	985,000	—	—		985,000	—
90	28-Feb-24	28-May-24	A$0.01	—	1,072,363	(1,072,363)	—		—	—
92	16-Oct-23	15-Oct-30	A$0.35	—	300,000	—	—		300,000	—
93	30-May-24	29-May-31	A$1.23	—	220,000	—	—		220,000	—
94	30-May-24	29-May-31	A$1.23	—	200,000	—	—		200,000	—
June 30, 2024				**57,434,321**	**21,942,980**	**(1,072,363)**	**(5,888,730)**		**72,416,208**	**31,061,973**
Weighted average share purchase price				A$1.85	A$0.38	A$0.01	A$1.79		A$1.43	A$1.98

(1) The dates presented in the grant date column represent the date on which board approval was obtained. For valuation dates per IFRS 2, refer to Note 17(c).

Series	Grant Date[1]	Expiry Date	Exercise Price	Opening Balance	Granted No. (during the year)	Exercised No. (during the year)	Lapsed/Forfeited* No. (during the year)		Closing Balance	Vested and exercisable No (end of year)
34	27-Apr-16	06-Mar-23	A$2.80	1,678,979	—	—	(1,678,979)		—	—
34b	31-Oct-16	06-Mar-23	A$2.80	200,000	—	—	(200,000)		—	—
35a	08-Jul-20	08-Jul-23	A$2.86	1,500,000	—	—	—		1,500,000	1,500,000
36	06-Dec-16	05-Dec-23	A$1.31	533,000	—	—	—		533,000	533,000
36a	06-Dec-16	05-Dec-23	A$1.19	1,950,730	—	—	—		1,950,730	1,809,064
38	16-Sep-17	15-Sep-24	A$1.54	50,000	—	—	—		50,000	50,000
38a	16-Sep-17	15-Sep-24	A$1.40	150,000	—	—	(150,000)		—	—
39	13-Oct-17	12-Oct-24	A$1.94	975,000	—	—	—		975,000	975,000
39a	13-Oct-17	12-Oct-24	A$1.76	902,425	—	—	—		902,425	902,425
40	24-Nov-17	23-Nov-24	A$1.41	750,000	—	—	—		750,000	750,000
40a	24-Nov-17	23-Nov-24	A$1.28	750,000	—	—	—		750,000	—
41	18-Jun-18	17-Jun-25	A$1.52	200,000	—	—	—		200,000	200,000
42	11-Jul-18	10-Jul-25	A$1.56	200,000	—	—	—		200,000	200,000
43	18-Jul-18	17-Jul-25	A$1.87	3,793,332	—	—	(660,000)		3,133,332	3,133,332
43b	18-Jul-18	17-Jul-25	A$1.87	350,000	—	—	—		350,000	350,000
45	30-Nov-18	29-Nov-25	A$1.33	590,000	—	—	—		590,000	590,000
46	19-Jan-19	18-Jan-26	A$1.45	3,333	—	—	—		3,333	3,333
47	19-Jan-19	18-Jan-26	A$1.45	150,000	—	—	—		150,000	150,000
48	04-Apr-19	03-Apr-26	A$1.48	300,000	—	—	—		300,000	300,000
49	20-Jul-19	19-Jul-26	A$1.62	3,098,670	—	—	(66,667)		3,018,669	3,018,669
49	20-Jul-19	19-Jul-26	A$1.62		—	—	(13,334)	*		
49a	20-Jul-19	19-Jul-26	A$1.47	3,499,998	—	—	(466,666)		2,833,332	1,883,332
49a	20-Jul-19	19-Jul-26	A$1.47		—	—	(200,000)	*		
49b	20-Jul-19	19-Jul-26	A$1.47	1,346,667	—	—	—		1,346,667	673,334
49c	20-Jul-19	19-Jul-26	A$1.47	538,667	—	—	—		538,667	538,667
50	20-Jul-19	19-Jul-26	A$1.47	700,000	—	—	—		700,000	175,000
50a	20-Jul-19	19-Jul-26	A$1.47	400,000	—	—	(400,000)	*	—	—
52	29-Aug-19	28-Aug-26	A$1.62	400,000	—	—	(400,000)		—	—
53	29-Aug-19	28-Aug-26	A$1.47	800,000	—	—	(800,000)		—	—
54	25-Nov-19	24-Nov-26	A$1.98	153,334	—	—	(133,334)		20,000	20,000
55	29-May-19	28-May-26	A$1.48	350,000	—	—	—		350,000	300,000
56	18-Nov-19	17-Nov-26	A$1.83	200,000	—	—	—		200,000	200,000
57	25-Nov-19	24-Nov-26	A$1.80	100,000	—	—	—		100,000	100,000
58	25-Nov-19	24-Nov-26	A$1.98	450,000	—	—	(200,000)		150,000	150,000
58	25-Nov-19	24-Nov-26	A$1.98		—	—	(100,000)	*		
59	24-Jan-20	23-Jan-27	A$3.38	10,000	—	—	—		10,000	10,000
63	18-May-20	17-May-27	A$4.02	1,200,000	—	—	—		1,200,000	1,200,000
63a	18-May-20	17-May-27	A$3.65	2,400,000	—	—	(800,000)		1,200,000	200,000
63a	18-May-20	17-May-27	A$3.65		—	—	(400,000)	*		
64	16-Jul-20	15-Jul-27	A$3.75	3,498,333	—	—	(176,668)		3,253,333	2,160,009
64	16-Jul-20	15-Jul-27	A$3.75		—	—	(68,332)	*		
64a	16-Jul-20	15-Jul-27	A$3.41	2,700,000	—	—	(965,000)	*	1,735,000	478,334
64c	16-Jul-20	15-Jul-27	A$3.41	350,000	—	—	—		350,000	116,666
64d	16-Jul-20	15-Jul-27	A$3.41	300,000	—	—	—		300,000	100,000
64e	16-Jul-20	15-Jul-27	A$3.41	1,200,000	—	—	—		1,200,000	720,000
65	26-Aug-20	25-Aug-27	A$5.76	5,000	—	—	(3,334)		—	—
65	26-Aug-20	25-Aug-27	A$5.76		—	—	(1,666)	*		
66	11-Sep-20	10-Sep-27	A$4.78	200,000	—	—	—		200,000	100,000
68	20-Nov-20	19-Nov-27	A$3.60	200,000	—	—	—		200,000	133,333
69	20-Nov-20	19-Nov-27	A$3.60	100,000	—	—	—		100,000	100,000
71	17-Feb-21	16-Feb-28	A$2.67	250,000	—	—	—		250,000	166,667
72	15-Apr-21	14-Apr-28	A$2.28	200,000	—	—	—		200,000	133,334

Series	Grant Date[1]	Expiry Date	Exercise Price	Opening Balance	Granted No. (during the year)	Exercised No. (during the year)	Lapsed/Forfeited* No. (during the year)	Closing Balance	Vested and exercisable No (end of year)
74	08-Sep-21	07-Sep-28	A$1.77	3,423,000	—	—	(50,001)	3,186,333	1,051,007
74	08-Sep-21	07-Sep-28	A$1.77		—	—	(186,666) *		
74a	08-Sep-21	07-Sep-28	A$1.77	4,150,000	—	—	(300,000) *	3,850,000	923,334
74b	08-Sep-21	07-Sep-28	A$1.77	1,550,000	—	—	—	1,550,000	—
74c	08-Sep-21	07-Sep-28	A$1.77	650,000	—	—	(650,000) *	—	—
75	23-Dec-21	22-Dec-28	A$1.42	200,000	—	—	—	200,000	100,000
76	17-Oct-22	16-Oct-29	A$1.03	—	1,250,000	—	—	1,250,000	—
77	23-May-22	22-May-29	A$1.01	—	200,000	—	—	200,000	66,667
78	24-Aug-22	23-Aug-29	A$0.85	—	200,000	—	—	200,000	—
79	17-Oct-22	16-Oct-29	A$1.13	—	5,844,500	—	(90,000) *	5,754,500	—
79a	17-Oct-22	16-Oct-29	A$1.03	—	4,350,000	—	—	4,350,000	—
79b	17-Oct-22	16-Oct-29	A$1.13	—	225,000	—	—	225,000	—
79c	17-Oct-22	16-Oct-29	A$1.03	—	3,225,000	—	—	3,225,000	—
79d	17-Oct-22	16-Oct-29	A$1.03	—	1,200,000	—	—	1,200,000	—
80	08-Aug-22	07-Aug-29	A$0.93	—	100,000	—	—	100,000	100,000
81	11-Dec-20	10-Dec-27	A$4.60	—	100,000	—	—	100,000	100,000
82	21-Nov-22	20-Nov-29	A$1.12	—	100,000	—	—	100,000	—
83	30-Mar-23	29-Mar-30	A$1.03	—	180,000	—	(30,000) *	150,000	—
June 30, 2023				**49,650,468**	**16,974,500**	**—**	**(9,190,647)**	**57,434,321**	**26,464,507**
Weighted average share purchase price				A$2.21	A$1.08	A$—	A$2.39	A$1.85	A$2.12

(1) The dates presented in the grant date column represent the date on which board approval was obtained. For valuation dates per IFRS 2, refer to Note 17(c).

Series	Grant Date[1]	Expiry Date	Exercise Price	Opening Balance	Granted No. (during the year)	Exercised No. (during the year)	Lapsed/Forfeited* No. (during the year)	Closing Balance	Vested and exercisable No (end of year)
32	10-Jul-15	30-Jun-22	US$4.20	1,753,334	—	—	(1,753,334)	—	—
33	26-Aug-15	16-Aug-22	A$4.05	75,000	—	—	(75,000)	—	—
34	27-Apr-16	6-Mar-23	A$2.80	1,858,979	—	—	(180,000)	1,678,979	1,678,979
34b	31-Oct-16	6-Mar-23	A$2.80	200,000	—	—	—	200,000	200,000
35a	8-Jul-20	8-Jul-23	A$2.86	1,500,000	—	—	—	1,500,000	1,500,000
36	6-Dec-16	5-Dec-23	A$1.31	623,000	—	(50,000)	(40,000)	533,000	533,000
36a	6-Dec-16	5-Dec-23	A$1.19	1,950,730	—	—	—	1,950,730	1,809,064
38	16-Sep-17	15-Sep-24	A$1.54	50,000	—	—	—	50,000	50,000
38a	16-Sep-17	15-Sep-24	A$1.40	150,000	—	—	—	150,000	150,000
39	13-Oct-17	12-Oct-24	A$1.94	1,090,000	—	—	(115,000)	975,000	975,000
39a	13-Oct-17	12-Oct-24	A$1.76	902,425	—	—	—	902,425	902,425
40	24-Nov-17	23-Nov-24	A$1.41	750,000	—	—	—	750,000	750,000
40a	24-Nov-17	23-Nov-24	A$1.28	750,000	—	—	—	750,000	—
41	18-Jun-18	17-Jun-25	A$1.52	200,000	—	—	—	200,000	200,000
42	11-Jul-18	10-Jul-25	A$1.56	200,000	—	—	—	200,000	200,000
43	18-Jul-18	17-Jul-25	A$1.87	4,201,666	—	(20,000)	(388,334)	3,793,332	3,793,332
43b	18-Jul-18	17-Jul-25	A$1.87	350,000	—	—	—	350,000	350,000
44	15-Jul-18	14-Jul-25	A$1.72	150,000	—	—	(150,000)	—	—
45	30-Nov-18	29-Nov-25	A$1.33	590,000	—	—	—	590,000	590,000
46	19-Jan-19	18-Jan-26	A$1.45	3,333	—	—	—	3,333	3,333
47	19-Jan-19	18-Jan-26	A$1.45	150,000	—	—	—	150,000	150,000
48	4-Apr-19	3-Apr-26	A$1.48	300,000	—	—	—	300,000	300,000
49	20-Jul-19	19-Jul-26	A$1.62	3,638,671	—	(113,334)	(277,999)	3,098,670	1,940,654

Series	Grant Date[1]	Expiry Date	Exercise Price	Opening Balance	Granted No. (during the year)	Exercised No. (during the year)	Lapsed/Forfeited* No. (during the year)	Closing Balance	Vested and exercisable No (end of year)
49	20-Jul-19	19-Jul-26	A$1.62		—		(148,668) *		
49a	20-Jul-19	19-Jul-26	A$1.47	3,999,998	—	—	(333,334)	3,499,998	1,316,665
49a	20-Jul-19	19-Jul-26	A$1.47		—		(166,666) *		
49b	20-Jul-19	19-Jul-26	A$1.47	1,346,667	—	—	—	1,346,667	673,334
49c	20-Jul-19	19-Jul-26	A$1.47	538,667	—	—	—	538,667	359,112
50	20-Jul-19	19-Jul-26	A$1.47	700,000	—	—	—	700,000	—
50a	20-Jul-19	19-Jul-26	A$1.47	400,000	—	—	—	400,000	—
51	29-Aug-19	28-Aug-26	A$1.47	150,000	—	—	(150,000) *	—	—
52	29-Aug-19	28-Aug-26	A$1.62	400,000	—	—	—	400,000	266,666
53	29-Aug-19	28-Aug-26	A$1.47	800,000	—	—	—	800,000	533,334
54	25-Nov-19	24-Nov-26	A$1.98	295,000	—	—	(25,000)	153,334	146,668
54	25-Nov-19	24-Nov-26	A$1.98		—		(116,666) *		
55	29-May-19	28-May-26	A$1.48	350,000	—	—	—	350,000	300,000
56	18-Nov-19	17-Nov-26	A$1.83	200,000	—	—	—	200,000	133,332
57	25-Nov-19	24-Nov-26	A$1.80	100,000	—	—	—	100,000	100,000
58	25-Nov-19	24-Nov-26	A$1.98	450,000	—	—	—	450,000	300,000
59	24-Jan-20	23-Jan-27	A$3.38	10,000	—	—	—	10,000	10,000
61	17-Apr-20	16-Apr-27	A$2.51	50,000	—	—	(16,666)	—	—
61	17-Apr-20	16-Apr-27	A$2.51		—		(33,334) *		
63	18-May-20	17-May-27	A$4.02	1,200,000	—	—	—	1,200,000	800,000
63a	18-May-20	17-May-27	A$3.65	2,400,000	—	—	—	2,400,000	400,000
64	16-Jul-20	15-Jul-27	A$3.75	4,280,000	—	—	(225,003)	3,498,333	1,201,676
64	16-Jul-20	15-Jul-27	A$3.75				(556,664) *		
64a	16-Jul-20	15-Jul-27	A$3.41	3,050,000	—	—	(350,000) *	2,700,000	133,334
64b	16-Jul-20	15-Jul-27	A$3.41	325,000	—	—	(325,000) *	—	—
64c	16-Jul-20	15-Jul-27	A$3.41	350,000	—	—	—	350,000	—
64d	16-Jul-20	15-Jul-27	A$3.41	300,000	—	—	—	300,000	—
64e	16-Jul-20	15-Jul-27	A$3.41	1,200,000	—	—	—	1,200,000	—
65	26-Aug-20	25-Aug-27	A$5.76	5,000	—	—	—	5,000	1,667
66	11-Sep-20	10-Sep-27	A$4.78	200,000	—	—	—	200,000	100,000
67	8-Oct-20	7-Oct-27	A$3.84	200,000	—	—	(66,667)	—	—
67	8-Oct-20	7-Oct-27	A$3.84		—		(133,333) *		
68	20-Nov-20	19-Nov-27	A$3.60	200,000	—	—	—	200,000	66,666
69	20-Nov-20	19-Nov-27	A$3.60	100,000	—	—	—	100,000	100,000
71	17-Feb-21	16-Feb-28	A$2.67	250,000	—	—	—	250,000	—
72	15-Apr-21	14-Apr-28	A$2.28	—	200,000	—	—	200,000	66,667
73	30-Jun-21	30-Aug-21	A$—	45,746	—	(45,746)	—	—	—
74	08-Sep-21	07-Sep-28	A$1.77	—	3,973,000	—	(550,000) *	3,423,000	—
74a	08-Sep-21	07-Sep-28	A$1.77	—	4,150,000	—	—	4,150,000	—
74b	08-Sep-21	07-Sep-28	A$1.77	—	1,550,000	—	—	1,550,000	—
74c	08-Sep-21	07-Sep-28	A$1.77	—	650,000	—	—	650,000	—
75	23-Dec-21	22-Dec-28	A$1.42	—	200,000	—	—	200,000	—
June 30, 2022				**45,333,216**	**10,723,000**	**(229,080)**	**(6,176,668)**	**49,650,468**	**23,084,908**
Weighted average share purchase price				A$2.42	A$1.77	A$1.25	A$2.99	A$2.21	A$2.06

(1) The dates presented in the grant date column represent the date on which board approval was obtained. For valuation dates per IFRS 2, refer to Note 17(c).

The weighted average share price at the date of exercise of options exercised during the years ended June 30, 2024, 2023 and 2022 were A$0.93, N/A and A$1.82 respectively. The weighted average remaining contractual life of share options outstanding as of June 30, 2024, 2023 and 2022 were 4.24 years, 4.13 years and 4.16 years, respectively.

b. Existing share-based payment arrangements

General terms and conditions attached to share based payments

Share options pursuant to the employee share option plan are generally granted in three equal tranches. The length of time from grant date to expiry date is typically seven years. Vesting occurs based on achievement of performance conditions and/or progressively over the life of the option with the first tranche vesting one year from grant date, the second tranche two years from grant date, and the third tranche three years from grant date. On cessation of employment the Company's board of directors determines if a leaver is a bad leaver or not. If a participant is deemed a bad leaver, all rights, entitlements and interests in any unexercised options held by the participant will be forfeited and will lapse immediately. If a leaver is not a bad leaver they may retain vested options, however, they must be exercised within 60 days of cessation of employment (or within a longer period if so determined by the Company's board of directors), after which time they will lapse. Unvested options will normally be forfeited and lapse.

This policy applies to all issues shown in the above table with the exception of the following:

35a	Additional incentive rights granted pursuant to the Amendment Deed of the Equity Facility Agreement with Kentgrove Capital, dated July 30, 2019, had fully vested on the agreement date and will expire thirty six months after the date of the issue of the incentive right.
36a	Options were granted in two or three equal tranches and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives.
49a, 49b, 50, 50a, 53, 64b, 64c, 64d, 64e, 71, 74a, 74b, 74c, 79c, 84, 87a, 89, 94	Options were granted in two or three equal tranches and are required to satisfy certain pre-specified performance conditions and time-based vesting conditions prior to vesting. Time-based conditions restrict vesting to a maximum of one third at 12 months, two thirds at 24 months and full grant at 36 months, but only if the pre-specified performance conditions have been met.
38a, 40a, 57 & 66	Options were granted in one tranche and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives.
39a	Options were granted in one or two equal tranches and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives.
51 & 75	Options were granted in two equal tranches and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives.
55	Options were granted in five tranches and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives.
63a	Options were granted in three or eight tranches and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives. Time-based conditions restrict vesting to a maximum of one third at 12 months, two thirds at 24 months and full grant at 36 months, but only if the pre-specified performance conditions have been met.
64a	Options were granted in one, two, three or five tranches and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives. Time-based conditions restrict vesting to a maximum of one third at 12 months, two thirds at 24 months and full grant at 36 months, but only if the pre-specified performance conditions have been met.
69, 73, 80, 81 & 90	Options were granted in one tranche and vested on the date on which board approval was obtained

79a, 79d	Options were granted in two, three, four or five tranches and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives. Time-based conditions restrict vesting to a maximum of one third at 12 months, two thirds at 24 months and full grant at 36 months, but only if the pre-specified performance conditions have been met.
85, 86, 88, 93	Options were granted in three equal tranches and are required to satisfy time-based vesting conditions. Time-based conditions restrict vesting to a maximum of one third at 6 months, two thirds at 9 months and full grant at 12 months.
87c	Options were granted in three tranches and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives. Time-based conditions restrict vesting to a maximum of one third at 12 months, two thirds at 24 months and full grant at 36 months, but only if the pre-specified performance conditions have been met.
87b	Options were granted in four or five tranches and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives. Time-based conditions restrict vesting to a maximum of one third at 12 months, two thirds at 24 months and full grant at 36 months, but only if the pre-specified performance conditions have been met.
92	Options were granted in four tranches and will vest on the date that the option holder has direct involvement (to the reasonable satisfaction of the Company's board of directors) in the Company achieving certain confidential commercial objectives. Time-based conditions restrict vesting to a maximum of one third at 12 months, two thirds at 24 months and full grant at 36 months, but only if the pre-specified performance conditions have been met.

Modifications to share-based payment arrangements

During the year ended June 30, 2024, as a result of a 1 for 4 pro-rata accelerated non-renounceable entitlement offer to existing eligible shareholders in December 2023, the exercise price of all outstanding options at the time was reduced by A$0.02 per option subject to the ESOP plan under clause 8.3. There were no further modifications made to share-based payment arrangements during the years ended June 30, 2024, June 30, 2023, and June 30, 2022.

c. Fair values of share based payments

The weighted average fair value of share options granted during the years ended June 30, 2024, 2023 and 2022 were A$0.39, A$0.66 and A$0.56, respectively.

The fair value of all shared-based payments made has been calculated using the Black-Scholes model. This model requires the following inputs:

Share price at acceptance date

The share price used in valuation is the share price at the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the employee have a shared understanding of the terms and conditions of the arrangement or at shareholder approval date where this approval is required. This price is generally the volume weighted average share price for the five trading days leading up to the date.

Exercise price

The exercise price is a known value that is contained in the agreements.

Share price volatility

The model requires the Company's share price volatility to be measured. In estimating the expected volatility of the underlying shares our objective is to approximate the expectations that would be reflected in a current market or negotiated exchange price for the option. Historical volatility data is considered in determining expected future volatility.

Life of the option

The life is generally the time period from grant date through to expiry. Certain assumptions have been made regarding "early exercise" i.e. options exercised ahead of the expiry date. These assumptions have been based on historical trends for option exercises within the Company and take into consideration exercise trends that are also evident as a result of local taxation laws.

Dividend yield

The Company has yet to pay a dividend so it has been assumed the dividend yield on the shares underlying the options will be 0%.

Risk free interest rate

This has been sourced from the Reserve Bank of Australia historical interest rate tables for government bonds.

Model inputs

The model inputs for the valuations of options approved and granted during the year ended June 30, 2024 are as follows:

Series	Valuation date[1]	Exercise price per share A$	Share price at valuation date A$	Expected share price volatility	Life[2]	Dividend yield	Risk-free interest rate
84	31-Jul-23	0.92	1.18	64.95%	6.1 yrs	0%	3.84%
85	28-Nov-23	0.36	0.39	69.82%	6.3 yrs	0%	4.21%
86	28-Nov-23	0.36	0.39	69.82%	6.3 yrs	0%	4.21%
87	09-Jan-24	0.39	0.29	70.10%	6.2 yrs	0%	3.79%
87a	03-Jun-24	0.35	1.17	72.84%	5.8 yrs	0%	4.07%
87b	12-Jan-24	0.35	0.29	70.07%	6.1 yrs	0%	3.74%
87c[3]	30-Jun-24	0.35	0.99	72.72%	5.7 yrs	0%	4.08%
88	15-Nov-23	0.35	0.37	69.82%	6.3 yrs	0%	4.23%
89	28-Nov-23	0.37	0.39	69.82%	6.3 yrs	0%	4.21%
90	28-Feb-24	0.01	0.30	69.97%	0.2 yrs	0%	3.80%
92	11-Apr-24	0.35	0.89	72.66%	5.9 yrs	0%	3.90%
93	03-Jun-24	1.23	1.17	72.84%	6.4 yrs	0%	4.07%
94[3]	30-Jun-24	1.23	0.99	72.72%	6.3 yrs	0%	4.08%

(1) Valuation date is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the employee have a shared understanding of the terms and conditions of the arrangement.

(2) Expected life after factoring likely early exercise.

(3) Fair value estimated at June 30, 2024 as the valuation date under AASB2 has not been met as of June 30, 2024.

The closing share market price of an ordinary share of Mesoblast Limited on the ASX as of June 30, 2024 was A$0.99.

The model inputs for the valuations of options approved and granted during the year ended June 30, 2023 are as follows:

Series	Valuation date[1]	Exercise price per share A$	Share price at valuation date A$	Expected share price volatility	Life[2]	Dividend yield	Risk-free interest rate
76	23-Nov-22	1.03	0.99	65.37%	6.3 yrs	0%	3.38%
77	23-Nov-22	1.01	0.99	65.37%	5.9 yrs	0%	3.38%
78	23-Nov-22	0.85	0.99	65.37%	6.1 yrs	0%	3.38%
79	09-Dec-22	1.13	1.04	65.43%	6.2 yrs	0%	3.11%
79a	21-Jun-23	1.03	1.18	65.04%	5.8 yrs	0%	3.88%
79b	16-Mar-23	1.13	0.97	65.29%	6.0 yrs	0%	2.99%
79c	23-Nov-22	1.03	0.99	65.37%	6.3 yrs	0%	3.38%
79d	07-Jul-23	1.01	1.15	64.98%	5.7 yrs	0%	4.19%
80	18-Nov-22	0.93	0.95	65.35%	6.1 yrs	0%	3.35%
81	18-Nov-22	4.60	0.95	65.35%	4.6 yrs	0%	3.35%
82	30-Dec-22	1.12	0.89	65.31%	6.3 yrs	0%	3.70%
83	06-Apr-23	1.03	0.97	65.17%	6.4 yrs	0%	2.90%

(1) Valuation date is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the employee have a shared understanding of the terms and conditions of the arrangement.

(2) Expected life after factoring likely early exercise.

The closing share market price of an ordinary share of Mesoblast Limited on the ASX as of June 30, 2023 was A$1.14.

The model inputs for the valuations of options approved and granted during the year ended June 30, 2022 are as follows:

Series	Valuation date[1]	Exercise price per share A$	Share price at valuation date A$	Expected share price volatility	Life[2]	Dividend yield	Risk-free interest rate
72	05-May-21	2.28	1.94	66.62%	6.3 yrs	0%	0.69%
74	10-Nov-21	1.95	1.69	65.85%	6.2 yrs	0%	1.31%
74a	07-Nov-22	1.77	0.93	65.41%	5.3 yrs	0%	3.55%
74b	07-Nov-22	1.77	0.93	65.41%	5.3 yrs	0%	3.55%
74c	15-Feb-22	1.77	1.16	65.89%	5.9 yrs	0%	1.91%
75	17-Mar-22	1.42	1.21	65.98%	6.1 yrs	0%	2.18%

(1) Valuation date is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the employee have a shared understanding of the terms and conditions of the arrangement.

(2) Expected life after factoring likely early exercise.

The closing share market price of an ordinary share of Mesoblast Limited on the ASX as of June 30, 2022 was A$0.61.

18. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Year Ended June 30,		
(in U.S. dollars)	**2024**	**2023**	**2022**
a. PricewaterhouseCoopers Australia			
Audit and other assurance services			
Audit and review of financial reports	623,605	669,603	745,021
Other audit services[(1)]	33,180	180,339	67,238
Total remuneration of PricewaterhouseCoopers Australia	**656,785**	**849,942**	**812,259**
b. Network firms of PricewaterhouseCoopers Australia			
Audit and other assurance services			
Audit and review of financial reports	65,722	144,864	133,309
Total remuneration of Network firms of PricewaterhouseCoopers Australia	**65,722**	**144,864**	**133,309**
Total auditors' remuneration[(2)]	**722,507**	**994,806**	**945,568**

(1) Other audit services relates to services performed in connection with the filing of registration statements on the Form F-3.

(2) All services provided are considered audit fees for the purpose of SEC classification.

19. Losses per share

	Years Ended June 30,		
	2024	2023	2022
(Losses) per share			
(in cents)			
(a) Basic (losses) per share			
From continuing operations attributable to the ordinary equity holders of the company	(8.91)	(10.53)	(13.38)
Total basic (losses) per share attributable to the ordinary equity holders of the company	**(8.91)**	**(10.53)**	**(13.38)**
(b) Diluted (losses) per share			
From continuing operations attributable to the ordinary equity holders of the company	(8.91)	(10.53)	(13.38)
Total basic (losses) per share attributable to the ordinary equity holders of the company	**(8.91)**	**(10.53)**	**(13.38)**
(c) Reconciliation of (losses) used in calculating (losses) per share			
(in U.S. dollars, in thousands)			
Basic (losses) per share			
(Losses) attributable to the ordinary equity holders of the company used in calculating basic (losses) per share:			
From continuing operations	(87,956)	(81,889)	(91,347)
Diluted (losses) per share			
(Losses) from continuing operations attributable to the ordinary equity holders of the company:			
Used in calculating basic (losses) per share	(87,956)	(81,889)	(91,347)
(Losses) attributable to the ordinary equity holders of the company used in calculating diluted losses per share	(87,956)	(81,889)	(91,347)

	2024 Number	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic losses per share	986,702,919	777,719,091	682,861,425
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted losses per share	986,702,919	777,719,091	682,861,425

Options granted to employees and warrants (see Note 17) are considered to be potential ordinary shares. These securities have been excluded from the determination of basic losses per shares in the years ended June 30, 2024, 2023 and 2022. Shares that may be paid as contingent consideration have also been excluded from basic losses per share. They have also been excluded from the calculation of diluted losses per share because they are anti-dilutive for the years ended June 30, 2024, 2023 and 2022.

The calculations for the years ended June 30, 2023 and 2022 have been adjusted to reflect the bonus element in the entitlement offer to existing eligible shareholders which occurred during December 2023.

20. Parent entity financial information

a. Summary financial information

The parent entity financial information disclosure is an Australian Disclosure Requirement as required by *Corporations Regulations 2001*. The individual financial statements for the parent entity show the following aggregate amounts:

	As of June 30,	
(in U.S. dollars, in thousands)	**2024**	**2023**
Balance Sheet		
Current Assets	37,166	28,850
Total Assets	**958,323**	**890,120**
Current Liabilities	30,709	11,941
Total Liabilities	**33,358**	**15,282**
Shareholders' Equity		
Issued Capital	1,310,813	1,249,123
Reserves		
Foreign Currency Translation Reserve	(261,745)	(261,377)
Share Options Reserve	91,940	86,274
Warrant Reserve	12,969	12,969
(Accumulated losses)/retained earnings	(229,012)	(212,165)
	924,965	**874,824**
Loss for the period	**(16,847)**	**(18,848)**
Total comprehensive loss for the period	**(16,847)**	**(18,848)**

b. Contingent liabilities of the parent entity

(i) Central Adelaide Local Health Network Incorporated ("CALHNI") (formerly Medvet)

Mesoblast Limited acquired certain intellectual property relating to our MPCs, or Medvet IP, pursuant to an Intellectual Property Assignment Deed, or IP Deed, with Medvet Science Pty Ltd, or Medvet. Medvet's rights under the IP Deed were transferred to Central Adelaide Local Health Network Incorporated, or CALHNI, in November 2011. In connection with its use of the Medvet IP, on completion of certain milestones Mesoblast Limited will be obligated to pay CALHNI, as successor in interest to Medvet, (i) certain aggregated milestone payments of up to $2.2 million and single-digit royalties on net sales of products covered by the Medvet IP, for cardiac muscle and blood vessel applications and bone and cartilage regeneration and repair applications, subject to minimum annual royalties beginning in the first year of commercial sale of those products and (ii) single-digit royalties on net sales of the specified products for applications outside the specified fields.

21. Segment information

Operating segments are identified on the basis of whether the allocation of resources and/or the assessment of performance of a particular component of the Company's activities are regularly reviewed by the Company's chief operating decision maker as a separate operating segment. By these criteria, the activities of the Company are considered to be one segment being the development of cell technology platform for commercialization, and the segmental analysis is the same as the analysis for the Company as a whole. The chief operating decision maker (Chief Executive Officer) reviews the consolidated income statement, consolidated balance sheet, and statement of cash flows regularly to make decisions about the Company's resources and to assess overall performance.

22. Legal proceedings

A class action proceeding in the Federal Court of Australia was served on the Company in May 2022 by the law firm William Roberts Lawyers on behalf of persons who, between February 22, 2018, and December 17, 2020, acquired an interest in Mesoblast shares, American Depository Receipts, and/or related equity swap arrangements. In June 2022, the firm Phi Finney McDonald commenced a second shareholder class action against the Company in the Federal Court of Australia asserting similar claims arising during the same period. The Australian class actions relate to the Complete Response Letter released by the FDA in September 2020 in relation to the Company's GvHD product candidate; they also relate to certain representations made by the Company in relation to our COVID-19 product candidate and the decline in the market price of the Company's ordinary shares in December 2020. The Australian class actions have been consolidated into one lawsuit. On August 21, 2024, the Company announced that the class action had been resolved subject to Federal Court approval and includes no admission of liability. In relation to the settlement of the class action, which was assessed as an adjusting subsequent event, the Group recognized a provision for litigation settlement as of June 30, 2024 in the consolidated balance sheet (inclusive of interest and costs), refer to Note 6(d). Given the settlement will be funded entirely by Mesoblast's insurers, the Group has also recognized an insurance asset within trade and other receivables in the consolidated balance sheet as of June 30, 2024, refer to Note 5(b)*(i)*.

23. Summary of material accounting policies

This note provides the principal accounting policies adopted in the preparation of these consolidated financial statements as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Mesoblast Limited and its subsidiaries.

a. Change in accounting policies

There were no new accounting policies adopted by the Group that materially impacted the Group in the year ended June 30, 2024.

b. Principles of consolidation

i. Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mesoblast Limited (“Company” or “Parent Entity”) as of June 30, 2024 and the results of all subsidiaries for the year then ended. Mesoblast Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii. Employee share trust

The Group has formed a trust to administer the Group’s employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

c. Segment reporting

The Group operates in one segment as set out in Note 21.

d. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Mesoblast Limited is A$. The consolidated financial statements are presented in US$, which is the Group's presentation currency.

(ii) Translations and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in net loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in net loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets at fair value are recognized in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for the consolidated balance sheets presented are translated at the closing rate at the date of that consolidated balance sheets;
- income and expenses for the statements of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

(iv) Other

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to net loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

e. Revenue recognition

Revenue from contracts with customers is measured and recognized in accordance with the five step model prescribed by IFRS 15 *Revenue from Contracts with Customers*.

First, contracts with customers within the scope of IFRS 15 are identified. Distinct promises within the contract are identified as performance obligations. The transaction price of the contract is measured based on the amount of consideration the Group expect to be entitled from the customer in exchange for goods or services. Factors such as requirements around variable consideration, significant financing components, noncash consideration, or amounts payable to customers also determine the transaction price. The transaction is then allocated to separate performance obligations in the contract based on relative standalone selling prices. Revenue is recognized when, or as, performance obligations are satisfied, which is when control of the promised good or service is transferred to the customer.

Revenues from contracts with customers comprise commercialization and milestone revenue.

(i) Commercialization and milestone revenue

Commercialization and milestone revenue generally includes non-refundable upfront license and collaboration fees; milestone payments, the receipt of which is dependent upon the achievement of certain clinical, regulatory or commercial milestones; as well as royalties on product sales of licensed products, if and when such product sales occur; and revenue from the supply of products. Payment is generally due on standard terms of 30 to 60 days.

Amounts received prior to satisfying the revenue recognition criteria are recorded as deferred revenue or deferred consideration in our consolidated balance sheets, depending on the nature of arrangement. Amounts expected to be recognized as revenue within the 12 months following the consolidated balance sheet date are classified within current liabilities. Amounts not expected to be recognized as revenue within the 12 months following the consolidated balance sheet date are classified within non-current liabilities.

Milestone revenue

The Group applies the five-step method under the standard to measure and recognize milestone revenue.

The receipt of milestone payments is often contingent on meeting certain clinical, regulatory or commercial targets, and is therefore considered variable consideration. The Group estimate the transaction price of the contingent milestone using the most likely amount method. The Group include in the transaction price some or all of the amount of the contingent milestone only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the contingent milestone is subsequently resolved. Milestone payments that are not within the control of the Company, such as regulatory approvals, are not considered highly probable of being achieved until those approvals are received. Any changes in the transaction price are allocated to all performance obligations in the contract unless the variable consideration relates only to one or more, but not all, of the performance obligations.

When consideration for milestones is a sale-based or usage-based royalty that arises from licenses of IP (such as cumulative net sales targets), revenue is recognized at the later of when (or as) the subsequent sale or usage occurs, or when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Licenses of intellectual property

When licenses of IP are distinct from other goods or services promised in the contract, the Group recognize the transaction price allocated to the license as revenue upon transfer of control of the license to the customer. The Group evaluate all other promised goods or services in the license agreement to determine if they are distinct. If they are not distinct, they are combined with other promised goods or services to create a bundle of promised goods or services that is distinct.

The transaction price allocated to the license performance obligation is recognized based on the nature of the license arrangement. The transaction price is recognized over time if the nature of the license is a “right to access” license. This is when the Group undertake activities that significantly affect the IP to which the customer has rights, the rights granted by the license directly expose the customer to any positive or negative effects of our activities, and those activities do not result in the transfer of a good or service to the customer as those activities occur. When licenses do not meet the criteria to be a right to access license, the license is a “right to use” license, and the transaction price is recognized at the point in time when the customer obtains control over the license.

Sales-based or usage-based royalties

Licenses of IP can include royalties that are based on the customer’s usage of the IP or sale of products that contain the IP. The Group apply the specific exception to the general requirements of variable consideration and the constraint on variable consideration for sales-based or usage-based royalties promised in a license of IP. The exception requires such revenue to be recognized at the later of when (or as) the subsequent sale or usage occurs and the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Grünenthal arrangement

In September 2019, the Group entered into a strategic partnership with Grünenthal for the development and commercialization in Europe and Latin America of the Group's allogeneic mesenchymal precursor cell ("MPC") product, MPC-06-ID, receiving exclusive rights to the Phase 3 allogeneic product candidate for the treatment of low back pain due to degenerative disc disease.

The Group received a non-refundable upfront payment of $15.0 million in October 2019, on signing of the contract with Grünenthal. The Group received a milestone payment in December 2019 of $2.5 million in relation to meeting a milestone event as part of the strategic partnership with Grünenthal.

In June 2022, the Group amended the strategic partnership with Grünenthal and is eligible to receive payments up to US$112.5 million prior to product launch, inclusive of US$17.5 million already received, if certain clinical and regulatory milestones are satisfied and reimbursement targets are achieved. Cumulative milestone payments could reach US$1 billion depending on the final outcome of Phase 3 studies and patient adoption. The Group will also receive tiered double-digit royalties on product sales as per the original agreement.

The $2.5 million milestone payment received in December 2019 from Grünenthal was considered deferred consideration as of June 30, 2024, as the performance obligation has not been met. There was no milestone revenue recognized in relation to this strategic partnership with Grünenthal in the years ended June 30, 2024, 2023 and 2022.

Tasly arrangement

In July 2018, the Group entered into a strategic alliance with Tasly Pharmaceutical Group ("Tasly") for the development, manufacture and commercialization in China of the Group's allogeneic MPC products, MPC-150-IM and MPC-25-IC. Tasly received all exclusive rights for MPC-150-IM and MPC-25-IC in China and Tasly will fund all development, manufacturing and commercialization activities in China.

The Group received a $20.0 million upfront technology access fee from Tasly upon closing of this strategic alliance in October 2018. The Group recognized $10.0 million from this $20.0 million up-front technology access fee at closing in October 2018 and the remaining $10.0 million was recognized in revenue in February 2020. The Group is also entitled to receive $25.0 million on product regulatory approvals in China, double-digit escalating royalties on net product sales and up to six escalating milestone payments when the product candidates reach certain sales thresholds in China.

For the years ended June 30, 2024, 2023 and 2022, no revenue was recognized in relation to this strategic alliance with Tasly.

TiGenix arrangement

In December 2017, the Group entered into a patent license agreement with TiGenix NV ("TiGenix"), now a wholly owned subsidiary of Takeda Pharmaceutical Company Limited ("Takeda"), which granted Takeda exclusive access to certain of our patents to support global commercialization of the adipose-derived MSC product, Alofisel® a registered trademark of TiGenix, previously known as Cx601, for the local treatment of fistulae. The agreement includes the right for Takeda to grant sub-licenses to affiliates and third parties.

As part of the agreement, the Group received $5.9 million (€5.0 million) before withholding tax as a non-refundable up-front payment, a further payment of $5.9 million (€5.0 million) before withholding tax 12 months after the patent license agreement date, and a further $1.2 million (€1.0 million) product regulatory milestone payment in the year ended June 30, 2022. The Group is entitled to further payments up to €9.0 million when Takeda reaches certain product regulatory milestones. Additionally, the Group receive single digit royalties on net sales of Alofisel®.

In the years ended June 30, 2024, 2023 and 2022, the Group earned $0.4 million, $0.4 million and $0.3 million, respectively, of royalty income on sales of Alofisel® by our licensee Takeda.

No milestone revenue was recognized in the years ended June 30, 2024 and 2023 in relation to the Group's patent license agreement with Takeda entered into in December 2017. In the year ended June 30, 2022, $1.2 million milestone revenue was recognized with regards to the €1.0 million regulatory milestone payment receivable from Takeda given Takeda received approval to manufacture and market Alofisel® (darvadstrocel) in Japan for the treatment of complex perianal fistulas in patients with non-active or mildly active luminal Crohn's Disease.

JCR arrangement

In October 2013, the Group acquired all of the culture-expanded, MSC-based assets from Osiris. These assets included assumption of a collaboration agreement with JCR, a research and development oriented pharmaceutical company in Japan. Revenue recognized under this agreement is limited to the amount of cash received or for which the Group is entitled, as JCR has the right to terminate the agreement at any time.

Under the JCR Agreement, JCR is responsible for all development and manufacturing costs including sales and marketing expenses. Under the JCR Agreement, JCR has the right to develop our MSCs in two fields for the Japanese market: exclusive in conjunction with the treatment of hematological malignancies by the use of hematopoietic stem cells derived from peripheral blood, cord blood or bone marrow, or the First JCR Field; and non-exclusive for developing assays that use liver cells for non-clinical drug screening and evaluation, or the Second JCR Field. With respect to the First JCR Field, the Group are entitled to payments when JCR reaches certain commercial milestones and to escalating double-digit royalties in the twenties. These royalties are subject to possible renegotiation downward in the event of competition from non-infringing products in Japan. With respect to the Second JCR Field, the Group are entitled to an approximately 50% profit share. The Group expanded our partnership with JCR in Japan for two new indications: for wound healing in patients with Epidermolysis Bullosa (“EB”) in October 2018, and for neonatal hypoxic ischemic encephalopathy (“HIE”), a condition suffered by newborns who lack sufficient blood supply and oxygen to the brain, in June 2019. The Group will receive royalties on TEMCELL product sales for licensed indications, if and when JCR begins selling TEMCELL for such indications in Japan. The Group applies the sales-based and usage-based royalty exception for licenses of intellectual property and therefore recognizes royalty revenue at the later of when the subsequent sale or usage occurs and the associated performance obligation has been satisfied.

In the years ended June 30, 2024, 2023 and 2022, the Group recognized $5.5 million, $7.1 million, and $8.7 million in commercialization revenue, respectively, relating to royalty income earned on sales of TEMCELL in Japan by our licensee JCR. These amounts were recorded in revenue as there are no further performance obligations required in regards to these items.

(ii) Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

(iii) Research and development tax incentive

Tax incentives comprise payments from the Australian government’s Innovation Australia Research and Development Tax Incentive program for research and development activities conducted in relation to our qualifying research that meets the regulatory criteria. The research and development tax incentive credit is available for the Group's research and development activities in Australia. Eligible companies can receive a refundable tax offset for a percentage of their research and development spending.

The research and development tax incentive credit is available for the Group’s research and development activities in Australia as well as research and development activities outside of Australia to the extent such non-Australian based activities relate to intellectual property owned by our Australian resident entities do not exceed half the expenses for the relevant activities and are approved by the Australian government. Eligible companies can receive a refundable tax offset for a percentage of their research and development spending. In October 2020, the Australian Government introduced new legislation for the tax offset applicable to eligible companies for income tax years commencing from July 1, 2021. Per the new legislation, the tax offset for companies with an aggregated turnover of A$20.0 million or more is the Company’s corporate tax rate plus a rate between 8.5% and 16.5% depending on the proportion of research and development expenditures in relation to total expenditures. For companies with an aggregated turnover below A$20.0 million, the refundable research and development tax offset is 18.5% above the Company's tax rate.

The Group recorded $0.9 million and $3.5 million and $nil in research and development tax incentive income for the years ended June 30, 2024, 2023 and 2022, respectively. Within the $3.5 million recognized in the year ended June 30, 2023, $1.2 million pertained to the year ended June 30, 2023, $1.1 million pertained to the year ended June 30, 2022 and $1.2 million pertained to the year ended June 30, 2021. Management concluded it's assessment of qualifying activities during the year ended June 30, 2023 and recognized the relevant income for the years ended June 30, 2023, 2022 and 2021.

No income was recognized in the years ended June 30, 2022 and 2021 as management were yet to confirm if the Group's research and development activities were eligible under the incentive scheme.

f. Inventories

Inventories are included in the financial statements at the lower of cost (including raw materials, direct labour, other direct costs and related production overheads) and net realizable value. Pre-launch inventory is held as an asset when there is a high probability of regulatory approval for the product in accordance with IAS 2 *Inventories*. Before that point, a provision is made against the carrying value to its recoverable amount in accordance with IAS 2 *Inventories*; the provision is then reversed at the point when a high probability of regulatory approval is determined.

The Group considers a number of factors in determining the probability of the product candidate realizing future economic benefit, including the product candidate's current status in the regulatory approval process, results from the related pivotal clinical trial, results from meetings with relevant regulatory agencies prior to the filing of regulatory applications, the market need, historical experience, as well as potential impediments to the approval process such as product safety or efficacy, commercialization and market trends.

When a provision is made against the carrying value of pre-launch inventory the costs are recognized within Manufacturing Commercialization expenses. When the high probability threshold is met, the provision will be reversed through Manufacturing Commercialization expenses.

All inventory costs are currently fully provided for and are recognized within Manufacturing Commercialization expenses. Where it is determined that the pre-launch inventory will be used within a clinical trial, that amount is removed from the cost of pre-launch inventory. There is no impact on the consolidated income statement as the carrying value has been previously fully provided for.

As of June 30, 2024 and June 30, 2023, there was $19.2 million and $22.4 million of pre-launch inventory recognized on the consolidated balance sheet that was fully provided for, respectively. The future commercial use of the remaining pre-launch inventory recognized on the consolidated balance sheet will be dependent on future discussions with the FDA and remains fully provided for.

For the year ended June 30, 2024, $3.2 million of pre-launch inventory was used for chemistry and manufacturing controls ("CMC") and research and development activities. For the years ended June 30, 2023 and 2022, $3.5 million and $7.0 million of pre-launch inventory costs have been recognized within Manufacturing Commercialization expenses in relation to the provision against the carrying value of pre-launch inventory, respectively.

g. Research and development undertaken internally

The Group currently does not have any capitalized development costs. Research expenditure is recognized as an expense as incurred. Costs incurred on development projects, which consist of preclinical and clinical trials, manufacturing development, and general research, are recognized as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably.

The expenditure capitalized comprises all directly attributable costs, including costs of materials, services, direct labor and an appropriate proportion of overheads. Other development costs that do not meet these criteria are expensed as incurred. Development costs previously recognized as expenses, are not recognized as an asset in a subsequent period and will remain expensed. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use on a straight-line basis over its useful life.

h. Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination or lease transaction that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax assets are only recognized to the extent that there are sufficient deferred tax liabilities unwinding.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in net loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Pillar Two legislation has been enacted or substantially enacted in certain jurisdictions in which the Group operates. However, this legislation does not apply to the Group as its consolidated revenue is less than the threshold of €750 million.

i. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any noncontrolling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognized directly in net loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

j. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets (other than goodwill) that have suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Management maintains internal valuations of each asset annually (or more frequently should indicators of impairment be identified) and valuations from independent experts are requested periodically, within every three year period. The internal valuations are continually reviewed by management and consideration is given as to whether there are indicators of impairment which would warrant impairment testing. An external valuation of our assets was carried out by an independent expert as at March 31, 2023 with the recoverable amount of each asset exceeding its carrying amount.

In August 2023,the FDA issued a CRL to the Group's BLA for remestemcel-L for the treatment of pediatric SR-aGVHD and the Group considered this to be an impairment indicator that could cause the carrying amount of its intangible assets to exceed its recoverable amounts. As a result, the Group completed an impairment assessment on its MSC products and intangible asset and goodwill, which considered the impact of the FDA's CRL. An external valuation was also obtained for the MSC products for the impairment assessment performed as a result of the receipt of the CRL. No impairment of the in-process research and development and goodwill was identified.

In July 2024, as discussed in Note 15, the Group resubmitted its BLA for approval of remestemcel-L for the treatment of pediatric SR-aGVHD, and the FDA accepted the Group's BLA resubmission and set a PDUFA goal date of January 7, 2025. The outcome from the FDA decision on the Group's BLA resubmission could lead to a change in the assumptions used within the impairment assessment associated with SR-aGVHD that could cause the carrying amount of our intangible asset to exceed its recoverable amount.

k. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

l. Trade and other receivables

Trade receivables and other receivables represent the principal amounts due at balance date less, where applicable, any provision for expected credit losses. The Group uses the simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance. Debts which are known to be uncollectible are written off in the consolidated income statement. All trade receivables and other receivables are recognized at the value of the amounts receivable, as they are due for settlement within 60 days and therefore do not require remeasurement.

m. Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flow. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). See Note 5 for details about each type of financial asset.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Details on how the fair value of financial instruments is determined are disclosed in Note 5(g).

Equity instruments

The group subsequently measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 5(b) for further details.

n. Derivatives

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. As at June 30, 2024 and 2023, the Group did not have any derivative instruments that qualified for hedge accounting.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in other income or other expenses.

o. Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associates with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Property, plant and equipment, other than freehold land, are depreciated over their estimated useful lives using the straight line method (see Note 6(a)).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of plant and equipment are taken into account in determining the profit for the year.

p. Intangible assets

(i) Goodwill

Goodwill is measured as described in Note 23(i). Goodwill on acquisition of subsidiaries is included in intangible assets (Note 6(c)). Goodwill is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is tested for impairment in accordance with IAS 36 *Impairment of Assets* which requires testing be performed at any time during an annual period, provided the test is performed at the same time every year. The Group tests for impairment annually in the third quarter of each year. Additionally, assets must be tested for impairment if there is an indication that an asset may be impaired. The recoverable amounts of our assets and cash-generating units have been determined based on fair value less costs to sell calculations, which require the use of certain assumptions.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (Note 21).

(ii) Acquired licenses to patents

Acquired licenses have a finite useful life and are carried at cost less accumulated amortization and impairment losses. Each asset is amortized through to the estimated patent expiry date which is reviewed and adjusted as patent extensions are granted.

Payments made to third parties to acquire licenses to patents, including initial upfront and subsequent milestone payments are capitalized. For subsequent payments under existing license agreements payments are capitalized if they meet the definition of an intangible asset. Management reviews the substance of the payment to determine its classification. Generally, payments made for a verifiable outcome, such as completion of a clinical trial, regulatory approvals and sales target milestones would be accumulated into the cost of the intangible.

The Group periodically evaluates whether current facts or circumstances indicate that the carrying value of its acquired intangibles may not be recoverable. If such circumstances are determined to exist, an estimate of the undiscounted future cash flow of these assets, or appropriate assets grouping is compared to the carrying value to determine whether an impairment exists. If the asset is determined to be impaired, the loss is measured based on the differences between the carrying value of the intangible asset and its fair value, which is determined based on the net present value of estimated future cash flows.

Royalty payments under license and sublicense agreements are expensed.

(iii) In-process research and development acquired

In-process research and development that has been acquired as part of a business acquisition is considered to be an indefinite life intangible asset on the basis that it is incomplete and cannot be used in its current form. Indefinite life intangible assets are not amortized but rather are tested for impairment annually in the third quarter of each year, or whenever events or circumstances present an indication of impairment.

In-process research and development will continue to be tested for impairment until the related research and development efforts are either completed or abandoned. Upon completion of the related research and development efforts, management determines the remaining useful life of the intangible assets and amortizes them accordingly. In order for management to determine the remaining useful life of the asset, management would consider the expected flow of future economic benefits to the entity with reference to the product life cycle, competitive landscape, obsolescence, market demand, any remaining patent useful life and various other relevant factors. At the time of completion, when the asset becomes available for use, all costs recognized in in-process research and development that related to the completed asset are transferred to the intangible asset category, current marketed products, at the asset's historical cost.

In the case of abandonment, the related research and development efforts are considered impaired and the asset is fully expensed.

(iv) Current marketed products

Current marketed products contain products that are currently being marketed. The assets are recognized on our consolidated balance sheet as a result of business acquisitions or reclassifications from In-process research and development upon completion. Upon completion, when assets become available for use, assets are reclassified from in-process research and development to current marketed products at the historical value that they were recognized at within the in-process research and development category.

Upon reclassification to the current market products category management determines the remaining useful life of the intangible assets and amortizes them from the date they become available for use. In order for management to determine the remaining useful life of the asset, management would consider the expected flow of future economic benefits to the entity with reference to the product life cycle, competitive landscape, obsolescence, market demand, any remaining patent useful life and any other relevant factors.

Management have chosen to amortize all intangible assets with a finite useful life on a straight-line basis over the useful life of the asset. Current marketed products are tested for impairment in accordance with IAS 36 Impairment of Assets which requires testing whenever there is an indication that an asset may be impaired.

q. Trade and other payables

Payables represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest. Liabilities for payables and other amounts are carried at cost which approximates fair value of the consideration to be paid in the future for goods and services received, whether or not billed. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

r. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred of liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period

Funds associated with Oaktree Capital Management, L.P. ("Oaktree")

In November 2021, the Group entered into a five-year senior debt facility provided by funds associated with Oaktree. The balance of funds drawn down is currently $50.0 million as of June 30, 2024. The facility has a three-year interest only period, at a fixed rate of 9.75% per annum, after which the principal amortizes 5% per quarter beginning December 2024 and a final payment is due no later than November 2026. The facility also allows the Group to make quarterly payments of interest at a rate of 8.0% per annum for the first two years, and the unpaid interest portion (1.75%

per annum) has been added to the outstanding loan balance and currently accrues further interest at a fixed rate of 9.75% per annum.

On November 19, 2021, Oaktree were granted warrants to purchase 1,769,669 American Depositary Shares (“ADSs”) at US$7.26 per ADS, a 15% premium to the 30-day VWAP. The Group determined that an obligation to issue the warrants arose from the time the debt facility was signed; consequently, a liability for the warrants was recognized in November 2021. The warrants were legally issued on January 11, 2022 and may be exercised within 7 years of issuance. On the issuance date of the Oaktree facility and the warrants, the warrants were initially measured at fair value and the Oaktree borrowing liability measured as the difference between the initial draw down of funds from the Oaktree facility and the fair value of the warrants. In December 2022, the Group amended the terms of the loan agreement with Oaktree and in connection with the loan amendment, Oaktree was granted warrants to purchase 455,000 ADSs at $3.70 per ADS, a 15% premium to the 30-day VWAP. The Group determined that an obligation to issue the warrants arose from the time the first amendment to the loan agreement was signed; consequently, a liability for the warrants was recognized in December 2022. The warrants were legally issued on March 8, 2023 and may be exercised within 7 years of issuance. Refer to Note 5(g)(vi) for more details on warrants issued.

On January 10, 2024, the ratio under Mesoblast's American Depository Receipt ("ADR") program was changed from 5 ordinary shares representing 1 ADS (5:1 ratio) to a new ratio of 10 ordinary shares representing 1 ADS (10:1 ratio). As a result of this ratio change and as a result of initiating the pro-rata accelerated non-renounceable rights issue in December 2023, the number and exercise price for the warrants was adjusted in accordance with the terms of these warrants. The warrants issued in November 2021 changed from 1,769,669 ADSs at $7.26 per ADS to 884,838 ADSs at $14.36 per ADS. The warrants issued in December 2022 changed from 455,000 ADSs at $3.70 per ADS to 227,502 ADSs at $7.24 per ADS.

In the years ended June 30, 2024, 2023 and 2022, respectively, the Group recognized losses of $2.3 million, $1.6 million and a minimal gain in the Consolidated Income Statement as remeasurement of borrowing arrangements within finance costs in relation to the adjustment of the carrying amount of our financial liability to reflect the revised estimated future cash flows from our facility. Within the $1.6 million loss recognized in the year ended June 30, 2023, $1.0 million related to the remeasurement due to additional warrants being issued to Oaktree as a result of the first amendment to the loan agreement and $0.6 million related to the adjustment of the carrying amount of our financial liability to reflect the revised estimated future cash flows from our credit facility.

The Group has pledged substantially all of its assets as collateral under the loan facility with Oaktree.

NovaQuest Capital Management, L.L.C.

On June 29, 2018, the Group entered into an eight-year, $40.0 million loan and security agreement with NovaQuest before drawing the first tranche of $30.0 million of the principal in July 2018. The loan term includes an interest only period of approximately four years through until July 8, 2022. All interest and principal payments (i.e. the amortization period) are deferred until the earlier of loan maturity or from after the first commercial sale of remestemcel-L for the treatment in pediatric patients with SR-aGVHD in the United States and other geographies excluding Asia ("remestemcel-L for pediatric SR-aGVHD"). Principal is repayable in equal quarterly instalments over the amortization period of the loan and is subject to the payment cap described below. The loan has a fixed interest rate of 15% per annum. If there are no net sales of remestemcel-L for pediatric SR-aGVHD, the loan is only repayable at maturity. The Group can elect to prepay all outstanding amounts owing at any time prior to maturity, subject to a prepayment charge.

Following approval and first commercial sales, repayments commence based on a percentage of net sales and are limited by a payment cap which is equal to the principal due for the next 12 months, plus accumulated unpaid principal and accrued unpaid interest. During the four-year period commencing July 8, 2022, principal amortizes in equal quarterly instalments payable only after approval and first commercial sales. If in any quarterly period, 25% of net sales of remestemcel-L for pediatric SR-aGVHD exceed the annual payment cap, the Group will pay the payment cap and an additional portion of excess sales which will be used towards the prepayment amount in the event there is an early prepayment of the loan. If in any quarterly period 25% of net sales of remestemcel-L for pediatric SR-aGVHD is less than the annual payment cap, then the payment is limited to 25% of net sales of remestemcel-L for pediatric SR-aGVHD. Any unpaid interest will be added to the principal amounts owing and shall accrue further interest. At maturity date, any unpaid loan balances are repaid.

Because of this relationship of net sales and repayments, changes in our estimated net sales may trigger an adjustment of the carrying amount of the financial liability to reflect the revised estimated cash flows. The carrying amount is recalculated by computing the present value of the revised estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognized in the Income Statement as remeasurement of borrowing arrangements within finance costs in the period the revision is made.

In the years ended June 30, 2024, 2023 and 2022, respectively, the Group recognized a loss of $0.1 million and gains of $0.9 million and $0.5 million in the Consolidated Income Statement as remeasurement of borrowing arrangements within finance costs in relation to the adjustment of the carrying amount of the Group's financial liability to reflect the revised estimated future cash flows as a net result of changes to the key assumptions in development timelines.

The Group recognizes a liability as current based on repayments linked to estimates of sales of remestemcel-L. However, if sales of remestemcel-L are higher than estimated, actual repayments will exceed this amount, subject to the annual payment cap described above.

The carrying amount of the loan and security agreement with NovaQuest is subordinated to the Group's fixed rate loan with the senior creditor, Oaktree. The Group have pledged a portion of our assets relating to the SR-aGVHD product candidate as collateral under the loan facility with NovaQuest.

s. Provisions

Provisions are recognized when the Group has a present legal obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are recorded on acquisition of a subsidiary, to the extent they relate to a subsidiary's contingent liabilities, if it relates to a past event, regardless of whether it is probable the amount will be paid.

t. Employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, bonuses, annual leave and long service leave.

Liabilities recognized in respect of employee benefits which are expected to be settled within 12 months after the end of the period in which the employees render the related services are measured at their nominal values using the remuneration rates expected to apply at the time of settlement.

Liabilities recognized in respect of employee benefits which are not expected to be settled within 12 months after the end of the period in which the employees render the related services are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits and when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

u. Share-based payments

Share-based payments are provided to eligible employees, directors and consultants via the Employee Share Option Plan ("ESOP").

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at acceptance date. Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations. It does not make any allowance for the impact of any service and non-market performance vesting conditions. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in Note 17.

The fair value determined at the acceptance date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on management's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each period, the entity revises its estimates of the number of shared-based payments that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

v. Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Variable lease payments that are not based on an index or a rate are not included in the initial measurement of the lease liability and are expensed in the Consolidated Income Statement when incurred. There were no variable lease payments that were expensed in the Consolidated Income Statement for the years ended June 30, 2024, 2023 and 2022. The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever there is a change to the lease terms or expected payments under the lease, or a modification that is not accounted for as a separate lease.

For certain contracts that contain lease and non-lease components, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. The Group identifies a separate lease component if there is an explicit or implicit identified asset in the contract and if the Group controls use of the identified asset.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases with a lease term of 12 months or less, contracts that contain lease and non-lease components that are cancellable within 12 months and leases of low-value assets are recognized on a straight-line

basis as an expense in profit or loss. Low-value assets comprise IT-equipment, small items of office furniture or low-value storage costs.

w. Warrants

Warrants reserve is measured as described in Note 7(b). For details on warrant liability, see Note 5(g)(vi).

x. Contributed equity

Ordinary shares are classified as equity.

Transaction costs arising on the issue of equity instruments are recognized separately in equity. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

y. Loss per share

(i) Basic losses per share

Basic losses per share is calculated by dividing:

- the loss attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the fiscal year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted losses per share

Diluted losses per share adjusts the figures used in the determination of basic earnings per share to take into account

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

z. Goods and services tax (“GST”)

Revenues, expenses and assets are recognized net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognized as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Balance Sheet.

Cash flows are included in the statement of cash flow on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

aa. Rounding of amounts

Our company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the ‘rounding off” of amounts in the financial report. Unless mentioned otherwise, amounts within this report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Additional Australian Financial Reporting Requirements

Consolidated entity disclosure statement

		As at June 30, 2024				
Name of entity	Type of entity	Trustee, partner or participant in JV	% of share capital	Place of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Mesoblast Limited	Body corporate	—	—	Australia	Australian	N/A
Mesoblast, Inc.	Body corporate	—	100	United States of America	Foreign	United States of America
Mesoblast International Sàrl (includes Mesoblast International Sàrl Singapore Branch)	Body corporate	—	100	Switzerland	Foreign	Switzerland
Mesoblast Australia Pty Ltd	Body corporate	Trustee[1]	100	Australia	Australian	N/A
Mesoblast UK Limited	Body corporate	—	100	United Kingdom	Foreign	United Kingdom
BeiCell Ltd	Body corporate	—	100	Cayman Islands	Australian	N/A
Mesoblast Employee Share Trust[2]	Trust	—	—	N/A	Australian	N/A
Mesoblast Employee Share Trust[3]	Trust	—	—	N/A	Australia	N/A

(1) Mesoblast Australia Pty Ltd is a trustee of Mesoblast Employee Share Trust established in 2011.

(2) Established in 2011

(3) Established in 2020

Basis of preparation

This consolidated entity disclosure statement ("CEDS") has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with *AASB 10 Consolidated Financial Statements*.

Determination of tax residency

Section 295 (3A)(vi) of the *Corporation Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- **Australian tax residency**

  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in *Tax Ruling TR 2018/5*.
- **Foreign tax residency**

  Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the *Corporations Act 2001*).

Trusts

Australian tax law generally does not contain corresponding residency tests for trusts and these entities are typically taxed on a flow-through basis.

Additional disclosures on the tax status of trusts have been provided where relevant.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and Notes set out on pages 164 to 234 are in accordance with the *Corporations Act 2001*, including:

(i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) Giving a true and fair view of the consolidated entity's financial position as at June 30, 2024 and of its performance for the fiscal year ended on that date, and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

(c) the consolidated entity disclosure statement on page 235 is true and correct.

Note 1 'Basis of preparation' confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

/s/ Jane Bell	/s/ Silviu Itescu
Jane Bell	Silviu Itescu
Chair of Board	Chief Executive Officer

Melbourne, August 29, 2024

This page is intentionally left blank.

This page is intentionally left blank.

This page is intentionally left blank.

This page is intentionally left blank.

This page is intentionally left blank.

This page is intentionally left blank.

Item 19. Exhibits

Item	
1.1*	Constitution of Mesoblast Limited adopted on November 28, 2023
1.2	Certificate of Registration of Mesoblast Limited (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form F-1 filed with the SEC on November 2, 2015).
2.1	Description of Securities (incorporated by reference to Exhibit 2.1 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2023).
4.1	Form of Amended and Restated Deposit Agreement between Mesoblast Limited and JPMorgan Chase Bank, N.A., as depositary, and Holders of the American Depositary Receipts (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form F-1 filed with the SEC on November 2, 2015).
4.2*	Form of Amendment No. 1 to the Amended and Restated Deposit Agreement among Mesoblast Limited, JP Morgan Chase Bank, N. A., as depositary, and all Holders of the American Depositary Receipts.
4.3	Form of American Depositary Receipt evidencing American Depositary Shares (included in Exhibit 4.1).
4.4†	Manufacturing Services Agreement by and between Mesoblast Limited and Lonza Walkersville, Inc. and Lonza Bioscience Singapore Pte. Ltd., dated September 20, 2011 (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form F-1 filed with the SEC on November 2, 2015).
4.5	Purchase Agreement by and between Mesoblast International Sàrl and Osiris Therapeutics, Inc., dated October 10, 2013 (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form F-1 filed with the SEC on November 2, 2015).
4.6	Amendment #1 to Purchase Agreement by and between Mesoblast International Sàrl and Osiris Therapeutics, Inc., dated December 17, 2014 (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form F-1 filed with the SEC on November 2, 2015).
4.7†	License Agreement by and between Osiris Acquisition II, Inc. and JCR Pharmaceuticals Co., Ltd., dated August 26, 2003 (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form F-1 filed with the SEC on November 2, 2015).
4.8†	Amendment 1 to License Agreement by and between Osiris Acquisition II, Inc. and JCR Pharmaceuticals Co., Ltd., dated June 27, 2005 (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form F-1 filed with the SEC on November 2, 2015).
4.9#	Employment Agreement, dated August 8, 2014, by and between Mesoblast Limited and Silviu Itescu (incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form F-1 filed with the SEC on November 2, 2015).
4.10*	Amendment to employment agreement, dated September 15, 2023, by and between Mesoblast Limited and Silviu Itescu.
4.11#	Form of employment agreement between Mesoblast Limited and executive officers (incorporated by reference to Exhibit 4.9 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2023).
4.12	Form of 2012 Deed of Indemnity, Insurance and Access (incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form F-1 filed with the SEC on November 2, 2015).
4.13	Form of 2014 Deed of Indemnity, Insurance and Access (incorporated by reference to Exhibit 10.24 to the Company's Registration Statement on Form F-1 filed with the SEC on November 2, 2015).
4.14†	Patent License and Settlement Agreement with TiGenix S.A.U., dated December 14, 2017 (incorporated by reference to Exhibit 4.21 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2018).
4.15†	Loan and Security Agreement by and between Mesoblast Limited, Mesoblast UK Limited, Mesoblast, Inc., Mesoblast International (UK) Limited, Mesoblast International Sàrl and NQP SPV II, L.P., dated June 29, 2018 (incorporated by reference to Exhibit 4.23 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2018).
4.16†	Development and Commercialization Agreement by and between Mesoblast Inc., Mesoblast International Sàrl and Tasly Pharmaceutical Group Co., Ltd. dated July 17, 2018 (incorporated by reference to Exhibit 4.24 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2018).
4.17✓	Supplementary Agreement for Additional License by and between Mesoblast International Sarl and JCR Pharmaceuticals Co., Ltd., dated October 12, 2018 (incorporated by reference to Exhibit 4.25 to the Company's Annual Report on Form 20-F filed with the SEC on September 9, 2019).

4.18✓	Second Supplementary Agreement for Additional License by and between Mesoblast International Sarl and JCR Pharmaceuticals Co., Ltd., dated June 5, 2019 (incorporated by reference to Exhibit 4.27 to the Company's Annual Report on Form 20-F filed with the SEC on September 9, 2019).
4.19	Employee Share Option Plan (incorporated by reference to Exhibit 99.1 to the Company's Post-Effective Amendment to the Registration Statement on Form S-8 (File No. 333-267663) filed with the SEC on December 20, 2022).
4.20✓	Development and Commercialization Agreement by and between Mesoblast Limited and Mesoblast International Sàrl and Grünenthal GmbH, dated September 9, 2019 (incorporated by reference to Exhibit 4.22 to the Company's Annual Report on Form 20-F filed with the SEC on September 3, 2020).
4.21✓	Manufacturing Services Agreement by and between Lonza Biosciences Singapore Pte. Ltd. and Mesoblast International Sàrl, dated October 9, 2019 (incorporated by reference to Exhibit 4.23 to the Company's Annual Report on Form 20-F filed with the SEC on September 3, 2020).
4.22✓	Amendment to Development and Commercialization Agreement by and between Mesoblast Limited and Mesoblast International Sàrl and Grünenthal GmbH dated June 30, 2021 (incorporated by reference to Exhibit 4.27 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2021).
4.23	Form of Warrant to purchase Ordinary Shares (incorporated by reference to Exhibit 4.31 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2021).
4.24✓	Loan Agreement and Guaranty between Mesoblast Limited, Mesoblast UK Limited, Mesoblast, Inc., Mesoblast International Sàrl and Oaktree Fund Administration, LLC, dated November 19, 2021 (incorporated by reference to Exhibit 4.32 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2022).
4.25	Form of Warrant, dated January 11, 2022, to purchase American Depositary Shares (incorporated by reference to Exhibit 4.23 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2023).
4.26✓	First Amendment to Loan Agreement and Guaranty between Mesoblast Limited, Mesoblast UK Limited, Mesoblast, Inc., Mesoblast International Sàrl and Oaktree Fund Administration, LLC, dated December 22, 2022 (incorporated by reference to Exhibit 4.24 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2023).
4.27	Form of Warrant, dated March 7, 2023, to purchase American Depositary Shares (incorporated by reference to Exhibit 4.25 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2023).
4.28✓	Third Amendment to Loan Agreement and Guaranty between Mesoblast Limited, Mesoblast UK Limited, Mesoblast, Inc., Mesoblast International Sàrl and Oaktree Fund Administration, LLC, dated May 19, 2023 (incorporated by reference to Exhibit 4.26 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2023).
4.29*✓	Fifth Amendment to Loan Agreement and Guaranty between Mesoblast Limited, Mesoblast UK Limited, Mesoblast, Inc., Mesoblast International Sàrl and Oaktree Fund Administration, LLC, dated February 29, 2024.
8.1	List of Significant Subsidiaries of Mesoblast Limited. (incorporated by reference to Exhibit 8.1 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2023).
12.1*	Certification of the Chief Executive Officer pursuant to rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	Certification of the Chief Financial Officer pursuant to rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
13.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
13.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of independent registered public accounting firm.
15.2	Share Trading Policy of Mesoblast Limited (incorporated by reference to Exhibit 15.2 to the Company's Annual Report on Form 20-F filed with the SEC on August 31, 2023).
97.1*	Recovery of Erroneously Awarded Incentive Compensation Policy
99.1*	Appendix 4E preliminary final report for the twelve months to June 30, 2024.
99.2*	Auditor's independence declaration, dated August 29, 2024.
101.INS	Inline XBRL Instance Document

101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)
#	Indicates management contract or compensatory plan.
*	Filed herewith.
†	Confidential treatment has been requested for portions of this exhibit. These portions have been omitted and have been filed separately with the Securities and Exchange Commission.
✓	Certain confidential portions of this exhibit were omitted by means of marking such portions with brackets (“[***]”) because the identified confidential portions are not material and are the type that the registrant treats as private or confidential.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Mesoblast Limited

By:	/s/ Jane Bell
Name:	Jane Bell
Title:	Chair of Board

By:	/s/ Silviu Itescu
Name:	Silviu Itescu
Title:	Chief Executive Officer

Dated: August 29, 2024

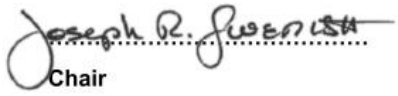
Constitution

—

Mesoblast Limited ACN 109 431 870

—

This is the document tabled before the AGM of Mesoblast Limited held on 28 November 2023 and signed by me for the purposes of identification



Chair

28 November 2023

Level 23 Rialto Towers 525 Collins Street
Melbourne Vic 3000 Australia DX 204 Melbourne
T +61 3 8608 2000 F +61 3 8608 1000
minterellison.com

MinterEllison

Constitution of Mesoblast Limited

Preliminary

1. Defined terms

1.1 In this Constitution:

Adoption Date means the date on which this Constitution is adopted by the Company as its constitution.

Alternate Director means a person appointed as an alternate director under clause 75.

ASX means ASX Limited ABN 98 008 624 691 or the financial market known as the 'Australian Securities Exchange' that it operates, as the context requires.

ASX Listing Rules means the listing rules of ASX and any other rules of ASX applicable to the Company or the Shares while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532 or the clearing and settlement facility that it operates, as the context requires.

ASX Settlement Operating Rules means the operating rules of ASX Settlement as amended or replaced from time to time, except to the extent of any express written waiver by ASX Settlement.

Auditor means the Company's auditor for the time being.

Business Day has the same meaning as in the ASX Listing Rules.

Certificated Holding has the same meaning as in the ASX Settlement Operating Rules.

CHESS Holding has the same meaning as in the ASX Settlement Operating Rules.

Company means Mesoblast Limited ACN 109 431 870.

Constitution means the constitution of the Company as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time and includes any regulations made under that Act and any exemption or modification to that Act applying to the Company.

Director means a person appointed to the position of a director of the Company and where appropriate, includes an Alternate Director.

Directors means all or some of the Directors acting as a board.

Direct Vote, in relation to a resolution or a meeting, includes a vote delivered to the Company by post, fax or other electronic means approved by the Directors.

Dividend means a final dividend or an interim dividend.

Executive Director has the meaning given by clause 82.3.

Issuer Sponsored Holding has the same meaning as in the ASX Settlement Operating Rules.

Listed, in relation to the Company, means if the Company is included in the Official List of ASX.

Managing Director means a Director appointed as managing director under clause 82.1.

Marketable Parcel has the same meaning as in the ASX Settlement Operating Rules in force from time to time.

Member means a person who is a member of the Company under the Corporations Act.

Non-Executive Director means a Director who is not an Executive Director.

Non-Marketable Parcel means a parcel of securities that is less than a Marketable Parcel.

Previous Constitution means the constitution of the Company in force immediately before the Adoption Date.

Proper ASTC transfer has the meaning given to it in the *Corporations Regulations 2001*(Cth).

Register means the register of Members of the Company.

Representative means a person appointed by a Member to act as its representative under clause 60.1.

Restricted Securities has the same meaning as in the ASX Listing Rules.

Seal means the Company's common seal.

Secretary means any person appointed by the Directors to perform any of the duties of a secretary of the Company and if more than one person is appointed, any one or more of such persons.

Shares means shares in the share capital of the Company.

1.2 In this Constitution, except where the context otherwise requires, an expression in a clause of this Constitution has the same meaning as in the Corporations Act. Where the expression has more than one meaning in the Corporations Act and a provision of the Corporations Act deals with the same matter as a clause of this Constitution, that expression has the same meaning as in that provision.

2. Interpretation

2.1 In this Constitution, except where the context otherwise requires:

(a) the singular includes the plural and vice versa, and a gender includes other genders;

(b) another grammatical form of a defined word or expression has a corresponding meaning;

(c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this Constitution, and a reference to this Constitution includes any schedule or annexure;

(d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;

(e) a reference to **A$**, **$A**, **dollar** or **$** is to Australian currency; and

(f) the meaning of general words is not limited by specific examples introduced by **including**, **for example** or similar expressions.

2.2 Headings are for ease of reference only and do not affect interpretation.

2.3 The Corporations Act prevails over any inconsistency with:

(a) this Constitution;

(b) the ASX Listing Rules; and

(c) the ASX Settlement Operating Rules.

2.4 A reference in this Constitution to a Member being present at a meeting of Members is a reference to:

(a) a Member present at the physical venue (or a physical venue) (if any) for the meeting or present by using the virtual meeting technology (if any) used for the meeting; or

(b) a Member present by proxy, attorney or Representative (whether such proxy, attorney or Representative is present at the physical venue (or a physical venue) (if any) for the meeting or present by using the virtual meeting technology (if any) used for the meeting); or

(c) other than in relation to any clause which specifies a quorum, a Member who has duly lodged a valid Direct Vote in relation to the general meeting in accordance with clause 55 of this Constitution.

3. Replaceable rules

The provisions of the Corporations Act that apply to certain companies as replaceable rules and any other rules or regulations in the legislation under which the Company was formed are in each case displaced by this Constitution in their entirety and do not apply to the Company.

4. Transitional provisions

This Constitution has the effect that:

(a) every Director, alternate director, senior manager and secretary in office as at the Adoption Date continues in office subject to, and is taken to have been appointed or elected under, this Constitution;

(b) the Directors are taken, on and from the Adoption Date, to have decided under clause 61.3 a number which is equal to the number of the persons in office as Executive Directors and Non-executive Directors immediately after the Adoption Date;

(c) any register maintained by the Company immediately before the Adoption Date is taken to be a register maintained under this Constitution;

(d) any Seal adopted by the Company before the Adoption Date is taken to be the Seal until another Seal is adopted by the Company under this constitution;

(e) for the purposes of clause 97.1(a) a cheque issued under a corresponding provision of the Previous Constitution is taken to have been issued under clause 97.1(a) any money held for a Member under the Previous Constitution is taken to be held in an account under clause 97.3 and any money held at the Adoption Date for a Member the Company regards as uncontactable is taken to be held in an account under clause 97.3; and

(f) unless a contrary intention appears in this Constitution, all persons, things, agreements and circumstances appointed, approved, created or delegated by or under the Previous Constitution continue to have the same status, operation and effect as if they had occurred under this Constitution on and after the Adoption Date.

Shares

5. Currency

5.1 Any amount payable to the holder of a Share, whether in relation to dividends, return of capital, participation in surplus assets of the Company or otherwise may be paid in the currency of a country other than Australia.

5.2 The Directors may fix a time on or before the payment date as the time at which the applicable exchange rate will be determined for that purpose.

5.3 The Directors may differentiate between Members as to the currency in which any amount payable to a Member is paid and the applicable exchange rate that is used to determine any amount payable to a Member.

6. Issue of Shares

6.1 Subject to the Corporations Act, the ASX Listing Rules and this Constitution, the Directors may issue and allot, or dispose of, Shares:

(a) on terms determined from time to time by the Directors;

(b) at an issue price that the Directors determine from time to time; and

(c) to Members whether in proportion to their existing shareholdings or otherwise, or to such other persons as the Directors may determine from time to time.

6.2 The Directors' power under clause 6.1 includes the power to:

(a) grant options or rights over unissued Shares; and

(b) issue and allot Shares:

(i) with any preferential, deferred or special rights, privileges or conditions;

(ii) with any restrictions in regard to dividend, voting, return of capital or otherwise;

(iii) which are liable to be redeemed or converted;

(iv) which are bonus Shares for whose issue no consideration is payable to the Company; or

(v) which have any combination of the characteristics described in clauses 6.2(b)(i) to 6.2(b)(iv) inclusive.

6.3 The issue cap percentage for the purposes of section 1100V(2)(a) of the Corporations Act is 10%.

7. Commission and brokerage

Any brokerage or commission which may be paid by the Company may be made in cash, by the issue and allotment of Shares, or the issue of debentures, or by a combination of any of those methods.

8. Trusts not recognised

8.1 Except as required by law, the ASX Settlement Operating Rules or as otherwise provided by this Constitution, the Company will not recognise any person as holding a Share on trust and the Company will not be bound to recognise any equitable, contingent, future or partial interest or any other right in respect of a Share except the registered holder's absolute right of ownership.

8.2 This clause 8 applies even if the Company has notice of the relevant trust, interest or right.

9. Joint holders

9.1 If two or more persons are registered as the holders of a Share, they are taken to hold the Share as joint tenants with benefit of survivorship and the person whose name appears first on the Register is the only joint holder entitled to receive notices from the Company.

9.2 Any one of the joint holders of a Share may give an effective receipt for any dividend or return of capital payable to the joint holders.

9.3 The Company is entitled to and in respect of CHESS Holdings, must:

(a) record the names of only the first four joint holders of a Share on the Register;

(b) regard the four joint holders of a Share appearing first on the Register as the registered holders of that Share to the exclusion of any other holders; and

(c) disregard the entitlement of any person to be registered on the Register as a holder if the name of the person would appear on the Register after the first four holders for that Share.

10. Share certificates

10.1 The Directors will not, unless they determine otherwise or the ASX Listing Rules require, issue a certificate to a Member for any Shares registered in the Member's name or record any holding as held on a certificated sub-register.

10.2 Any certificate for Shares must be issued and despatched in accordance with the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules.

10.3 Subject to the ASX Listing Rules, the Directors may in their absolute discretion elect whether to maintain a certificated sub-register for any class of Shares.

10.4 Subject to the ASX Listing Rules and the ASX Settlement Operating Rules, Shares may be held on any sub-register maintained by or on behalf of the Company or on any branch register kept by the Company.

10.5 The Directors may order worn out or defaced certificates to be cancelled and, if necessary, replaced by new certificates.

11. Variation of class rights

11.1 The rights attached to any class of Shares may be varied in accordance with the Corporations Act.

11.2 The provisions of this Constitution relating to general meetings apply, with necessary changes, to a meeting of a class of Members holding Shares in that class as if it was a general meeting except that:

(a) a quorum is two persons holding or representing by proxy whether or not the Member or Members they represent cast Direct Votes, attorney or Representative not less than 25% of the Shares of the class or, if there is one holder of Shares in the class, that holder or a proxy, attorney or representative of that holder; and

(b) any holder of Shares of the class present in person or by proxy whether or not the Member the proxy represents cast Direct Votes, attorney or Representative may demand a poll.

11.3 The rights conferred on the holders of any class of Shares are taken as not having been varied by the creation or issue of further Shares ranking equally with them.

12. Non-marketable parcels

12.1 If one or more Members hold less than a Marketable Parcel of Shares, the Directors may invoke the procedure for the sale of Shares under this clause 12 (**Procedure**).

12.2 To invoke the Procedure, the Directors must give each Member (or each Member whose Shares are not held in a CHESS Holding) who holds less than a Marketable Parcel of Shares (**Eligible Member**) written notice (**Notice of Divestiture**) that complies with this clause 12.

12.3 A Notice of Divestiture given to a Member must:

(a) state that the Shares referred to in the Notice of Divestiture are liable to be sold in accordance with the Procedure if the Member does not advise the Company before a specified date (**Relevant Date**) that the Member wishes to keep those Shares; and

(b) if the Member holds Shares in a CHESS Holding, contain a statement to the effect that if those Shares remain in a CHESS Holding after the Relevant Date, the Company may, without further notice, move those Shares from the CHESS Holding to an Issuer

Sponsored Holding or a Certificated Holding for the purposes of divestment by the Company in accordance with the Procedure.

12.4 The Relevant Date must be six weeks or more after the date that the Notice of Divestiture is sent.

12.5 A copy of a Notice of Divestiture must be given to any other person required by the ASX Settlement Operating Rules.

12.6 If an Eligible Member on whom a Notice of Divestiture has been served, wants to keep the Shares referred to in the Notice of Divesture, the Eligible Member must give the Company written notice before the Relevant Date, advising the Company that the Member wants to keep those Shares or the member must increase their holding of Shares before the Relevant Date to a Marketable Parcel in each of which events the Company will not sell the Shares.

12.7 In addition to invoking the Procedure by giving a Notice of Divestiture under clause 12.2, the Directors may also initiate a sale of Shares held by a Member (also, **Eligible Member**) if the Eligible Member holds less than a Marketable Parcel of Shares and that holding was created by a transfer of a parcel of Shares effected on or after the Adoption Date that was less than a Marketable Parcel at the time that the transfer was initiated or, in the case of a paper-based transfer, the transfer document was lodged with the Company:

(a) the Shares held by the Eligible Member may be sold as provided in clause 12.8; and

(b) the Directors may remove or change the Eligible Member's rights to vote or receive dividends in respect of those Shares. Any dividends withheld must be sent to the former holder after the sale when the former holder delivers to the Company such proof of title as the Directors accept.

12.8 If an Eligible Member on whom a Notice of Divestiture has been served does not give the Company written notice before the Relevant Date advising the Company that the Eligible Member wants to keep the Shares referred in the Notice of Divestiture or the Member has not increased their holding of Shares before the Relevant Date to a Marketable Parcel, or clause 12.7 applies to the Member the Company may:

(a) if the Member holds those Shares in a CHESS Holding, move those Shares from the CHESS Holding to an Issuer Sponsored Holding or a Certificated Holding; and

(b) in any case, sell those Shares in accordance with the Procedure.

12.9 Any Shares which may be sold under this clause 12 may be sold on the terms, in the manner (whether on-market, by private treaty, through a share sale facility established by, on behalf of, or at the request of the Company, or otherwise) and at the time or times determined by the Directors and, for the purposes of a sale under this clause 12, each Eligible Member:

(a) appoints the Company as the Eligible Member's agent for sale and to receive any disclosure document, including a financial services guide;

(b) authorises the Company to effect on the Eligible Member's behalf a transfer of the Shares sold and to deal with the proceeds of the sale of the Shares in accordance with clause 12.11;

(c) appoints the Company, its Directors and Secretaries jointly and severally as the Eligible Member's attorneys to execute any instrument or take other steps, in the Eligible Member's name and on the Eligible Member's behalf, as they or any of them may consider appropriate to transfer the Shares sold; and

(d) authorises each of the attorneys appointed under clause 12.9(c) to appoint an agent to do a thing referred to in clause 12.9(c).

12.10 The title of the transferee to Shares acquired under this clause 12 is not affected by an irregularity or invalidity in connection with the sale of Shares to the Transferee.

12.11 The proceeds of any sale of Shares under this clause 12 less any unpaid calls and interest (**Sale Consideration**) will be paid to the relevant Member or as that Member may direct.

12.12 The Company will hold the Sale Consideration in trust for the Member whose Shares are sold under this clause and will forthwith notify the Member in writing that the Sale Consideration in respect of the Member's Shares has been received by the Company and is being held by the Company pending instructions from the Member as to how it is to be dealt with. If the Member has been issued with a share certificate or certificates, the Member's instructions, to be effective, must be accompanied by the share certificate or certificates to which the Sale Consideration relates or, if the certificate or certificates has or have been lost or destroyed, by a statement and undertaking under subsection 1070D(5) of the Corporations Act.

12.13 Subject to the Corporations Act, the Company or the purchaser will bear all costs, including brokerage and stamp duty, associated with the sale of any Shares under this clause.

12.14 A Notice of Divestiture under clause 12.2 may only be given once in any 12 month period and may not be given during the offer period of a takeover bid for the Company.

12.15 If the Procedure has been invoked and there is an announcement of a takeover bid for Shares, no more sales of Shares may be made under this clause 12 until after the close of the offers made under the takeover. The Procedure may then be invoked again.

12.16 The Directors may, before a sale is effected under this clause 12, revoke a Notice of Divestiture or any step taken under clause 12.7 or suspend or terminate the Procedure, either generally or in specific cases.

12.17 If a Member is an Eligible Member in respect of more than one parcel of Shares, the Directors may treat the Member as a separate Eligible Member in respect of each of those parcels so that this clause 12 will operate as if each parcel was held by a different person.

Calls

13. General

13.1 Subject to the Corporations Act and the terms on which partly paid Shares are issued, the Directors may make calls on the holders of the Shares for any money unpaid on them.

13.2 A call is made when the resolution of the Directors authorising it is passed.

13.3 The Directors may revoke or postpone a call before its due date for payment.

13.4 The Directors may require a call to be paid by instalments.

13.5 The Company must comply with the Corporations Act and the ASX Listing Rules in relation to the dispatch and content of notices to Members on whom a call is made.

13.6 A Member to whom notice of a call is given in accordance with this clause 13 must pay to the Company the amount called in accordance with the notice.

13.7 Failure to send a notice of a call to any Member or the non-receipt of a notice by any Member does not invalidate the call.

13.8 Joint holders of Shares are jointly and severally liable to pay all calls in respect of their Shares.

14. Instalments and amounts which become payable

If:

(a) the Directors require a call to be paid by instalments; or

(b) an amount becomes payable by the terms of issue of Shares on allotment, or at a time or in circumstances specified in the terms of issue,

then:

(c) every instalment or the amount payable under the terms of issue is payable as if it were a call made by the Directors and as if they had given notice of it; and

(d) the consequences of late payment or non-payment of an instalment or the amount payable under the terms of issue are the same as the consequences of late payment or non-payment of a call.

15. Interest and expenses

If an amount called is not paid on or before the due date, the person liable to pay the amount must also pay:

(a) interest on the amount from the due date to the time of actual payment at a rate determined by the Directors (not exceeding 20% per annum); and

(b) all expenses incurred by the Company as a consequence of the non-payment,

but the Directors may waive payment of the interest and expenses in whole or in part. Interest accrues daily and may be capitalised monthly or at such other intervals as the Directors decide.

16. Recovery of amounts due

On the hearing of any action for the recovery of money due for any call, proof that:

(a) the name of the person sued was, when the call was made, entered in the Register as a holder or the holder of Shares in respect of which the call was made;

(b) the resolution making the call is duly recorded in the Directors' minute book; and

(c) notice of the call was given to the person sued,

will be conclusive evidence of the debt.

17. Differentiation

The Directors may, on the issue of Shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

18. Payment of calls in advance

18.1 The Directors may accept from a Member the whole or part of the amount unpaid on a Share before the amount accepted has been called.

18.2 The Company may:

(a) pay interest on any amount accepted, until the amount is payable under a call and at a rate (not exceeding 20% per annum) agreed between the Member and the Directors; and

(b) subject to any contract between the Company and the Member, repay all or any of the amount accepted in excess of the amount called on the Share.

18.3 Payment of an amount in advance of a call does not entitle the paying Member to any:

(a) dividend, benefit or advantage, other than the payment of interest under this clause 18; or

(b) voting right,

to which the Member would not have been entitled if it had paid the amount when it became due.

Lien and forfeiture

19. Lien

19.1 The Company has a first and paramount lien on every partly paid Share and dividends payable in respect of the Share for all money:

(a) due and unpaid to the Company, in respect of the Share;

(b) presently payable by a holder or the holder of the Share, or the holder's estate, to the Company in respect of the Share; or

(c) which the Company is required by law to pay (and has paid) in respect of the Share.

19.2 The lien extends to reasonable interest and expenses incurred because the amount is not paid.

19.3 If any law for the time being of any country, state or place imposes or purports to impose an immediate or contingent liability on the Company to make any payment or authorises a taxing authority or Government official to require the Company to make payment in respect of Shares or dividends or other moneys accruing due to the Member who holds the Shares:

(a) the Member or, if the Member is deceased, the Member's legal personal representative, indemnifies the Company in respect of any such payment or liability; and

(b) the Company:

(i) has a lien on the Shares and dividends and other moneys payable in respect of the Shares, whether the Shares are held by the Member solely or jointly with another person in respect of any payment made or liability incurred by the Company, together with reasonable expenses and interest on any payment made by the Company at a rate to be fixed by the Directors not exceeding 20% per annum from the date of payment by the Company to the date of repayment by the Member;

(ii) may set off amounts so paid by the Company against amounts payable by the Company to the Member as dividends or otherwise; and

(iii) may recover as a debt due from the Member or its legal personal representative the amount of all payments made by the Company together with reasonable expenses and interest at the rate and for the period referred to in clause 19.3(b)(i).

19.4 The Company may do all things which the Directors think necessary or appropriate to do under the ASX Listing Rules and the ASX Settlement Operating Rules to enforce or protect the Company's lien.

19.5 Unless the Directors determine otherwise, the registration of a transfer of a Share operates as a waiver of the Company's lien on the Share so far as it relates to amounts owing by the transferor or any predecessor in title.

19.6 The Directors may:

(a) declare a Share to be wholly or partly exempt from a lien; or

(b) waive or compromise all or part of any payment due to the Company.

20. Lien sale

If:

(a) the Company has a lien on a Share for money presently payable; and

(b) the Company has given the Member or the Member's executors or administrators (as the case may be) holding the Share written notice demanding payment of the money; and

(c) that Member fails to pay all of the money demanded,

then 14 or more days after giving the notice, the Directors may sell the Share in any manner determined by them.

21. Forfeiture notice

21.1 The Directors may at any time after a call or instalment becomes payable and remains unpaid by a Member, serve a notice on the Member requiring the Member to pay all or any of the following:

(a) the unpaid amount;

(b) any interest that has accrued; and

(c) all expenses incurred by the Company as a consequence of the non-payment.

21.2 The notice under clause 21.1 must:

(a) specify a day (not earlier than 14 days after the date of the notice) on or before which the payment required by the notice must be made; and

(b) state that if a Member does not comply with the notice, the Shares in respect of which the call was made or instalment is payable will be liable to be forfeited.

22. Forfeiture

22.1 If a Member does not comply with a notice served under clause 21, then any or all of the Shares in respect of which the notice was given may be forfeited under a resolution of the Directors.

22.2 Unpaid dividends in respect of forfeited Shares will also be forfeited.

22.3 On forfeiture, Shares become the property of the Company and forfeited Shares must be:

(a) sold, disposed of, or cancelled on terms determined by the Directors; or

(b) offered by public auction.

22.4 The Directors may, at any time before a forfeited Share is sold, disposed of or cancelled, annul the forfeiture of the Share on conditions determined by them.

22.5 Promptly after a Share has been forfeited:

(a) notice of the forfeiture must be given to the Member in whose name the Share was registered immediately before its forfeiture; and

(b) the forfeiture and its date must be noted in the Register.

22.6 Omission or neglect to give notice of or to note the forfeiture as specified in clause 22.5 will not invalidate a forfeiture.

23. Liability of former Member

23.1 The interest of a person who held Shares which are forfeited is extinguished but, the former Member remains liable to pay:

(a) all money (including interest and expenses) that was payable by the Member to the Company at the date of forfeiture in respect of the forfeited Shares; and

(b) interest from the date of forfeiture until payment of the money referred to in clause 23.1(a), of this clause at a rate determined by the Directors (not exceeding 20% per annum).

23.2 A former Member's liability to the Company ceases if and when the Company receives payment in full of all money (including interest and expenses) payable by the former Member in respect of the Shares. The liability may only be compromised, released or waived by the Directors.

24. Disposal of Shares

24.1 The Company may:

(a) receive the consideration (if any) given for a forfeited Share on any sale or disposition of the Share, or a Share sold under a lien sale;

(b) effect a transfer of the Share or execute or appoint a person to execute, a transfer of the Share in favour of a person to whom the Share is sold or disposed of; and

(c) register as the holder of the Share the person to whom the Share is sold.

24.2 The purchaser of the Share:

(a) is not bound to check the regularity of the sale or the application of the purchase price;

(b) obtains title to the Share despite any irregularity in the sale; and

(c) will not be subject to complaint or remedy by the former holder of the Share in respect of the purchase.

24.3 A statement signed by a Director and a Secretary that the Share has been regularly forfeited and sold or reissued or regularly sold without forfeiture to enforce a lien, is conclusive evidence of the matters stated as against all persons claiming to be entitled to the Share.

24.4 Subject to the terms on which a Share is on issue, the net proceeds of any sale made to enforce a lien or on forfeiture must be applied by the Company in the following order:

(a) in payment of the costs and expenses of the sale;

(b) in payment of all amounts (if any) secured by the lien or all money (if any) that was payable in respect of the forfeited Share; and

(c) where the Share was forfeited under clause 22.1, in payment of any surplus to the former Member whose Share was sold.

Transfer of Shares

25. General

25.1 Subject to this Constitution, a Member may transfer Shares held by that Member.

25.2 Subject to clause 25.3, Shares may be transferred by:

(a) a written transfer instrument in any usual or common form; or

(b) any other form approved by the Directors.

25.3 The Company may participate in any computerised or electronic system for market settlement, securities transfer and registration conducted in accordance with the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, or corresponding laws or financial market rules in any other country.

25.4 If the Company participates in a system of the kind described in clause 25.3, then despite any other provision of this Constitution:

(a) Shares may be transferred, and transfers may be registered, in any manner required or permitted by the ASX Listing Rules or the ASX Settlement Operating Rules (or corresponding laws or financial market rules in any other country) applying in relation to the system;

(b) the Company must comply with and give effect to those rules; and

(c) the Company may, in accordance with those rules, decline to issue certificates for holdings of Shares.

25.5 A written transfer instrument must be:

(a) executed by the transferor or (where the Corporations Act permits) stamped by the transferor's broker;

(b) unless the Directors decide otherwise in the case of a fully paid Share, executed by the transferee or (where the Corporations Act permits) stamped by the transferee's broker; and

(c) in the case of a transfer of partly paid Shares, endorsed or accompanied by an instrument executed by the transferee or by the transferee's broker to the effect that the transferee agrees to accept the Shares subject to the terms and conditions on which the transferor held them, to become a Member and to be bound by the Constitution.

Subject to the Corporation Act, the written transfer instrument may comprise more than one document.

25.6 Except as required by the ASX Settlement Operating Rules:

(a) a transferor of Shares remains the holder of the Shares transferred until the transfer is registered and the name of the transferee is entered in the Register in respect of the Shares; and

(b) a transfer of Shares does not pass the right to any dividends on the Shares until such registration.

26. Transfer procedure

26.1 Except where the Directors determine (to comply with laws or financial market rules of a foreign country or the ASX Settlement Operating Rules), for a transfer of Shares that is not an ASX Settlement regulated transfer:

(a) the written transfer instrument must be left at the Company's registered office or another place acceptable to the Company;

(b) the instrument must be accompanied by a certificate for the Shares dealt with in the transfer where a certificate has been issued, unless the Directors waive production of the certificate on receiving satisfactory evidence of the loss or destruction of the certificate; and

(c) the Directors may require other evidence of the transferor's right to transfer the Shares.

26.2 For a transfer of Shares that is an ASX Settlement regulated transfer, a Share transfer must be effected in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

26.3 The Company may charge a fee for registering a transfer of Shares if:

(a) the Company is not listed; or

(b) the fee is not prohibited by the ASX Listing Rules.

27. Right to refuse registration

27.1 The Directors may in their absolute discretion refuse to register any transfer of Shares or other securities where the Shares or other securities are not quoted by ASX. Where the Shares or other securities are quoted by ASX, the Directors may in their absolute discretion refuse to register any transfer in any of the circumstances permitted by the ASX Listing Rules.

27.2 The Directors must:

(a) except as permitted by ASX, refuse to register any transfer of Shares or other securities which are Restricted Securities if that transfer is or might be in breach of the ASX Listing Rules, any restriction agreement entered into by the Company under the ASX Listing

Rules in relation to the Shares or a provision of this Constitution restricting disposal of those Restricted Securities; and

(b) refuse to register any transfer where the Company is, or the Directors are, required to do so by the ASX Listing Rules.

27.3 Despite clauses 27.1 and 27.2, the Company must not refuse or fail to register or give effect to, or delay or in any way interfere with, a proper ASTC transfer of Shares or other securities quoted by ASX.

27.4 If a person has lodged a transfer which the Directors have refused to register, the Company must, within five Business Days after the date of lodgment, give to the lodging person written notice of the refusal and the reasons for it.

28. Escrow restrictions

28.1 In this clause, **'dispose'** has the extended meaning set out in ASX Listing Rule 19.12.

28.2 A holder of Restricted Securities must not dispose of, or agree or offer to dispose of, those Restricted Securities during the escrow period applicable to those Restricted Securities, except as permitted by the ASX Listing Rules or ASX.

28.3 A holder of Restricted Securities which are in a class of quoted securities, agrees to hold those Restricted Securities on the Company's issuer-sponsored sub-register and agrees to have a holding lock applied for the duration of the escrow period applicable to those Restricted Securities.

28.4 The Company will refuse to acknowledge any disposal (including to register any transfer) of Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the ASX Listing Rules or ASX.

28.5 A holder of Restricted Securities will not be entitled to participate in any return of capital on those Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the ASX Listing Rules or ASX.

28.6 If a holder of Restricted Securities breaches a restriction deed or a provision of this Constitution restricting disposal of those Restricted Securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those Restricted Securities for so long as the breach continues.

Transmission of Shares

29. Title on death

29.1 The legal personal representative of a deceased Member who was the sole holder of Shares is the only person whom the Company will recognise as having any title to the deceased Member's Shares.

29.2 If a deceased Member was a joint holder of Shares, the other joint holder is the only person whom the Company will recognise as having any title to the deceased Member's Shares.

29.3 The estate of the deceased Member will not be released from any liability to the Company in respect of the Shares.

29.4 The Company may register or give effect to a transfer to a transferee who dies before the transfer is registered.

30. Entitlement to transmission

30.1 A person who becomes entitled to a Share in consequence of the death, mental incapacity or bankruptcy of a Member may, subject to clause 27 and to producing to the Company evidence of its entitlement which is satisfactory to the Directors, elect to:

(a) be registered as the holder of the Share; or

(b) transfer the Share to some other person nominated by it.

30.2 If the person who has become entitled to a Share:

(a) elects to be registered as the holder, then the person must deliver or send to the Company a written notice of election signed by him or her; or

(b) elects to transfer the Share, then the person must effect a transfer of the Share.

30.3 An election to be registered as a holder of a Share under clause 30.1(a) or a transfer of a Share from a Member or deceased Member under this clause 30 is subject to the same limitations, restrictions and provisions of this Constitution as would apply if the election were a transfer or the transfer were made by the Member or deceased Member himself or herself.

30.4 A person who:

(a) has become entitled to a Share by operation of law; and

(b) has produced evidence of that person's entitlement which is satisfactory to the Directors,

is entitled to the dividends and other rights of the registered holder of the Share.

30.5 Where two or more persons are jointly entitled to any Share in consequence of the death of the registered holder, they will be considered to be joint holders of the Share.

30.6 Any person who is registered under this clause must indemnify the Company against all liabilities, costs, losses and expenses incurred by the Company as a result of registering the person.

Proportional takeover bids

31. Plebiscite to approve proportional takeover bids

31.1 In this clause 31:

Approving Resolution in relation to a Proportional Takeover Bid means a resolution to approve the Proportional Takeover Bid passed in accordance with clause 31.3.

Approving Resolution Deadline in relation to a Proportional Takeover Bid means the day that is 14 days before the last day of the bid period, during which the offers under the Proportional Takeover Bid remain open or a later day allowed by ASIC.

Proportional Takeover Bid means a takeover bid that is made or purports to be made under section 618(1)(b) of the Corporations Act in respect of securities in a class of securities of the Company.

Relevant Class in relation to a Proportional Takeover Bid, means the class of securities in the Company in respect of which offers are made under the Proportional Takeover Bid.

31.2 Despite clauses 27 and 107, a transfer giving effect to a contract resulting from the acceptance of an offer made under a Proportional Takeover Bid must not be registered unless an Approving Resolution to approve the Proportional Takeover Bid has been passed or is taken to have been passed in accordance with clauses 31.3 to 31.8 inclusive.

31.3 Where offers have been made under a Proportional Takeover Bid, the Directors must:

(a) call and arrange to hold a meeting of the persons entitled to vote on the Approving Resolution for the purpose of considering and, if thought fit, passing a resolution to approve the Proportional Takeover Bid; and

(b) ensure that the resolution is voted on in accordance with clauses 31.4 to 31.8 inclusive,

before the Approving Resolution Deadline.

31.4 The provisions of this Constitution relating to general meetings apply, with necessary changes, to a meeting that is called under clause 31.3, as if that meeting were a general meeting of the Company, except that:

(a) a meeting may be called and held on less than the notice period provided in the Corporations Act or this Constitution if the Board considers that should be done to ensure that the meeting is held before the Approving Resolution Deadline; and

(b) the holder of a security that carries no right to vote at a general meeting of the Company has one vote for each security held at a meeting called and arranged to be held under this clause 31.

31.5 The bidder under a Proportional Takeover Bid and any Associates of the bidder are not entitled to vote on the Approving Resolution and, if they do, their votes must not be counted.

31.6 Subject to clause 31.5, a person who, as at the end of the day on which the first offer under the Proportional Takeover Bid was made, held securities of the Relevant Class, is entitled to vote on the Approving Resolution relating to the Proportional Takeover Bid.

31.7 An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the Approving Resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.

31.8 If an Approving Resolution has not been voted on in accordance with clauses 31.3 to 31.7 inclusive as at the end of the day before the Approving Resolution Deadline, an Approving Resolution will be taken to have been passed in accordance with those clauses on the Approving Resolution Deadline.

Changes to Share capital

32. Alteration of share capital

The Directors may do anything required to give effect to any resolution altering or approving the reduction of the Company's Share capital, including, where a Member becomes entitled to a fraction of a Share or other security on a conversion of some or all of the Shares into a larger or smaller number or on a reduction of capital:

(a) causing the Company to make cash payments;

(b) determining that fractions may be disregarded to adjust the rights of all parties;

(c) appointing a trustee to deal with any fractions on behalf of Members; and

(d) rounding up each fractional entitlement to the nearest whole Share or security by capitalising any amount for capitalisation under clause 100 even though only some of the Members participate in the capitalisation.

33. Reductions of capital

33.1 Subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital in any manner.

33.2 Without limiting the generality of clause 33.1, the Company when reducing its share capital may resolve that such reduction be effected wholly or in part by the distribution of specific assets (whether held in the name of the Company or in the name of any wholly owned subsidiary of the Company) and in particular fully paid shares, debentures, debenture stock or other securities of any other corporation or in any one or more of such ways.

33.3 If a difficulty arises in making a distribution of specific assets or the Directors otherwise so determine, the Directors may do all or any one or more of the following:

(a) deal with the difficulty as they think expedient;

(b) fix the value of all or any part of the specific assets for the purposes of the distribution;

(c) determine that cash will be paid to any Members on the basis of the fixed value in order to equitably adjust the rights of the Members; and

(d) vest any specific assets in trustees as the Directors consider expedient.

33.4 If a distribution of specific assets to a particular Member or Members is in the Directors' opinion contrary to any law, including any law applicable to the Member, or, in the Directors' opinion, impractical, the Directors may make a cash payment to the Member or Members on the basis of the cash amount of the reduction in share capital instead of the distribution of specific assets.

33.5 Where the Company pursuant to a reduction of its share capital distributes to its Members shares in another corporation:

(a) the Members will be deemed to have agreed to become members of that other corporation; and

(b) each of the Members appoints the Company or any of the Directors as its agent to execute any transfer of shares or other document required to facilitate or effect the distribution of shares to that Member.

34. Ancillary powers

If a distribution, transfer or issue of specific assets, shares or securities to a particular Member or Members is, in the Directors' discretion, considered impracticable or would give rise to parcels of securities which do not constitute marketable parcels, the Directors may cause the Company to make a cash payment to those Members or allocate the assets, shares or securities to a trustee to be sold on behalf of, and for the benefit of, those Members, instead of making the distribution, transfer or issue to those Members.

35. Buy-backs

Subject to the Corporations Act and the Listing Rules, the Company may buy Shares on terms and at times determined from time to time by the Directors.

Powers of attorney

36. Powers of attorney

36.1 If a Member executes or proposes to execute any document or do any act by or through an attorney which is relevant to the Company or the Member's shareholding in the Company, that Member must deliver the instrument appointing the attorney to the Company for notation.

36.2 The Company may require the Member to lodge a certified copy of the instrument for retention by the Company, and ask for whatever evidence it thinks appropriate that the power of attorney is effective and continues to be in force.

36.3 Any power of attorney granted by a Member will, as between the Company and the Member who granted the power of attorney:

(a) continue in force; and

(b) may be acted on,

unless express notice in writing of its revocation or of the death of the Member who granted it is lodged with the Company.

36.4 Where a Member proposes that an attorney represent the Member at a general meeting or adjourned meeting, the Member must comply with clause 58.1 of this Constitution.

General meetings

37. Calling and holding general meetings

37.1 A general meeting of Members (including of a class of Members) may be held:

(a) at one or more physical venues; or

(b) at one or more physical venues and using virtual meeting technology.

37.2 A Director may call a general meeting of Members.

37.3 The Directors must call annual general meetings in accordance with the Corporations Act, to be held by the Company at times to be determined by the Directors.

37.4 Members may also request or call and arrange to hold general meetings in accordance with the procedures and requirements set out in the Corporations Act.

37.5 The place at which a general meeting is held is taken to be::

(a) if the general meeting is held at only one physical venue (whether or not it is also held using virtual meeting technology), that physical venue; or

(b) if the general meeting is held at more than one physical venue (whether or not it is also held using virtual meeting technology), the main physical venue of the meeting as set out in the notice of the meeting.

37.6 The time at which a general meeting is held is taken to be the time at the place at which the general meeting is taken to be held in accordance with clause 37.5.

37.7 If the Company holds a general meeting, it must give the Members entitled to attend the meeting, as a whole, a reasonable opportunity to participate in the general meeting.

38. Notice of general meetings

38.1 Notice of a general meeting must be given in accordance with the Corporations Act to the persons referred to in clause 102.1.

38.2 Except as permitted by the Corporations Act, general meetings must be called on at least the minimum number of days' notice required by the Corporations Act (which at the Adoption Date is 28 days) and otherwise in accordance with the procedures set out in the Corporations Act.

38.3 Subject to the requirements of the Corporations Act, the content of a notice of general meeting called by the Directors must be decided by the Directors.

39. Business at general meetings

39.1 Unless the Corporations Act provides otherwise:

(a) no business may be transacted at a general meeting unless the general nature of the business is stated in the notice calling the meeting; and

(b) except with the approval of the Directors or the chairperson, no person may move an amendment to a proposed resolution the terms of which are set out in the notice calling the meeting or to a document which relates to such a resolution and a copy of which has been made available to Members to inspect or copy.

39.2 An accidental omission to send a notice of a general meeting (including a proxy appointment form) or the postponement of a general meeting to any Member or the non-receipt of a notice (or form) by any Member does not invalidate the proceedings at or any resolution passed at the general meeting.

39.3 A person's attendance at the general meeting waives any obligation the person may have to:

(a) a failure to give notice, or the giving of a defective notice, of the meeting unless the person at the beginning of the meeting objects to the holding of the meeting; and

(b) the consideration of a particular matter at the meeting which is not within the business referred to in the notice of meeting, unless the person objects to considering the matter when it is presented.

Proceedings at general meetings

40. Member

In clauses 41, 42, 43, 44, 45, 48 and 50, **Member** includes a Member present in person or by proxy (whether or not the Member or Members they represent cast Direct Votes), attorney or Representative.

41. Quorum

41.1 No business may be transacted at a general meeting unless a quorum of Members is present at the commencement of business.

41.2 A quorum of Members is two Members unless there are less than two Members, in which event a quorum is those Members.

41.3 If a quorum is not present within 30 minutes after the time appointed for a general meeting:

(a) the general meeting is automatically dissolved if it was requested or called by Members; or

(b) in any other case:

(i) it will stand adjourned and the Directors may, subject to and in accordance with clauses 37.5 and 37.7, determine the time, physical venue or physical venues (if any) and virtual meeting technology (if any) for the adjourned general meeting and, if the Directors do not make such a determination, the adjourned general meeting will be held:

(A) at the same time and place seven days after the meeting, or to another day, time and place determined by the Directors; and

(B) at the same physical venue or physical venues (if any), and using the same virtual meeting technology (if any), as originally appointed for the general meeting; and

(ii) if at the adjourned general meeting a quorum is not present within 30 minutes after the time appointed for the general meeting the general meeting is automatically dissolved.

42. Chairperson of general meetings

42.1 The chairperson, or in the chairperson's absence the deputy chairperson, of Directors' meetings will be the chairperson at every general meeting.

42.2 If:

(a) there is no chairperson or deputy chairperson; or

(b) neither the chairperson nor deputy chairperson is present within 15 minutes after the time appointed for holding the general meeting; or

(c) the chairperson and deputy chairperson are unwilling to act as chairperson of the general meeting,

the Directors present may elect a chairperson of the general meeting of the Members.

42.3 If no chairperson is elected in accordance with clause 42.2, then:

(a) the Members may elect one of the Directors present as chairperson; or

(b) if no Director is present or is willing to take the chair, the Members who are present at the general meeting may elect one of the Members present as chairperson.

42.4 At any time during a general meeting and in respect of any specific item or items of business, the chairperson may elect to vacate the chair in favour of another person nominated by the chairperson (which person must be a Director unless no Director is present or is willing to act). That person is to be taken to be the chairperson and will have all the powers of the chairperson (other than the power to adjourn the meeting), during the consideration of that item of business or those items of business.

42.5 If there is a dispute at a general meeting about a question of procedure, the chairperson may determine the question.

43. General conduct

43.1 The general conduct of each general meeting of the Company and the procedures to be adopted at the meeting will be determined by the chairperson, including the procedure for the conduct of the election of Directors.

43.2 The chairperson may, at any time the chairperson considers it necessary or desirable for the proper and orderly conduct of the meeting:

(a) impose a limit on the time that a person may speak on each motion or other item of business and terminate debate or discussion on any business, question, motion or resolution being considered at the meeting and require the business, questions, motion or resolution to be put to a vote of the Members present; and

(b) adopt any procedures for casting or recording votes at the meeting whether on a show of hands or on a poll, including the appointment of scrutineers.

43.3 A decision by the chairperson under clause 43.1 or 43.2 is final.

44. Postponement and Adjournment

44.1 The Directors may:

(a) cancel or postpone to another time (on the same or another date) any general meeting (including any general meeting that has previously been postponed or adjourned) before it has started, other than a general meeting requested or called by Members under clause 37.4, which may only be cancelled or postponed with the prior written consent of the persons who requisitioned or called the general meeting; and

(b) change the physical venue or physical venues (if any) and virtual meeting technology (if any) for any general meeting (including any general meeting that has previously been postponed or adjourned) before it has started.

44.2 The chairperson of a general meeting may postpone the meeting (including any general meeting that has previously been postponed or adjourned) before it has started, whether or not a quorum is present, if, at the time and place appointed for the meeting, he or she considers that:

(a) there is not enough room at any physical venue for the meeting for the number of Members who wish to attend the meeting; or

(b) a postponement is necessary in light of the behaviour of persons present or for any other reason so that the business of the meeting can be properly carried out.

44.3 The chairperson of a general meeting may at any time during the course of the meeting:

(a) adjourn the meeting or any business, motion, question or resolution being considered or remaining to be considered by the meeting either to a later time at the same meeting or to an adjourned meeting; and

(b) for the purpose of allowing any poll to be taken or determined, suspend the proceedings of the meeting for such period/s as he or she decides without effecting an adjournment. No business may be transacted and no discussion may take place during any suspension of proceedings unless the chairperson otherwise allows.

44.4 In relation to any general meeting that is postponed or adjourned by the chairperson of the general meeting under clause 44.2 or 44.3, the chairperson of the general meeting may, subject to and in accordance with clauses 37.1 and 37.7, determine the time, physical venue or physical venues (if any) and virtual meeting technology (if any) for the postponed or adjourned general meeting (as applicable) and, if the chairperson of the general meeting does not make such a determination, the postponed or adjourned general meeting (as applicable) will be held;

(a) at the same time as, and on the day that is seven days after the day, originally appointed for the general meeting; and

(b) at the same physical venue or physical venues (if any), and using the same virtual meeting technology (if any), as originally appointed for the general meeting.

44.5 The chairperson's rights under clauses 44.1, 44.3 and 44.4 are exclusive and, unless the chairperson requires otherwise, no vote may be taken or demanded by the members present about any postponement, adjournment or suspension of proceedings of the general meeting.

44.6 Only unfinished business may be transacted at a meeting resumed after an adjournment.

44.7 Where a meeting is cancelled, postponed or adjourned under this clause 44, notice of the cancellation or of the postponed or adjourned meeting (as applicable) must be given to ASX, but except as provided by clause 44.9, need not be given to any other person.

44.8 Where a meeting is postponed or adjourned, the Directors may, by notice to ASX, postpone, cancel or change the place of the postponed or adjourned meeting.

44.9 Where a meeting is postponed or adjourned for 30 days or more, notice of the postponed or adjourned meeting must be given as in the case of the original meeting.

45. Decisions at general meetings

45.1 Subject to the Corporations Act in relation to special resolutions, a resolution is carried if a majority of the votes cast on the resolution are in favour of the resolution.

45.2 A resolution put to the vote of a meeting is decided on a show of hands unless clause 45.2 applies or a poll is demanded by:

(a) at least 5 Members entitled to vote on the resolution; or

(b) Members with at least 5% of the votes that may be cast on the resolution on a poll; or

(c) the chairperson.

45.3 For so long as the Company is Listed, a resolution put to the vote at a general meeting must be decided on a poll (and not a show of hands) if the notice of the general meeting set out an intention to propose the resolution and stated the resolution.

45.4 A poll:

(a) may be demanded:

(i) before a vote is taken; or

(ii) in the case of a vote taken on a show of hands, immediately before or immediately after, the results of the vote are declared; and

(b) must be demanded if:

(i) a vote by show of hands is taken on the resolution; and

(ii) appointments of proxies have been received specifying the way the proxies are to vote on the resolution (whether or not as a Direct Vote); and

(iii) votes cast in accordance with the appointments of proxies referred to in clause 45.3(b)(ii) could change the outcome of the vote on the resolution.

45.5 Unless a poll is demanded:

(a) a declaration by the chairperson that a resolution has been carried, carried by a specified majority, or lost; and

(b) an entry to that effect in the minutes of the meeting,

are conclusive evidence of the fact without proof of the number or proportion of the votes in favour of or against the resolution.

45.6 The demand for a poll may be withdrawn.

45.7 A decision of a general meeting may not be impeached or invalidated on the ground that a person voting at the meeting was not entitled to do so.

46. Taking a poll

46.1 Subject to clause 46.5, a poll will be taken when and in the manner (including using technology) that the chairperson directs. No notice need be given of any poll.

46.2 The result of the poll will determine whether the resolution on which the poll was demanded is carried or lost.

46.3 The chairperson may determine any dispute about the admission or rejection of a vote, and such determination, if made in good faith, will be final and conclusive.

46.4 A poll cannot be demanded on any resolution concerning the election of the chairperson of a general meeting or the adjournment of the general meeting.

46.5 A poll demanded by the chairperson on any resolution concerning the adjournment of a general meeting must be taken immediately.

46.6 After a poll has been demanded at a general meeting, the general meeting may continue for the transaction of business other than the question on which the poll was demanded.

47. Casting vote of chairperson

The chairperson does not have a casting vote (in addition to the chairperson's votes as a Member, proxy, attorney or Representative) on a show of hands or on a poll.

48. Admission to general meetings

48.1 The chairperson of a general meeting may take any action he or she considers appropriate for the health and/or safety of any Members or other persons present at the general meeting and the orderly conduct of the general meeting.

48.2 Without limiting the generality of clause 48.1, the chairperson of a general meeting may do any one or more of the following:

(a) refuse to admit a person to any physical venue at which the general meeting is being held;

(b) require a person to leave and not return to, any physical venue at which the general meeting is being held;

(c) refuse a person access to (or use of) any virtual meeting technology being used for the general meeting; and

(d) require a person to cease accessing (or using) any virtual meeting technology being used for the general meeting,

in each case, if the person:

(e) refuses to permit examination of any article in the person's possession; or

(f) is in possession of any:

(i) electronic or recording device;

(ii) placard or banner; or

(iii) other article,

which the chairperson considers to be dangerous, offensive or liable to cause disruption; or

(g) causes any disruption to the meeting including by refusal to comply with a request of the chairman to turn off a mobile telephone, personal communication device or similar device; or

(h) poses a risk to the health and/or safety of other persons attending the meeting; or

(i) who behaves or threatens to behave in a dangerous, offensive or disruptive way.

48.3 The chairperson may delegate the powers conferred by clauses 48.1 and 48.2 to any person he or she thinks fit.

48.4 A person, whether a Member or not, requested by the directors or the chairperson to attend a general meeting is entitled to be present and, at the request of the chairperson, to speak at the meeting.

48.5 If the chairperson of a general meeting considers that there is not enough room for the Members who wish to attend any physical venue for the meeting, he or she may arrange for any person whom he or she considers cannot be seated in the main meeting room of any physical venue for the general meeting to observe or attend the meeting in a separate room at that physical venue.

Even if the Members present in the separate room are not able to participate in the conduct of the meeting, the meeting will nevertheless be treated as validly held.

48.6 If, before or during the meeting, any technical difficulty occurs which materially impacts the participation of Members who are attending the general meeting by using virtual meeting technology, the chairperson may:

(a) adjourn the meeting until the difficulty is remedied; or

(b) continue to hold the meeting and transact business, and no Member may object to the meeting being held or continuing, provided that sufficient Members are able to participate in the general meeting as are required to constitute a quorum.

48.7 Nothing in this clause 48 is to be taken to limit the powers conferred on the chairperson of a general meeting by law.

49. Auditor's right to be heard

The Auditor is entitled to:

(a) attend any general meeting of the Company;

(b) be heard at any general meeting of the Company on any part of the business of the meeting that concerns the Auditor in their capacity as auditor, even if:

(i) the Auditor retires at the general meeting; or

(ii) Members pass a resolution to remove the Auditor from office; and

(c) authorise a person in writing to attend and speak at any general meeting as the Auditor's representative.

Votes of Members

50. Entitlement to vote

50.1 Subject to this Constitution and to any rights or restrictions attaching to any class of Shares:

(a) every Member may vote;

(b) subject to clause 54.4 and the Corporations Act, on a show of hands every Member has one vote; and

(c) on a poll every Member has:

(i) for each fully paid Share held by the Member, one vote; and

(ii) for each partly paid Share held by the Member, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable, whether or not called (excluding amounts credited), on the Share. Without limiting the generality of clause 18.3, an amount paid on a Share in advance of a call is not to be taken as paid for the purposes of this clause.

50.2 If a Member:

(a) dies; or

(b) through mental or physical infirmity, is incapable of managing the Member's affairs,

and a personal representative, trustee or other person is appointed under law to administer the Member's estate or property, the personal representative, trustee or person so appointed may exercise any rights of the Member in relation to a general meeting as if the personal representative, trustee or person (as the case may be) was a Member.

50.3 If, under the Corporations Act or the Listing Rules, a notice calling a meeting and proposing a resolution specifies that:

(a) a Member must not vote in favour of the resolution;

(b) a Member must not vote on the resolution; or

(c) a vote on the resolution by the Member will be disregarded,

and the Member or a person acting as the Member's proxy, attorney or representative does tender a vote, in the case of paragraph (a), in favour of, or in the case of paragraph (b) or (c), on, the resolution, their vote must not be counted.

50.4 Where the Corporations Act or the Listing Rules prohibits a Member from voting in favour of a resolution, this does not prohibit the Member from voting against the resolution.

51. Unpaid calls

A Member is entitled to:

(a) vote; or

(b) be counted in a quorum,

only in respect of Shares on which all calls due and payable have been paid.

52. Joint holders

52.1 If two or more joint holders purport to vote, the vote of the joint holder whose name appears first in the Register will be accepted, to the exclusion of the other joint holder or holders.

52.2 For the purposes of this clause 52, several executors or administrators of a deceased Member in whose sole name any Shares are registered will be taken to be joint holders of those Shares.

53. Objections

53.1 An objection to the qualification of a voter may only be raised at the general meeting or adjourned general meeting at which the voter tendered their vote.

53.2 An objection must be referred to the chairperson of the general meeting for decision, whose decision is final.

53.3 A vote which the chairperson does not disallow under an objection is valid for all purposes.

54. Votes by proxy

54.1 A Member who is entitled to vote at a general meeting of the Company may appoint not more than two proxies to attend and vote at the general meeting on that Member's behalf.

54.2 A proxy need not be a Member.

54.3 If a Member appoints one proxy, that proxy may, subject to the Corporations Act, vote on a show of hands.

54.4 If a Member appoints two proxies and the appointment does not specify the proportion or number of the Member's votes each proxy may exercise, each proxy may exercise half the votes. However, neither proxy may vote on a show of hands.

54.5 A proxy may demand or join in demanding a poll.

54.6 Subject to the Corporations Act, a proxy may vote or abstain as he or she chooses.

54.7 If:

(a) a Member nominates the chairperson of the meeting as the Member's proxy; or

(b) the chairperson is to act as proxy under clause 57 or otherwise under a default appointment according to the terms of the proxy form,

then the person acting as chairperson in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.

54.8 A proxy's authority to speak and attend for a Member at a meeting is suspended while the Member is present in person or by representative at the meeting unless the Member otherwise decides and informs the Company in writing prior to the start of the meeting, in which event the Member's authority to speak or vote at the meeting is suspended while the proxy is present at the meeting.

55. Direct Votes

55.1 The Directors may determine that at any meeting of Members or class meeting, a Member who is entitled to attend and vote on a resolution at that meeting is entitled to a Direct Vote in respect of that resolution.

55.2 The Directors may prescribe regulations, rules and procedures in relation to Direct Voting, including specifying the form, method and timing of giving a Direct Vote at a meeting in order for the vote to be valid.

56. Document appointing proxy

56.1 An appointment of a proxy is valid if it is signed by the Member making the appointment and contains the information required by subsection 250A(1) of the Corporations Act.

56.2 For the purposes of clause 56.1, an appointment received at an electronic address will be taken to be signed by the Member if:

(a) a personal identification code allocated by the Company to the Member has been input into the appointment; or

(b) the appointment has been verified in another manner approved by the Directors; or

(c) the appointment is otherwise authenticated in accordance with the Corporations Act.

56.3 The Company may send a proxy appointment form to Members by means of an electronic communication in accordance with the Corporations Act or in a form which has been approved by the Directors or by the chairperson and the Managing Director.

56.4 A proxy's appointment is valid at an adjourned or postponed general meeting.

56.5 A proxy or attorney may be appointed for all meetings or for any number of general meetings or for a particular purpose.

56.6 Unless otherwise provided for in the proxy's appointment or in any instrument appointing an attorney, the appointment of the proxy or the attorney will be taken to confer authority:

(a) to vote on:

(i) any amendment moved to the proposed resolutions and on any motion that the proposed resolutions not be put or any similar motion; and

(ii) any procedural motion, including any motion to elect the chairperson, to vacate the chair or to adjourn the general meeting,

even though the appointment may specify the way the proxy or attorney is to vote on a particular resolution; and

(b) to vote on any motion before the general meeting whether or not the motion is referred to in the appointment,

except where any such vote, if cast, would constitute an offence under the Corporations Act.

57. Proxy in blank

If a proxy appointment is signed by the Member but does not name the proxy or proxies in whose favour it is given, the chairperson may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or a Secretary.

58. Lodgement of proxy

58.1 Subject to clause 58.3, the appointment of a proxy or attorney must be received by the Company, at least 48 hours (unless reduced in the notice of meeting to which the appointment relates) before the general meeting (or the resumption of an adjourned general meeting) at which the appointee is to attend and vote.

58.2 If the appointment purports to be executed under a power of attorney or other authority, the original document or a certified copy of it must be received by the Company at least 48 hours (unless reduced in the notice of meeting to which the appointment relates) before the general meeting (or the resumption of an adjourned general meeting).

58.3 The Company receives an appointment of a proxy or attorney or other authority under which it was signed:

(a) if they are given by means of an electronic communication in accordance with the Corporations Act, when they are received by the Company including when they become capable of being retrieved by the Company at an electronic address nominated by the Company; and

(b) otherwise, when they are received at:

(i) the Company's registered office; or

(ii) a place specified for that purpose in the notice of general meeting.

59. Validity

59.1 A vote cast in accordance with an appointment of proxy or power of attorney is valid even if before the vote was cast the appointor:

(a) died;

(b) became mentally incapacitated;

(c) revoked the proxy or power; or

(d) transferred the Shares in respect of which the vote was cast,

unless the Company received written notification of the death, mental incapacity, revocation or transfer before the relevant general meeting or adjourned general meeting.

59.2 Notwithstanding any other clause of this Constitution, a vote cast or purported to be cast by a person in circumstances which would constitute an offence under the Corporations Act is invalid and will not be counted by the Company on any vote, whether by proxy, in person, on a poll or by any other means .

60. Representatives of bodies corporate

60.1 Any Member or proxy that is a body corporate may appoint an individual as its representative as provided by the Corporations Act.

60.2 The appointment of a Representative may set out restrictions on the Representative's powers.

60.3 The original form of appointment of a Representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a Representative is prima facie evidence of a Representative having been appointed.

60.4 The chairperson of a general meeting may permit a person claiming to be a Representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

Appointment and removal of Directors

61. Number of Directors

61.1 Subject to the Corporations Act, the Company may by resolution passed at a general meeting increase the minimum number of Directors or increase or reduce the maximum number of Directors.

61.2 Until the Company resolves otherwise in accordance with clause 61.1 there will be:

(a) a minimum of three Directors; and

(b) a maximum of 10 Directors.

61.3 Subject to any resolution of the Members determining the maximum and minimum numbers of Directors, the Directors may from time to time determine the respective numbers of Executive and Non-Executive Directors.

62. Qualification

62.1 Neither a Director nor an Alternate Director has to hold any Shares.

62.2 In addition to the circumstances which disqualify a person from managing a corporation according to the Corporations Act, no person who has been an insolvent under administration within the previous five years is eligible to become a Director.

62.3 A Director (and an Alternate Director when acting as a Director) is entitled to notice of all general meetings and meetings of the holders of any class of Shares.

63. Power to remove and appoint

63.1 Subject to the provisions of this Constitution, the Company may appoint a person as a Director by resolution passed in general meeting.

63.2 A Director appointed or elected at a general meeting is taken to have been appointed or elected with effect from immediately after the end of that general meeting unless the resolution by which the Director was appointed or elected specifies a different time.

63.3 If the conduct or position of any Director is such that continuance in office appears to the majority of the Directors to be prejudicial to the interests of the Company, a majority of Directors at a meeting of the Directors specifically called for that purpose may suspend that Director.

63.4 A suspended Director may not take any part in the business or affairs of the Company until the suspension has been terminated.

63.5 Within 14 days of the suspension of a Director, the Directors must call a general meeting, at which the Members may consider a resolution to remove the Director from office.

63.6 If a resolution to remove a suspended Director from office is not carried at the general meeting called to consider the matter, the suspension of the Director is terminated and the Director is reinstated in his or her office.

64. Additional and casual Directors

64.1 Subject to clause 61, only the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors.

64.2 Unless the Director is the Managing Director and the ASX Listing Rules do not require that Director to be subject to retirement as set out in this clause, a Director appointed under clause 64.1 will hold office until the end of the next annual general meeting of the Company, at which the Director may be re-elected.

65. Retirement of Directors

65.1 No Director, who is not the Managing Director, may hold office for a continuous period in excess of three years or until the third annual general meeting following the Director's appointment or election, whichever is the longer, without submitting for re-election. If no such Director would be required to submit for re-election but the ASX Listing Rules require an election of Directors to be held, the Director to retire will be as agreed by the Directors among themselves or, failing agreement, determined by lot.

65.2 A retiring Director remains in office until the end of the meeting at which the Director retires or vacates office, and will be eligible for re-election at the meeting.

66. Eligibility for election as Director

66.1 A person is eligible for election to the office of a Director at a general meeting only if:

(a) the person is in office as a Director immediately before the meeting;

(b) the person has been nominated by the Directors for election at that meeting;

(c) where the person is a Member, the person has, at least 35 Business Days but no more than 90 Business Days before the meeting, given the Company a notice signed by the person stating the person's desire to be a candidate for election at the meeting; or

(d) where the person is not a Member, a Member intending to nominate the person for election at that meeting has, at least 35 Business Days but no more than 90 Business Days before the meeting, given the Company a notice signed by the Members stating the Member's intention to nominate the person for election, and a notice signed by the person stating the person's consent to the nomination.

66.2 Clause 66.1(a) applies to elections of Directors at a general meeting that is a ***spill meeting*** as defined in section 250V(1) of the Corporations Act, to the extent permitted by the Corporations Act.

67. Vacation of office

The office of a Director immediately becomes vacant if the Director:

(a) ceases to be a Director by virtue of the Corporations Act;

(b) is prohibited by the Corporations Act from holding office or continuing as a Director;

(c) is liable to pay a call but does not pay the call within 21 days after the date on which it is payable;

(d) is prohibited from holding or is removed from the office of Director by an order made under the Corporations Act;

(e) becomes bankrupt or makes any general arrangement or composition with his or her creditors;

(f) cannot fully participate in the management of the Company because of his or her mental incapacity or is a person whose estate is liable to have a person appointed, under the law relating to the administration of estates of persons who through mental or physical infirmity are incapable of managing their affairs, to administer it, or becomes in the opinion of the Directors incapable of performing his or her duties;

(g) resigns from his or her office of Director by notice in writing to the Company; or

(h) is absent from Directors' meetings for six consecutive months without leave of absence from the Directors.

Remuneration of Directors

68. Remuneration of Non-Executive Directors

68.1 Subject to the ASX Listing Rules, the Directors as a whole (other than Executive Directors) may be paid or provided remuneration for their services the total amount or value of which must not exceed each year an aggregate maximum approved for the purposes of clause 15.4(a) of the Previous Constitution or such higher maximum amount determined from time to time by the Company in general meeting.

68.2 When calculating a Director's remuneration for the purposes of the aggregate maximum under clause 68.1, any amount paid by the Company or a related body corporate:

(a) to a superannuation, retirement or pension fund for a Director so that the Company is not liable to pay the superannuation guarantee charge or similar statutory charge is to be included; and

(b) for any insurance premium paid or agreed to be paid for a Director under clause 68.7 is to be excluded.

68.3 Subject to the ASX Listing Rules, the aggregate maximum sum will be divided among the Non-Executive Directors in such proportion and manner as the Directors agree and, in default of agreement, equally and shall be deemed to accrue from day to day.

68.4 Non-Executive Directors may not be paid a commission on or a percentage of profits or operating revenue.

68.5 If a Non-Executive Director is required to perform services for the Company which in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, the Company may pay or provide the Director remuneration determined by the Directors which may be either in addition to or instead of the Director's remuneration under clause 68.1. Any remuneration paid or provided under this clause 68.5 does not form part of the aggregate maximum sum of Directors' remuneration permitted under clause 68.1.

68.6 Non-Executive Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

68.7 The Company may also pay a premium for a contract insuring a person who is or has been a Non-Executive Director against liability incurred by the person as a Director, except in circumstances prohibited by the Corporations Act.

68.8 Shares, options, rights and other share-based payments may be provided to Non-Executive Directors as part of their remuneration under clauses 68.3 and 68.4 according to the rules of any share plan for the remuneration of Non-Executive Directors that may be introduced by the Company, subject to the ASX Listing Rules and requirements of the Corporations Act. The value of any such Shares, options, rights and other share-based payments will not be included in the aggregate maximum under clause 68.1.

69. Remuneration of Executive Directors

69.1 The remuneration of an Executive Director may from time to time be fixed by the Directors. The remuneration may be by way of salary or commission or participation in profits or by all or any of these modes but may not be by commission on, or a percentage of, operating revenue.

69.2 The Company may reimburse an Executive Director for his or her expenses properly incurred as a Director or in the course of his or her office.

69.3 Except in circumstances prohibited by the Corporations Act, the Company may pay a premium for a contract insuring a person who is or has been an Executive Director against liability incurred by the person as a Director.

70. Retirement benefits

70.1 Subject to the Corporations Act, the Company may give a person a benefit in connection with a Director's retirement from a managerial or executive office in the Company or a related body corporate of the Company.

70.2 Subject to the Corporations Act, the Company may enter into an agreement or contract with a person for the giving to the person or any other person of a benefit in connection with a Director's retirement from a managerial or executive office in the Company or a related body corporate of the Company.

Powers and duties of Directors

71. Directors to manage Company

71.1 The business of the Company is managed by or under the direction of the Directors who may exercise all powers of the Company that this Constitution, the Corporations Act or the ASX Listing Rules do not require to be exercised by the Company in general meeting.

71.2 Without limiting the generality of clause 71.1, the Directors may exercise all the powers of the Company to:

(a) borrow money;

(b) charge any property or business of the Company or all or any of its uncalled capital;

(c) issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person; and

(d) guarantee or to become liable for the payment of money or the performance of any obligation by or of any other person.

Proceedings of Directors

72. Directors' meetings

72.1 Any Director may call a meeting of the Directors.

72.2 A Directors' meeting must be called by giving not less than 48 hours' notice of such meeting to each Director, unless the Directors attending the meeting unanimously agree otherwise. The notice may be in writing or given using any technology (including telephone, virtual meeting technology and other electronic means) consented to by all the Directors. The consent may be a standing one.

72.3 An omission (whether accidental or otherwise) to send a notice of a meeting of Directors to any Director or the non-receipt of such a notice by any Director does not invalidate the proceedings, or any resolution passed, at the meeting.

72.4 Subject to the Corporations Act, a Directors' meeting may be held by the Directors communicating with each other by any technological means (including telephone, virtual meeting technology and other electronic means) consented to by all the Directors. The consent may be a standing one.

72.5 The Directors need not all be physically present in the same place for a Directors' meeting to be held.

72.6 A Director who participates in a meeting held in accordance with clause 72.4 is taken to be present and entitled to vote at the meeting.

72.7 If, before or during a Directors' meeting, any technical difficulty occurs where one or more Directors cease to participate, the chairperson of the meeting may adjourn the meeting until the difficulty is remedied or may, where a quorum of Directors remains present, continue with the meeting.

72.8 A Director can only withdraw his or her consent under clause 72.4 to the means of communication between Directors proposed for a Directors' meeting if the Director does so at least 48 hours before the meeting.

72.9 Clause 72.4 applies to meetings of Directors' committees as if all committee members were Directors.

72.10 The Directors may meet together, adjourn and regulate their meetings as they think fit.

72.11 A quorum for meetings of Directors may be fixed by the Directors and unless so fixed, is three Directors present. The quorum must be present at all times during the meeting.

72.12 Where a quorum cannot be established for the consideration of a particular matter at a meeting of Directors, one or more of the Directors may call a general meeting of Members to deal with the matter.

73. Decisions

73.1 Questions arising at a meeting of Directors are to be decided by a majority of votes of the Directors present and voting and, subject to the Corporations Act, each Director has one vote.

73.2 Subject to the ASX Listing Rules, in the case of an equality of votes, the chairperson of a meeting does not have a casting vote in addition to his or her deliberative vote.

73.3 An Alternate Director has one vote for each Director for whom he or she is an alternate. If an Alternate Director is a Director, he or she also has a vote as a Director.

74. Directors' interests

74.1 Where required by the Corporations Act, a Director must give the Directors notice of any material personal interest in a matter that relates to the affairs of the Company.

74.2 Subject to the provisions of this clause 74, a Director or a body or entity in which a Director has a direct or indirect interest may:

(a) enter into any agreement or arrangement with the Company;

(b) hold any office or place of profit other than as auditor in the Company; and

(c) act in a professional capacity other than as auditor for the Company,

and the Director or the body or entity can receive and keep beneficially any remuneration, profits or benefits under any agreement or arrangement with the Company or from holding an office or place of profit in or acting in a professional capacity with the Company.

74.3 The fact that a Director holds office as a director, and has fiduciary obligations arising out of that office:

(a) will not void or render voidable a contract made by a Director with the Company;

(b) will not void or render voidable a contract or arrangement entered into by or on behalf of the Company and in which the Director may have any interest; and

(c) will not require the Director to account to the Company for any profit realised by or under any contract or arrangement entered into by or on behalf of the Company and in which the Director may have any interest.

74.4 A Director may be or become a director or other officer of, or otherwise be interested in:

(a) any related body corporate of the company; or

(b) any other body corporate promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise,

and is not accountable to the Company for any remuneration or other benefits received by the Director as a director or officer of, or from having an interest in, that body corporate.

74.5 A Director who has a material personal interest in a matter that is being considered at a Directors' meeting must not:

(a) be present while the matter is being considered at the meeting; or

(b) vote on the matter,

unless permitted to do so by the Corporations Act, in which case the Director may:

(c) be counted in determining whether or not a quorum is present at any meeting of Directors considering that contract or arrangement or proposed contract or arrangement;

(d) sign or countersign any document relating to that contract or arrangement or proposed contract or arrangement; and

(e) vote in respect of, or in respect of any matter arising out of, the contract or arrangement or proposed contract or arrangement.

74.6 A Director must give to the Company such information about the Shares or other securities in the Company in which the Director has a relevant interest and at the times that the Secretary requires, to enable the Company to comply with any disclosure obligations it has under the Corporations Act or the ASX Listing Rules.

75. Alternate Directors

75.1 A Director may, with the approval of the Directors, appoint one or more persons as his or her alternate.

75.2 An Alternate Director is entitled to notice of Directors' meetings while he or she is acting in that capacity and, if the appointor is not present at a meeting, is entitled to attend, be counted in a quorum and vote as a Director.

75.3 An Alternate Director is an officer of the Company and is not an agent of the appointor.

75.4 The provisions of this Constitution which apply to Directors also apply to Alternate Directors, except that Alternate Directors are not entitled in that capacity to any remuneration from the Company.

75.5 The appointment of an Alternate Director may be revoked at any time by the appointor or by the other Directors.

75.6 An Alternate Director's appointment ends automatically when his or her appointor ceases to be a Director.

75.7 Any appointment or revocation under this clause must be effected by written notice delivered to the Secretary.

75.8 An Alternate Director does not have an interest in a contract or arrangement or a material personal interest in a matter by reason only of the fact that his or her appointor has such an interest.

76. Remaining Directors

76.1 The Directors may act even if there are vacancies on the board.

76.2 If the number of Directors is not sufficient to constitute a quorum at a Directors' meeting, the Director or Directors may act only to:

(a) appoint a Director or Directors; or

(b) call a general meeting.

77. Chairperson of Directors' meetings

77.1 The Directors may elect a Director as chairperson of Directors' meetings and may determine the period for which the chairperson will hold office.

77.2 If no chairperson is elected or if the chairperson is not present at any Directors' meeting within 10 minutes after the time appointed for the meeting to begin, the Directors present must elect a Director to be chairperson of the meeting.

77.3 The Directors may elect a Director as deputy chairperson to act as chairperson in the chairperson's absence.

78. Delegation

78.1 The Directors may delegate any of their powers, other than those which by law must be dealt with by the Directors as a board, to:

(a) a committee or committees;

(b) a Director or Directors;

(c) an employee or employees of the Company; or

(d) any other person.

78.2 The Directors may at any time revoke any delegation of power under clause 78.1.

78.3 A committee may be authorised by the Directors to sub-delegate all or any of the powers for the time being vested in it.

78.4 Meetings of any committee of Directors will be governed by the provisions of this Constitution which deal with Directors' meetings so far as they are applicable and are not inconsistent with any directions of the Directors. The provisions apply as if each member was a Director.

79. Written resolutions

79.1 If:

(a) all the Directors who are eligible to vote on a resolution (other than any Director on leave of absence approved by the Directors, any Director who disqualifies himself or herself from considering the resolution in question and any Director who would be prohibited by the Act from voting on the resolution in question) sign or consent to a resolution set out or identified in a document; and

(b) the Directors who sign or consent to the resolution would have constituted a quorum at a meeting of Directors held to consider that resolution,

then a resolution in those terms is taken to have been passed by the Directors without a meeting. The resolution is passed when the last Director signs or provides their consent.

79.2 For the purposes of clause 79.1, separate copies of a document may be used for signing or the provision of consent by the Directors if the wording of the resolution is identical in each copy.

79.3 Any document referred to in this clause may be a document in the form of a facsimile transmission, electronic notification, or produced by other electronic or mechanical means.

79.4 A Director may consent to a resolution by:

(a) signing the document containing the resolution (or a copy of the document):

(b) sending the consent in any document produced under the name of the Director with the Director's authority;

(c) delivering to the Company's registered office a written document addressed to the company secretary or the chairperson of Directors, signifying assent to the resolution and either setting out its terms or otherwise clearly identifying the resolution;

(d) telephoning the secretary or the chairperson of Directors and signifying assent to the resolution and clearly identifying its terms; or

(e) any other means approved from time to time by the Directors.

79.5 If a resolution is taken to have been passed in accordance with this clause 79, the minutes must record that fact.

79.6 This clause 79 applies to meetings of Directors' committees as if all members of the committee were Directors.

79.7 Any document referred to in this clause 79 must be sent to every Director who is entitled to vote on the resolution.

80. Validity of acts of Directors

80.1 An act done by a Director is effective even if their appointment, or the continuance of their appointment, is invalid because the Company or Director did not comply with this Constitution or any provision of the Corporations Act.

80.2 Clause 80.1 does not deal with the question whether an effective act by a director:

(a) binds the company in its dealings with other people; or

(b) makes the company liable to another person.

81. Minutes

81.1 The Directors must cause minutes to be made of:

(a) the names of the Directors present at all Directors' meetings and meetings of Directors' committees;

(b) all proceedings and resolutions of general meetings, Directors' meetings and meetings of Directors' committees;

(c) all resolutions passed in accordance with clause 79;

(d) appointments of officers, but only if the Directors resolve that a minute of the appointment should be made; and

(e) all disclosures of interests made in accordance with the Corporations Act.

81.2 Minutes must be signed by the chairperson of the meeting or by the chairperson of a future meeting, and if so signed will be conclusive evidence of the matters stated in such minutes.

Executive Directors

82. Appointment

82.1 The Directors may appoint one Director to the office of Managing Director on such terms as they think fit.

82.2 The Directors may appoint one or more Directors to any other executive position in the Company on such terms as they think fit.

82.3 A Director appointed under clause 82.1 or 82.2, and a Director (however appointed) occupying for the time being an executive position in the Company or a related body corporate of the Company, is referred to in this Constitution as an **Executive Director**.

82.4 The Directors may, subject to the terms of the Executive Director's employment contract, suspend, remove or dismiss him or her from executive office and appoint another Director in that place.

82.5 If an Executive Director ceases to be a Director, his or her appointment as an Executive Director terminates automatically.

82.6 If an Executive Director ceases to hold an executive office in the Company, then, unless the Directors resolve otherwise, he or she also ceases to be a Director from the same date.

82.7 If an Executive Director is suspended from executive office of the Company or of a related body corporate of the Company, his or her duties and obligations as Director are suspended for the same period.

82.8 A Managing Director is not subject to retirement under clause 65 and is not to be taken into account in determining the rotation of retirement of Directors. Any other Executive Directors are subject to retirement under clause 65.

83. Powers of Executive Directors

83.1 The Directors may confer on an Executive Director any powers exercisable by the Directors, subject to any terms and restrictions determined by the Directors.

83.2 The Directors may authorise an Executive Director to sub-delegate all or any of the powers vested in him or her.

83.3 Any power conferred under this clause may be concurrent with but not to the exclusion of the Directors' powers.

83.4 The Directors may at any time withdraw or vary any of the powers conferred on an Executive Director.

Local management

84. General

84.1 The Directors may provide for the management and transaction of the affairs of the Company in any place and in such manner as they think fit.

84.2 Without limiting clause 84.1, the Directors may:

(a) establish local boards or agencies for managing any of the affairs of the Company in a specified place and appoint any persons to be members of those local boards or agencies; and

(b) delegate to any person appointed under clause 84.2(a) any of the powers, authorities and discretions which may be exercised by the Directors under this Constitution,

on any terms and subject to any conditions determined by the Directors.

84.3 The Directors may at any time revoke or vary any delegation under this clause 84.

85. Appointment of attorneys and agents

85.1 The Directors may from time to time by resolution or power of attorney appoint any person to be the attorney or agent of the Company:

(a) for the purposes;

(b) with the powers, authorities and discretions (not exceeding those exercisable by the Directors under this Constitution);

(c) for the period; and

(d) subject to the conditions,

determined by the Directors.

85.2 An appointment by the Directors of an attorney or agent of the Company may be made in favour of:

(a) any member of any local board established under this Constitution;

(b) any company;

(c) the members, directors, nominees or managers of any company or firm; or

(d) any fluctuating body of persons whether nominated directly or indirectly by the Directors.

85.3 A power of attorney may contain such provisions for the protection and convenience of persons dealing with an attorney as the Directors think fit.

85.4 An attorney or agent appointed under this clause 85 may be authorised by the Directors to sub-delegate all or any of the powers authorities and discretions for the time being vested in it.

Secretary

86. Secretary

86.1 There must be at least one Secretary of the Company appointed by the Directors on conditions determined by them.

86.2 The Secretary is entitled to attend all Directors' and general meetings.

86.3 The Directors may, subject to the terms of the Secretary's employment contract, suspend, remove or dismiss the Secretary.

Seals

87. Common Seal

87.1 If the Company has a Seal:

(a) the Directors must provide for the safe custody of the Seal;

(b) it must not be used except with the authority of the Directors or a Directors' committee authorised to permit use of the Seal;

(c) every document to which the Seal is affixed must be signed by a Director and be countersigned by another Director, the Secretary or another person appointed by the Directors to countersign the document; and

(d) the Directors may determine by resolution either generally or in any particular case that the signature of any Director or the Secretary to a document to which the Seal or a duplicate seal or certificate seal is affixed may be a facsimile applied to the document by specified mechanical means.

87.2 Without limiting the generality of section 126 or 127 or Part 2B.1 or Part 2B.2 of the Corporations Act, the Company may execute a document if the Seal is fixed to the document and the fixing of the Seal is witnessed (including as provided in section 127(2A) of the Corporations Act) by any of the persons referred to in section 127(2)(a) or (b) of the Corporations Act.

88. Duplicate Seal

If the Company has a Seal, the Company may have one or more duplicate seals of the Seal each of which:

(a) must be a facsimile of the Seal with the addition on its face of the words **Duplicate Seal**; and

(b) must only be used with the authority of the Directors or a Directors' committee.

Inspection of records

89. Times for inspection

89.1 Except as otherwise required by the Corporations Act, the Directors may determine whether and to what extent, and at what times and places and under what conditions, the financial records and other documents of the Company or any of them will be open for inspection by Members other than Directors.

89.2 A Member other than a Director does not have the right to inspect any financial records or other documents of the Company unless the Member is authorised to do so by a court order or a resolution of the Directors.

Dividends and reserves

90. Dividends

The Directors may by resolution either:

(a) declare a dividend and may fix the amount, the time for and method of payment; or

(b) determine a dividend or interim dividend is payable and fix the amount and the time for and method of payment.

91. Amend resolution to pay dividend

If the Directors determine that a dividend or interim dividend is payable under clause 90(b), they may amend or revoke the resolution to pay the dividend or interim dividend before the record date notified to ASX for determining entitlements to that dividend or interim dividend.

92. No interest

Interest is not payable by the Company on a dividend.

93. Reserves

93.1 The Directors may set aside out of any amount available for distribution as a dividend such amounts by way of reserves as they think appropriate before declaring a dividend or determining to pay a dividend.

93.2 If the Directors resolve to declare a dividend or determine to pay a dividend, or state in the minutes of a meeting of Directors their intention to do so subject to the occurrence of a future event:

(a) by such resolution or minutes the Directors will be taken to have set aside the amount available for distribution as a dividend as a reserve; and

(b) such amount will not be appropriated in the accounts of the Company against losses or appropriated or applied for any other purpose, except pursuant to a resolution approved by the Directors.

93.3 In any case other than that referred to in clause 93.1 or clause 93.2, any amount available for distribution, including retained earnings or profits, will not be taken to be appropriated or applied against losses or for any other purpose except pursuant to a resolution of the Directors.

93.4 The Directors may apply the reserves for any purpose for which an amount available for distribution as a dividend may be properly applied.

93.5 Pending any application or appropriation of the reserves, the Directors may invest or use the reserves in the business of the Company or in other investments as they think fit.

93.6 The Directors may carry forward any undistributed amount available for distribution as a dividend without transferring them to a reserve.

94. Dividend entitlement

94.1 Subject to the rights of persons (if any) entitled to Shares with special rights or subject to special restrictions as to dividends:

(a) all fully paid Shares on which any dividend is declared or paid, are entitled to participate in that dividend equally; and

(b) each partly paid Share is entitled to a fraction of the dividend declared or paid on a fully paid Share of the same class, equivalent to the proportion which the amount paid (not credited) on the Share bears to the total amounts paid and payable, whether or not called, (excluding amounts credited) on the Share.

94.2 An amount paid on a Share in advance of a call is not to be taken as paid for the purposes of clause 94.1.

94.3 Unless otherwise determined by the Directors, Shares rank for dividends from their date of allotment.

94.4 Subject to the ASX Settlement Operating Rules, the Directors may fix a record date for a dividend, with or without suspending the registration of transfers from that date.

94.5 Subject to the ASX Settlement Operating Rules, a dividend in respect of a Share must be paid to the person who is registered, or entitled to be registered, as the holder of the Share:

(a) where the Directors have fixed a record date in respect of the dividend, on that date; or

(b) where the Directors have not fixed a record date in respect of that dividend, on the date fixed for payment of the dividend,

and a transfer of a Share that is not registered on or before that date is not effective, as against the Company, to pass any right to the dividend.

94.6 Subject to the Corporations Act and the ASX Settlement Operating Rules, a transfer of Shares registered after the record date notified to ASX for determining entitlements to a dividend paid or payable in respect of the transferred Shares, does not pass the right to that dividend.

95. Deductions from dividends

The Directors may deduct from a dividend payable to a Member all sums presently payable by the Member to the Company on account of calls or otherwise in relation to Shares in the Company.

96. Distribution of assets

96.1 The Directors may resolve that a dividend will be paid wholly or partly by the transfer or distribution of specific assets, including fully paid shares in, or debentures of, any other corporation.

96.2 If a difficulty arises in making a transfer or distribution of specific assets, the Directors may:

(a) deal with the difficulty as they consider expedient;

(b) fix the value of all or any part of the specific assets for the purposes of the distribution;

(c) determine that cash will be paid to any Members on the basis of the fixed value in order to adjust the rights of all the Members; and

(d) vest any such specific assets in trustees as the Directors consider expedient.

96.3 If a transfer or distribution of specific assets to a particular Member or Members is in the Directors opinion contrary to any law including any law applicable to the Member, or, in the Directors' opinion, impracticable, the Directors may make a cash payment to the Member or Members on the basis of the cash amount of the dividend instead of the transfer or distribution of specific assets.

96.4 Where the Company pays a dividend (interim or final) by the transfer of shares in another corporation:

(a) the Members receiving the dividend will be taken to have agreed to become members of that corporation; and

(b) each of those Members appoints the Company or any of the Directors as its agent to execute any transfer of shares or other document required to facilitate or effect the distribution and transfer of the shares to the Member.

97. Payment

97.1 Any dividend or other money payable in respect of Shares may be paid:

(a) by cheque sent through the mail directed to:

(i) by the address of the Member shown in the Register or to the address of the joint holder of Shares shown first in the Register; or

(ii) by an address which the Member has, or joint holders have, in writing notified the Company as the address to which dividends should be sent;

(b) by electronic funds transfer to an account with a bank or other financial institution nominated by the Member and acceptable to the Company; or

(c) by any other means determined by the Directors,

and is at the risk of the Member who is (or joint holders one of whom is) the intended recipient as soon as it is given, posted or transferred, as applicable.

97.2 Any joint holder may give an effectual receipt for any dividend or other money paid in respect of Shares held by holders jointly.

97.3 If the Directors decide that payments will be made by electronic transfer into an account (of a type approved by the Directors) nominated by a Member, but no such account is nominated by the Member or an electronic transfer into a nominated account is rejected or refunded, the Company may credit the amount payable to an account of the Company to be held until the Member nominates a valid account.

97.4 Where a Member does not have a registered address or the Company believes that a Member is not known at the Member's registered address, the Company may credit an amount payable in

respect of the Member's Shares to an account of the Company to be held until the Member claims the amount payable or nominates an account into which a payment may be made.

97.5 An amount credited to an account under clause 97.3 or 97.4 is to be treated as having been paid to the Member at the time it is credited to that account. The Company will not be a trustee of the money and no interest will accrue on the money.

97.6 If a cheque for an amount payable under clause 97.1 is not presented for payment for 11 calendar months after issue or an amount is held in an account under clause 97.3 or 97.4 for 11 calendar months, the Directors may reinvest the amount, after deducting reasonable expenses, into Shares on behalf of, and in the name of, the Member concerned and may stop payment on the cheque. The Shares may be acquired on market or by way of new issue at a price the Directors accept is market price at the time. Any residual sum which arises from the reinvestment may be carried forward or donated to charity on behalf of the Member, as the Directors decide. The Company's liability to pay the relevant amount is discharged by an application under this clause 97.6. The Directors may do anything necessary or desirable (including executing any document) on behalf of the Member to effect the application of an amount under this clause 97.6. The Directors may determine other rules to regulate the operation of this clause 97.6 and may delegate their power under this clause 97.6 to any person.

98. Election to reinvest dividend

The Directors may:

(a) establish a plan under which Members or any class of Members may elect to reinvest cash dividends paid or payable by the Company by acquiring by way of issue or transfer (or both) Shares or other securities; and

(b) vary, suspend or terminate the arrangements established under clause 98(a).

99. Election to accept Shares in lieu of dividend

99.1 The Directors may resolve, in respect of any dividend which it is proposed to pay on any Shares, that holders of those Shares may elect to:

(a) forego their right to share in the proposed dividend or part of the proposed dividend; and

(b) instead receive an issue of Shares credited as fully paid or a transfer of fully paid Shares (or both).

99.2 If the Directors resolve to allow the election provided for in clause 99.1, each holder of Shares conferring a right to share in the proposed dividend may, by notice in writing to the Company given in such form and within such period as the Directors may decide, elect to:

(a) forego the dividend which otherwise would have been paid to the holder on such of the holder's Shares conferring a right to share in the proposed dividend as the holder specifies in the notice of election; and

(b) receive instead Shares to be issued or transferred (or both) to the holder credited as fully paid, on and subject to such terms and conditions as the Directors may determine.

99.3 Following the receipt of duly completed notices of election under clause 99.1(b), the Directors must:

(a) appropriate from any amount available for distribution to Members an amount equal to the aggregate issue price (if any) of the Shares to be issued credited as fully paid or transfer fully paid Shares to those holders of Shares who have given such notices of election; and

(b) apply the amount (if any) in paying up in full the number of Shares required to be so issued, or paying the purchase price of Shares required to be so transferred.

99.4 The Directors may rescind, vary or suspend a resolution of the Directors made under clause 99.1 and the arrangements implemented under the resolution.

99.5 The powers given to the Directors by this clause 99 are additional to the provisions for capitalisation of amounts available for distribution to Members provided for by this Constitution. If the Directors exercise their power to capitalise amounts available for distribution to Members under clause 100 then any Member who has elected to participate in arrangements established under this clause 99 is deemed, for the purpose of determining the Member's entitlement to share in the capitalised sum, not to have so elected.

100. Capitalisation of amounts available for distribution

100.1 The Directors may resolve:

(a) to capitalise any sum available for distribution to Members; and

(b) that:

(i) no Shares be issued and no amounts unpaid on Shares be paid up on capitalisation of the sum; or

(ii) the sum be applied in any of the ways mentioned in clause 100.2 for the benefit of Members in the proportions in which the members would have been entitled if the sum had been distributed by way of Dividend.

100.2 The ways in which a sum may be applied for the benefit of Members under clause 100.1(b)(ii) are:

(a) in paying up any amounts unpaid on Shares held or to be held by Members;

(b) in paying up in full unissued Shares or debentures to be issued to Members as fully paid; or

(c) partly as mentioned in clause 100.2(a) and partly as mentioned in clause 100.2(b).

100.3 To the extent necessary to adjust the rights of the Members among themselves, the Directors may:

(a) make cash payments in cases where Shares or debentures become issuable in fractions; and

(b) authorise any person to make, on behalf of all the Members entitled to a benefit on the capitalisation, an agreement with the Company providing for:

(i) the issue to them, credited as fully paid up, of any such further Shares or debentures; or

(ii) the payment by the Company on their behalf of the amount or any part of the amount remaining unpaid on their existing Shares by the application of their respective proportions of the sum resolved to be capitalised,

and any agreement made under the authority of clause 100.3(b) is effective and binding on all the Members concerned.

Notices

101. Service of notices

101.1 A **Notice** includes a notice, demand, consent, approval or communication under this Constitution and a reference in this Constitution to a written notice includes a notice given by electronic means.

101.2 Subject to (and without limiting any other way in which a notice may be given, or is required to be given, under) this Constitution, the Corporations Act or the ASX Listing Rules, a Notice may be given by the Company to any person who is entitled to notice under this Constitution by:

(a) sending the Notice in physical form by post, by hand or by courier to the Member's address in the Register (or any other address the Member supplies to the Company for giving Notices);

(b) sending the Member sufficient information in physical form by post, by hand or by courier to the Member's address in the Register (or any other address the Member supplies to the Company for giving Notices) as to allow the Member to access the Notice electronically;

(c) sending the Notice in electronic form by means of an electronic communication to the electronic address the Member has supplied to the Company for giving Notices;

(d) sending the Member sufficient information in electronic form, by means of an electronic communication to the electronic address the Member has supplied to the Company for giving Notices, as to allow the Member to access the Notice electronically; or

(e) if the Notice is a report mentioned in section 314 of the Corporations Act (annual financial reporting) or is in a class of documents specified in the Corporations Regulations for the purposes of section 110D(3)(b) of the Corporations Act, by making the Notice readily available in electronic form on a website.

101.3 A Notice given in accordance with clause 101.2 is taken to be served:

(a) if the Notice is given in accordance with clause 101.2(a) or 101.2(b) and is sent by hand, on delivery;

(b) if the Notice is given in accordance with clause 101.2(a) or 101.2(b) and is sent by post or by courier, on the day after the day on which it was posted or given to the courier for delivery;

(c) if the Notice is given in accordance with clause 101.2(c) or 101.2(d), on the day on which the electronic communication is transmitted, except if transmitted after 5.00pm (in the place from which the electronic communication is transmitted) in which case, it is taken to be served on the next day; and

(d) if the Notice is one that is referred to in clause 101.2(e) and is given in accordance with clause 101.2(e), on the day on which the Notice first appears on the relevant website, except if the Notice first appears on the relevant website after 5.00pm (in the place from which the Notice is uploaded to the relevant website) in which case, it is taken to be served on the next day.

101.4 A notice may be served by the Company on joint holders under clause 101.2 by giving the notice to the joint holder whose name appears first in the Register.

101.5 Every person who is entitled to a Share by operation of law and who is not registered as the holder of the Share is taken to receive any notice served in accordance with this clause by advertisement or on that person from whom the first person derives title.

101.6 A certificate in writing signed by a Director, Secretary or other officer of the Company, or by any person that the Company has engaged to maintain the Register, that a Notice was given to a Member in accordance with clause 101.2 on a particular day is conclusive evidence of that fact.

101.7 The signature to a Notice given by the Company may be written, printed or affixed (including by electronic means) in any other manner permitted by the Corporations Act.

101.8 A Notice that is given in accordance with clause 101.2 is deemed to have been served notwithstanding that the Member has died, whether or not the Company has notice of his or her death.

101.9 The provisions of this clause relating to Notices apply, to the extent that they can and with any necessary changes, to sending any document that is not a Notice.

102. Persons entitled to notice

102.1 Notice of every general meeting must be given to:

(a) every Member;

(b) every Director and Alternate Director;

(c) ASX; and

(d) the Auditor.

102.2 No other person is entitled to receive notice of a general meeting.

Audit and financial records

103. Company to keep financial records

103.1 The Directors must cause the Company to keep written financial records and to prepare financial documents and reports in accordance with the requirements of the Corporations Act and the ASX Listing Rules.

103.2 The Directors must cause the financial records and financial documents of the Company to be audited in accordance with the requirements of the Corporations Act and the ASX Listing Rules.

Winding up

104. Winding up

104.1 Nothing in this clause prejudices the rights of the holders of Shares issued on special terms and conditions.

104.2 If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company:

(a) divide among the Members in kind all or any of the Company's assets; and

(b) for that purpose, determine how he or she will carry out the division between the different classes of Members,

but may not require a Member to accept any Shares or other securities in respect of which there is any liability.

104.3 The liquidator may, with the sanction of a special resolution of the Company, vest all or any of the Company's assets in a trustee on trusts determined by the liquidator for the benefit of the contributories.

Indemnity

105. Indemnity

105.1 To the extent permitted by law and subject to the restrictions in section 199A of the Corporations Act and any other applicable law, the Company indemnifies every person who is or has been an officer of the Company against any liability (other than for legal costs) incurred by that person as an officer of the Company (including liabilities incurred by the officer as a director or secretary of a subsidiary of the Company where the Company requested the officer to accept that appointment).

105.2 To the extent permitted by law and subject to the restrictions in section 199A of the Corporations Act and any other applicable law, the Company indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by that person as an officer of the Company (including such legal costs incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment).

105.3 The amount of any indemnity payable under clause 105.1 or 105.2 will include an additional amount (**GST Amount**) equal to any GST payable by the officer being indemnified (**Indemnified Officer**) in connection with the indemnity (less the amount of any input tax credit claimable by the Indemnified Officer in connection with the indemnity). Payment of any indemnity which includes a GST Amount is conditional upon the Indemnified Officer providing the Company with a GST tax invoice for the GST Amount.

105.4 The Directors may agree to advance to an officer an amount which it might otherwise be liable to pay to the officer under clause 105.1 on such terms as the Directors' think fit but which are consistent with this clause, pending the outcome of any findings of a relevant court or tribunal which would have a bearing on whether the Company is in fact liable to indemnify the officer under clause 105.1. If after the Company makes the advance, the Directors form the view that the Company is not liable to indemnify the officer, the Company may recover any advance from the officer as a debt due by the officer to the Company.

105.5 The Company may enter into a deed with any officer (including without limitation any officer or other person who is director or secretary of a subsidiary of the Company where the Company requested the officer or other person to accept that appointment) to give effect to the rights conferred by this clause 105 or the exercise of a discretion under this clause 105 on such terms as the Directors think fit which are not inconsistent with this clause 105.

105.6 For the purposes of this clause 105, **officer** means:

(a) a Director;

(b) a Secretary;

(c) an officer as defined under the Corporations Act; or

(d) an employee of the Company as determined by the Directors.

106. Shareholder disclosure

If a Member has entered into any arrangement restricting the transfer or other disposal of Shares and those arrangements are of the nature of arrangements which the Company is required to disclose under the ASX Listing Rules, then the Member must provide to the Company such information that the Company requires and within the time that the Company requires, to comply with the Company's disclosure obligations.

ASX Listing Rules

107. ASX Listing Rules

107.1 If, and for such time only as, the Company is Listed, the following rules apply.

(a) Notwithstanding anything contained in this Constitution, if the ASX Listing Rules prohibit an act being done, the act shall not be done.

(b) Nothing contained in this Constitution prevents an act being done that the ASX Listing Rules require to be done.

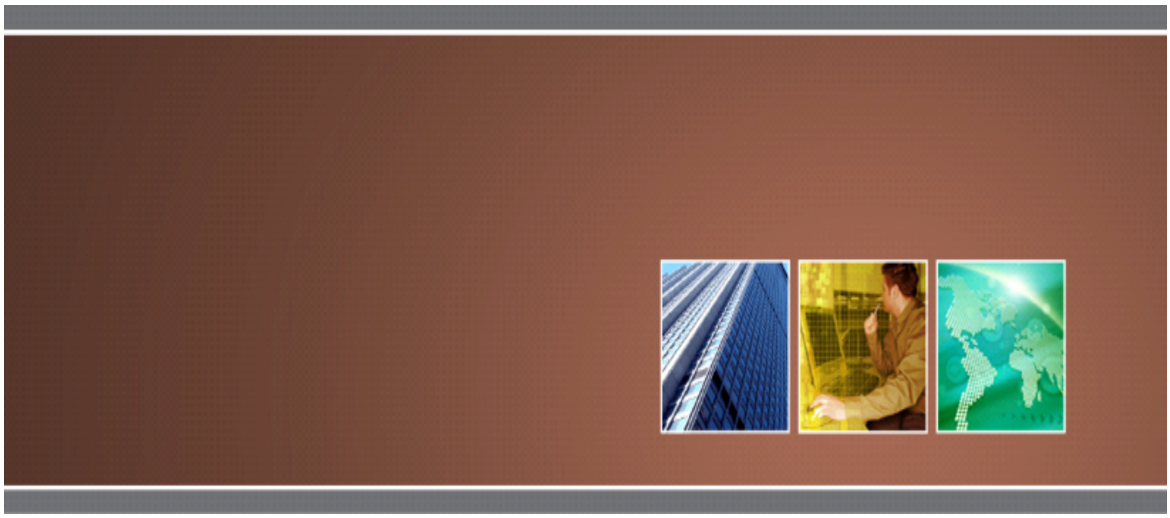
(c) If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).

(d) If the ASX Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision.

(e) If the ASX Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision.

(f) If any provision of this Constitution is or becomes inconsistent with the ASX Listing Rules, this Constitution is deemed not to contain that provision to the extent of the inconsistency.

107.2 For the avoidance of doubt, the rules set out in clause 107.1 above have no operation or effect unless and until the Company is Listed and those rules will cease to have any operation or effect at such time, if any, as the Company is no longer Listed.



J.P.Morgan

138646562.2

AMENDMENT NO. 1, dated as of January 9, 2024 (the "Amendment"), to the Amended and Restated Deposit Agreement, dated as of October 19, 2015, (as previously amended, the "Deposit Agreement", among MESOBLAST LIMITED and its successors (the "Company"), JPMORGAN CHASE BANK, N.A., a national banking association organized under the laws of the United States of America, as depositary hereunder (in such capacity, the "Depositary"), and all holders from time to time of American Depositary Receipts ("ADRs") issued thereunder.

W I T N E S S E T H:

WHEREAS, the Company and the Depositary executed the Deposit Agreement for the purposes set forth therein; and

WHEREAS, pursuant to paragraph (16) of the form of ADR set forth in Exhibit A of the Deposit Agreement, and incorporated by reference therein, the Company and the Depositary desire to amend the terms of the Deposit Agreement and the ADRs.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Depositary hereby agree to amend the Deposit Agreement as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. **Definitions**. Unless otherwise defined in this Amendment, all capitalized terms used, but not otherwise defined, herein shall have the meaning given to such terms in the Deposit Agreement.

ARTICLE II
AMENDMENTS TO DEPOSIT AGREEMENT AND ADRS

SECTION 2.01. All references in the Deposit Agreement to the term "Deposit Agreement" shall, as of and effective from and after the Effective Time (as defined below), refer to the Deposit Agreement as further amended by this Amendment.

SECTION 2.02. The address of the Depositary set forth in Section 16(a) of the Deposit Agreement is deleted and replaced with the following:

"(a) JPMorgan Chase Bank, N.A.
383 Madison Avenue, Floor 11
New York, New York, 10179
Attention: Depositary Receipts Group
Fax: (302) 220-4591"

SECTION 2.03. Each ADS shall represent ten (10) Shares (the "ADR Ratio Change") effective as of the open of trading of the ADSs on the Nasdaq Global Select Market on January 10, 2024 (U.S. Eastern Time) (the "Effective Time").

SECTION 2.04. The title and first two paragraphs of Paragraph (2) on page A-2 contained in the form of ADR attached as Exhibit A to the Deposit Agreement and all outstanding ADRs is replaced in its entirety immediately prior to the third and final paragraph of Paragraph (1) that is to remain in the form of ADR:

"(1) Issuance of ADSs. This ADR is one of the ADRs issued under the Deposit Agreement. Subject to the other provisions hereof, the Depositary may so issue ADRs for delivery at the Transfer Office (as hereinafter defined) only against deposit of: (i) Shares in a form satisfactory to the Custodian; or (ii) rights to receive Shares from the Company or any registrar, transfer agent, clearing agent or other entity recording Share ownership or transactions. At the request, risk and expense of the person depositing Shares or rights to receive Shares, the Depositary may accept such Shares and/or deposits for forwarding to the Custodian and may deliver ADRs at a place other than its office. Shares or evidence of rights to receive Shares may be deposited through (x) electronic transfer of such Shares to the account maintained by the Custodian for such purpose at any electronic clearing system or centralized securities depository applicable for the Shares, (y) evidence satisfactory to the Custodian of irrevocable instructions to cause such Shares to be transferred to such account or (z) delivery of the certificates representing such Shares. If use of any book entry system at any electronic clearing system or centralized securities depository applicable for the Shares is discontinued at any time for any reason, the Company shall make other book-entry arrangements (if any) that it determines, after consultation with the Depositary, are reasonable.

In its capacity as Depositary, the Depositary shall not lend Shares or ADSs."

SECTION 2.05. Paragraph (7) contained in the form of ADR attached as Exhibit A to the Deposit Agreement and all outstanding ADRs is replaced in its entirety with the following:

"(7) Charges of Depositary.

(a) *Rights of the Depositary*. The Depositary may charge, and collect from, (i) each person to whom ADSs are issued, including, without limitation, issuances against deposits of Shares, issuances in

respect of Share Distributions, Rights and Other Distributions (as such terms are defined in paragraph (10) (*Distributions on Deposited Securities*)), issuances pursuant to a stock dividend or stock split declared by the Company, or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or the Deposited Securities, and (ii) each person surrendering ADSs for withdrawal of Deposited Securities or whose ADSs are cancelled or reduced for any other reason, a fee of up to U.S.$5.00 for each 100 ADSs (or portion thereof) issued, delivered, reduced, cancelled or surrendered, or upon which a Share Distribution or elective distribution is made or offered (as the case may be). The Depositary may sell (by public or private sale) sufficient securities and property received in respect of Share Distributions, Rights and Other Distributions prior to such deposit to pay such charge.

(b) *Additional Fees*, Charges and Expenses by the Depositary. The following additional fees, charges and expenses shall also be incurred by the Holders, the Beneficial Owners, by any party depositing or withdrawing Shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuances pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the ADSs or the Deposited Securities or a distribution of ADSs pursuant to paragraph (10) (*Distributions on Deposited Securities*)), whichever is applicable:

(i) a fee of up to U.S.$0.05 per ADS held for any Cash distribution made, or for any elective cash/stock dividend offered, pursuant to the Deposit Agreement,

(ii) a fee of up to U.S.$0.05 per ADS held for the direct or indirect distribution of securities (other than ADSs or rights to purchase additional ADSs pursuant to paragraph (10) hereof) or the net cash proceeds from the public or private sale of any such securities, regardless of whether any such distribution and/or sale is made by, for, or received from, or (in each case) on behalf of, the Depositary, the Company and/or any third party (which fee may be assessed against Holders as of a record date set by the Depositary),

(iii) an aggregate fee of up to U.S.$0.05 per ADS per calendar year (or portion thereof) for services performed by the Depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against Holders as of the record date or

record dates set by the Depositary during each calendar year and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge from one or more cash dividends or other cash distributions), and

(iv) an amount for the reimbursement of such charges and expenses as are incurred by the Depositary and/or any of its agents (including, without limitation, the Custodian, as well as charges and expenses incurred on behalf of Holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the Shares or other Deposited Securities, the sale of securities (including, without limitation, Deposited Securities), the delivery of Deposited Securities or otherwise in connection with the Depositary's or its Custodian's compliance with applicable law, rule or regulation (which charges and expenses may be assessed on a proportionate basis against Holders as of the record date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge or expense from one or more cash dividends or other cash distributions).

(c) *Other Obligations, Fees, Charges and Expenses*. The Company will pay all other fees, charges and expenses of the Depositary and any agent of the Depositary (except the Custodian) pursuant to agreements from time to time between the Company and the Depositary, except:

(i) stock transfer or other taxes and other governmental charges (which are payable by Holders or persons depositing Shares);

(ii) a transaction fee per cancellation request (including any cancellation request made through SWIFT, facsimile transmission or any other method of communication) as disclosed on the "Disclosures" page (or successor page) of www.adr.com (as updated by the Depositary from time to time, "ADR.com") and any applicable delivery expenses (which are payable by such persons or Holders); and

(iii) transfer or registration expenses for the registration or transfer of Deposited Securities on any applicable register in connection with the deposit or withdrawal of Deposited Securities (which are payable by persons depositing Shares or Holders withdrawing Deposited Securities).

(d) *Foreign Exchange Related Matters*. To facilitate the administration of various depositary receipt transactions, including disbursement of dividends or other cash distributions and other corporate actions, the Depositary may engage the foreign exchange desk within JPMorgan Chase Bank, N.A. (the "Bank") and/or its affiliates in order to enter into spot foreign exchange transactions to convert foreign currency into U.S. dollars ("FX Transactions"). For certain currencies, FX Transactions are entered into with the Bank or an affiliate, as the case may be, acting in a principal capacity. For other currencies, FX Transactions are routed directly to and managed by an unaffiliated local custodian (or other third-party local liquidity provider), and neither the Bank nor any of its affiliates is a party to such FX Transactions.

The foreign exchange rate applied to an FX Transaction will be either (i) a published benchmark rate, or (ii) a rate determined by a third-party local liquidity provider, in each case plus or minus a spread, as applicable. The Depositary will disclose which foreign exchange rate and spread, if any, apply to such currency on the "Disclosures" page (or successor page) of ADR.com. Such applicable foreign exchange rate and spread may (and neither the Depositary, the Bank nor any of their affiliates is under any obligation to ensure that such rate does not) differ from rates and spreads at which comparable transactions are entered into with other customers or the range of foreign exchange rates and spreads at which the Bank or any of its affiliates enters into foreign exchange transactions in the relevant currency pair on the date of the FX Transaction. Additionally, the timing of execution of an FX Transaction varies according to local market dynamics, which may include regulatory requirements, market hours and liquidity in the foreign exchange market or other factors. Furthermore, the Bank and its affiliates may manage the associated risks of their position in the market in a manner they deem appropriate without regard to the impact of such activities on the Company, the Depositary, Holders or Beneficial Owners. The spread applied does not reflect any gains or losses that may be earned or incurred by the Bank and its affiliates as a result of risk management or other hedging related activity.

Notwithstanding the foregoing, to the extent the Company provides U.S. dollars to the Depositary, neither the Bank nor any of its

affiliates will execute an FX Transaction as set forth herein. In such case, the Depositary will distribute the U.S. dollars received from the Company. Further details relating to the applicable foreign exchange rate, the applicable spread and the execution of FX Transactions will be provided by the Depositary on ADR.com. The Company, Holders and Beneficial Owners each acknowledge and agree that the terms applicable to FX Transactions disclosed from time to time on ADR.com will apply to any FX Transaction executed pursuant to the Deposit Agreement.

(e) The right of the Depositary to charge and receive payment of fees, charges and expenses as provided above shall survive the termination of the Deposit Agreement. Upon the resignation or removal of the Depositary, such right shall extend for those fees, charges and expenses incurred prior to the effectiveness of such resignation or removal.

(f) *Disclosure of Potential Depositary Payments*. The Depositary anticipates reimbursing the Company for certain expenses incurred by the Company that are related to the establishment and maintenance of the ADR program upon such terms and conditions as the Company and the Depositary may agree from time to time. The Depositary may make available to the Company a set amount or a portion of the Depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as the Company and the Depositary may agree from time to time.

(g) The Depositary may agree to reduce or waive certain fees, charges and expenses provided herein and in the Deposit Agreement, including, without limitation, those described in this paragraph (7) that would normally be charged on ADSs issued to or at the direction of, or otherwise held by, the Company and/or certain Holders and Beneficial Owners and holders and beneficial owners of Shares of the Company."

SECTION 2.06. The last sentence of the "[FORM OF FACE OF ADR]" immediately following the signature block of the Depositary contained in the form of ADR attached as Exhibit A to the Deposit Agreement and all outstanding ADRs is deleted and replaced with the following sentence:

"The Depositary's office is located at 383 Madison Avenue, Floor 11, New York, New York 10179."

SECTION 2.07. The "Table of Contents" of the Deposit Agreement and all references to the applicable paragraph headings contained in the

Deposit Agreement and the form of ADR attached as Exhibit A to the Deposit Agreement are updated and amended to reflect the amendments set forth in this Article II and the page references included in the "Table of Contents" of the Deposit Agreement are updated and amended to reflect the same.

SECTION 2.08. The form of ADR attached as Exhibit A to the Deposit Agreement and all ADRs issued prior to or subsequent to the Effective Time hereof (including, without limitation, the terms of each ADS issued prior to or subsequent to the Effective Time) are amended and restated to reflect the amendments set forth in this Article II and read as set forth in Exhibit A attached hereto.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

SECTION 3.01. **Representations and Warranties**. The Company represents and warrants to, and agrees with, the Depositary, that:

(a) This Amendment, when executed and delivered by the Company, will be duly and validly authorized, executed and delivered by the Company, and it and the Deposit Agreement as amended hereby constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and

(b) In order to ensure the legality, validity, enforceability or admissibility into evidence of this Amendment and the Deposit Agreement as amended hereby, neither of such agreements need to be filed or recorded with any court or other authority in Australia, nor does any stamp or similar tax or governmental charge need to be paid in Australia on or in respect of such agreements and documents.

ARTICLE IV
MISCELLANEOUS

SECTION 4.01. **Effective Time**. The ADR Ratio Change and this Amendment shall be effective as of the Effective Time, as of the date set forth above, provided that any amendment contained herein (other than the ADR Ratio Change which shall be effective as of the Effective Time) that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs or other such expenses), or that shall otherwise prejudice any substantial existing right of Holders, shall become effective 30 days after notice of such amendment shall have been given to the Holders. After the Effective Time, each Holder and beneficial owner shall, in

all respect be deemed, by continuing to hold ADSs, to have consented and agreed to this Amendment and to be subject to and bound by all of the terms and conditions of the Deposit Agreement, as amended by this Amendment.

SECTION 4.02. Ratification; Rights and Obligations; Conflicts. By executing this Amendment, the parties hereto ratify and confirm the terms of the Deposit Agreement, as modified by the terms of this Amendment. Other than set forth herein, nothing in this Amendment shall affect any of the respective rights and obligations of any of the parties hereto under the Deposit Agreement. If there shall be any conflict in the terms and conditions of the Deposit Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall control and be binding.

SECTION 4.03. Outstanding ADRs. As of the Effective Time, ADRs issued prior to or subsequent to the Effective Time (including, without limitation, the terms of each ADS issued prior to or subsequent to the Effective Time), which do not reflect the amendments and changes to the form of ADR effected hereby, are hereby deemed amended to reflect such changes to the form of ADR effected hereto and to conform to the form of ADR set forth in Exhibit A attached hereto, and do not need to be called in for exchange and may remain outstanding until such time as the Holders thereof choose to surrender them for any reason under the Deposit Agreement.

SECTION 4.04. Indemnification and Exoneration. The indemnification provisions contained in Section 15 of the Deposit Agreement and the exoneration provisions contained in paragraph (14) of the form of ADR attached as Exhibit A to the Deposit Agreement are each incorporated herein by this reference and are deemed to be a part hereof and applicable hereto as if directly set forth herein, and such provisions shall apply to any and all losses, liabilities, expenses and/or damages the Depositary and/or Custodian incur or suffer in connection with, as a result or by reason of, the terms of this Amendment and the transactions contemplated herein.

SECTION 4.05. Governing Law. This This Amendment shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to the application of the conflict of law principles thereof.

SECTION 4.06. Incorporation by Reference. The provisions of Sections 16 through 18 of the Deposit Agreement are each incorporated herein by this reference and are deemed to be a part hereof and applicable hereto as if directly set forth herein.

SECTION 4.07. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. Delivery of an executed signature page of this Amendment by facsimile or other electronic transmission

(including ".pdf", ".tif" or similar format) shall be effective as delivery of a manually executed counterpart hereof.

[*Signature page follows.*]

IN WITNESS WHEREOF, MESOBLAST LIMITED and JPMORGAN CHASE BANK, N.A. have duly executed this Amendment No. 1 to Amended and Restated Deposit Agreement as of the day and year first above set forth and all holders of ADRs shall become parties hereto.

MESOBLAST LIMITED

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By: _____
Name: Title:

[*Signature Page to Amendment No. 1 to Amended and Restated Deposit Agreement*.]

Exhibit 4.10

Confidential

15 September 2023

Professor Silviu Itescu
Managing Director & Chief Executive Officer
Mesoblast Ltd

By email: [*]

RE: Amendment to employment agreement - remuneration

Dear Silviu:

I refer to:

(i) your employment agreement dated 8 August 2014 ("Agreement") as Managing Director and Chief Executive Officer of Mesoblast Limited ("Company"); and

(ii) the resolution of the Board on 28 August 2023 regarding the payment of your remuneration ("Resolution").

In accordance with the Resolution, with effect from 1 September 2023:

1. for the period 1 September 2023 to 31 August 2024 ("Salary Reduction Period"), clause 8.2 (Base Salary) of the Agreement is amended with the effect that your Base Salary will be $707,000 per annum ("Reduced Salary"), being an amount equal to 30% less than your Base Salary applying immediately before 1 September 2023 (exclusive of superannuation) ("Original Base Salary");

2. the hours of work under clause 7 of the Agreement will be unaffected by the change in Base Salary;

3. accrual of entitlements under clause 8.3, 8.5, 8.6 and clause 9 of the Agreement will be unaffected by the temporary reduction in Base Salary in the Salary Reduction Period so that those entitlements:
    a. will accrue; and
    b. despite clause 10.8 of the Agreement, will be paid out should your employment be terminated under clause 10 of the Agreement during the Salary Reduction Period,

    as if the Original Base Salary is being paid in that period (but, to avoid doubt, you will be paid the Reduced Salary for any period of paid leave you take during the Salary Reduction Period);

4. in consideration of your agreement to the reduction in remuneration recorded in (1) above, in relation to the Salary Reduction Period, and in addition to any long term incentive for which you may be eligible, subject to shareholder approval for the purposes of the ASX Listing Rules and for other legislative purposes, the Company agrees to award you an allocation of time-based options to acquire ordinary shares in the Company under and in accordance with the Company's Employee Share Option Plan ("**Replacement Options**") with the Company's Nomination and Remuneration Committee to put forward a recommendation on the quantum of such Replacement Options (to be determined using the Black Scholes method) for the Board to approve. The Replacement Options will have the following terms:
    a. the exercise price for the options is to be calculated based on the higher of the volume weighted average ordinary share price of the five ASX trading days up to the date the Board approves the grant, and the last closing price of an ordinary share on the ASX as at that date (i.e. at market price without any premium);

    b. the options will vest in three equal tranches, with vesting dates on the six-month, nine-month and one-year anniversary of grant date; and

    c. an expiry date of seven years from the grant date;

5. The Board may vary the above terms of the Replacement Options with your agreement. All options will be subject to the rules of the Company's Employee Share Option Plan, with any additional conditions outlined in an offer letter provided to you.

6. If shareholders do not approve the grant of the Replacement Options at the 2023 Annual General Meeting, with effect from that meeting:

    a. the Company will revert to paying your Original Base Salary, backdated to 1 September 2023 (that is, the Company will pay you any amount that would have been paid had the pay reduction from the start of the Salary Reduction Period not been applied); and

    b. the Agreement shall be read as if the amendment in (1) above had not been made.

7. Immediately following the Salary Reduction Period, your Base Salary will revert to the Original Base Salary, or any other amount determined by the Company under clause 8.7 of the Agreement or otherwise agreed between you and the Company.

In addition to the above amendments, and in accordance with recent legislative changes, clause 5.2(i) of the Agreement is deleted.

Except as varied by this letter, all other terms and conditions of your employment as set out in the Agreement will remain unchanged.

Please can you countersign and return it by email to Dina Pratt to record your agreement to the proposed changes to the Agreement set out above.

Yours sincerely,

[*]

Andrew Chaponnel
Mesoblast Limited

****

Employee's acknowledgement of amendment to employment contract - remuneration

I refer to the letter above. I acknowledge that I have read, understood and agree to the amendment to the terms of my employment as set out in that letter.

Yours sincerely

[*]

.....

Name: Silviu Itescu

Date: September 22, 2023

Exhibit 4.29

CERTAIN CONFIDENTIAL INFORMATION IN THIS EXHIBIT WAS OMITTED BY MEANS OF MARKING SUCH INFORMATION WITH BRACKETS ("[***]") BECAUSE THE IDENTIFIED CONFIDENTIAL INFORMATION IS NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

FIFTH AMENDMENT TO LOAN AGREEMENT AND GUARANTY

This Fifth Amendment to Loan Agreement and Guaranty (this "**Amendment**") is made as of February 29, 2024, by and between Mesoblast Limited ACN 109 431 870, an Australian listed public company ("**Parent**"), Mesoblast UK Limited, a company incorporated in England and Wales with registered number 07596260 whose registered address is 5 New Street Square, London, EC4A 3TW, UK ("**Mesoblast UK**" and together with Parent, the "**Guarantors**"), Mesoblast, Inc., a Delaware corporation ("**Mesoblast USA**"), Mesoblast International Sàrl, a limited liability company organized under the laws of Switzerland ("**Mesoblast SUI**") and each of Parent's Subsidiaries that delivers a Joinder Agreement pursuant to Section 7.13 of the Agreement (together with Mesoblast USA and Mesoblast SUI, collectively referred to as the "**Borrowers**" and each, a "**Borrower**"), the several banks and other financial institutions or entities from time to time parties to this Agreement (collectively, referred to as "**Lender**") and OAKTREE FUND ADMINISTRATION, LLC, a Delaware limited liability company, in its capacity as administrative agent and collateral agent for itself and the Lender (in such capacity, the "**Agent**").

WHEREAS, the Borrowers, the Guarantors, the Agent and the Lenders party thereto previously entered into that certain Loan Agreement and Guaranty, dated as of November 19, 2021 (as amended by that certain First Amendment to Loan Agreement and Guarantee, dated as of December 22, 2022, and that certain Second Amendment to Loan Agreement and Guaranty, dated as of March 31, 2023, that certain Third Amendment to Loan Agreement and Guaranty, dated as of May 19, 2023, and that certain Fourth Amendment to Loan Agreement and Guaranty, dated as of October 18, 2023, the "**Existing Loan Agreement**", and as amended by this Amendment, the "**Loan Agreement**");

WHEREAS, in consideration of prepayment of part of the Loans and certain other matters, the Borrowers have requested the consent of the Agent and the Lenders to certain transactions and consequential amendments to the Loan Documents, including as follows:

1. pursuant to the Loan Agreement there are certain restrictions on the Loan Parties and their Subsidiaries dealing with their assets, including, but not limited to, (i) Section 7.8(a) of the Loan Agreement, which provides that no Loan Party nor its Subsidiaries shall, voluntarily or involuntarily transfer, sell, lease or sublease, sale and leaseback, assign, license, transfer lend or in any other manner convey or dispose of any equitable, beneficial or legal interest in its businesses, assets or property of any kind and (ii) Section 2.6(b)(i) of the Loan Agreement, which provides that, subject to certain conditions, the

Borrowers are required to make a mandatory prepayment of the Term Loans in connection with an Asset Sale where the Net Cash Proceeds from such individual Asset Sale exceeds [***] or where the aggregate total of Net Cash Proceeds from all such Asset Sales exceeds [***] in an amount equal to the sum of (x) [***] of the Net Cash Proceeds received by Parent, the Borrowers or any of their Subsidiaries with respect to such Asset Sale, (y) any accrued but unpaid interest on any principal amount of the Term Loans being prepaid and (z) any applicable Yield Protection Premium and Exit Fee;

2. the Borrowers have requested that the Agent and the Lenders amend Section 2.6(b) of the Loan Agreement and the definition of "Permitted Transfers" to permit the [***] (as defined in Section 3(a) below) subject to the prepayment of an aggregate principal amount equal to [***], including all accrued and unpaid interest with respect to such principal being repaid, payment of the applicable Yield Protection Premium, and payment of the Exit Fee payable in connection with the Fifth Amendment Prepayment and the [***] (as such terms are defined below), in each case, as described below;

3. the Borrowers have requested that the Lenders and Agent provide a right of first offer to the Borrowers with respect to the assignment or transfer of Loans to a non-Affiliate party; and

4. the Borrowers have requested that the Lenders and Agent consent to the amendment of the Loan Agreement regarding timelines for providing royalty receivable information from third-party licensees for the purposes of clause 7.1(e) of the Loan Agreement, (together, the "**Requests**").

WHEREAS, although Agent and the Lenders are under no obligation to do so, they have agreed to the Requests, subject to the terms and conditions herein; and

WHEREAS, the Borrowers, the Guarantors, the Agent and the Lenders have further agreed to amend the Existing Loan Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, each of the Borrowers, the Guarantors, the Agent and the Lenders party hereto hereby covenants and agrees as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Existing Loan Agreement.

2. [Reserved].

3. Amendments. Subject to the satisfaction of the conditions precedent specified in Section 5 hereof, on the Fifth Amendment Effective Date, the Loan Agreement and other Loan Documents are hereby amended as follows:

(a) The following definitions shall be inserted in Section 1.1 of the Existing Loan Agreement in proper alphabetical order:

(i) "Fifth Amendment" means that certain Fifth Amendment to Loan Agreement and Guaranty, dated as of the Fifth Amendment Effective Date, by and among the Guarantors, the Borrowers, the Lenders party thereto and the Agent.

(ii) "Fifth Amendment Effective Date" shall have the meaning given to such term in the Fifth Amendment.

(iii) "Fifth Amendment Prepayment" means the prepayment of Term Loans on the Fifth Amendment Effective Date in the aggregate principal amount of $10,000,000, plus all accrued and unpaid interest with respect to such principal being repaid and the applicable Yield Protection Premium, in a total amount equal to [***].

(iv) [***]

(v) [***] has the meaning set forth in Section 2.6(b).

(b) The definition of "Minimum Liquidity Amount" is hereby amended by adding, immediately after the first proviso therein, the following proviso:

; provided, further, that upon receipt by the Agent (i) of the Fifth Amendment Prepayment, the Minimum Liquidity Amount shall be reduced in the aggregate amount of $10,000,000 and (ii) of the [***] the Minimum Liquidity Amount shall be further reduced in the aggregate amount of [***] (provided, for the avoidance of doubt, that the Fifth Amendment Prepayment shall have been received by the Agent before any reduction pursuant to this clause (ii) may take effect).

(c) The definition of "Permitted Transfer" is hereby amended by deleting "and" immediately before clause (xii) thereof and adding the following new clause (xiii) immediately after clause (xii) thereof.

; and (xiii) any [***].

(d) Section 2.6(b)(i) of the Existing Loan Agreement shall be amended by adding the following at the end thereof.

Notwithstanding anything to the contrary set forth in this Section 2.6(b), in the event of a consummation of any [***], the Borrowers, within three (3) Business Days after receipt by a Borrower of at least [***] of Net Cash Proceeds from the [***], shall prepay Term Loans in an aggregate principal amount equal to [***], including all accrued and unpaid interest with respect to such principal being

repaid and the applicable Yield Protection Premium (such prepayment, the " [***]").

(e) Section 2.8 of the Existing Loan Agreement shall be amended by adding the following at the end thereof.

Notwithstanding anything to the contrary herein, the Exit Fee payable in connection with the Fifth Amendment Prepayment (in the amount of [***]) and the Exit Fee payable in connection with the [***] (in the amount [***]), shall be, in each case, deferred and paid to the Lenders on December 31, 2024.

(f) Section 7.1(e) of the Existing Loan Agreement shall be amended and restated in its entirety as follows effective as of the Closing Date:

as soon as practicable (and in any event within fourteen (14) days) after the end of each month, a report showing agings of accounts receivable and accounts payable; provided, that in the event a Loan Party has not received royalty income receivable information from a licensee under a License for Intellectual Property (including, but not limited to, from JCR Pharmaceuticals Co., Ltd and TiGenix NV) in time to include the data in the monthly report required hereunder, the Loan Party shall clearly identify the absence of such information in the report delivered and furnish to the Agent such applicable licensee receivable information within three (3) Business Days following the date on which the Loan Party receives such information from the licensee;

(g) Section 11.7 of the Existing Loan Agreement shall be amended by deleting the word "and" immediately after clause (iii) thereof and by adding the following clauses (v) and (vi) immediately after clause (iv) thereof:

(h) ; (v) prior to the assignment or transfer by the Agent or any Lender of its rights hereunder or under the Loan Documents to a Person that is not an Affiliate or managed fund or account of the Agent or such Lender, the Agent or such Lender, as applicable, shall provide the Loan Parties notice as to such proposed assignment or transfer (provided that such notice shall include sufficient details regarding the assignment or transfer to enable a Loan Party to make an informed decision, including, but not limited to, all consideration involved in such assignment or transfer), and the Loan Parties shall have five (5) Business Days following such notice to provide a written offer to the Agent or such Lender, as applicable to purchase the applicable Obligations, and following receipt of such offer, the Agent or such Lender, as applicable, shall not accept a third-party offer to assign or transfer the applicable Obligations on terms and at a price less favorable than offered by the Loan Parties; and (vi) neither Agent nor any Lender may assign, transfer or endorse its rights hereunder or under the Loan Documents to any Person that is not an Affiliate or managed fund or account of the Agent or such Lender until the Agent and the Lenders have complied with clause (v) above.

4. Reaffirmation of Loan Documents. Each of the Borrowers and the Guarantors in their respective capacities under the Existing Loan Agreement and as Grantors under the Security Documents, hereby (i) consents to the execution, delivery and performance of this Amendment and agrees that each of the Loan Documents is, and shall continue to be, in full force and effect and is hereby in all respects ratified and confirmed on the Fifth Amendment Effective Date, except that, on and after the Fifth Amendment Effective Date, each reference to "*Loan Agreement*", "*this Agreement*", "*thereunder*", "*thereof*" or words of like import shall, unless the context otherwise requires, mean and be a reference to the Existing Loan Agreement as amended by this Amendment and (ii) confirms that the Security Documents to which each of the Loan Parties is a party and all of the Collateral described therein do, and shall continue to, secure the payment in full and performance of all of the Secured Obligations.

5. Conditions Precedent to Effectiveness. This Amendment shall not be effective unless and until each of the following conditions precedent has been fulfilled to the satisfaction of the Agent (the date of such fulfillment, the "**Fifth Amendment Effective Date**"):

(a) This Amendment shall have been duly executed and delivered to the Agent by the Loan Parties, the Agent, and the Required Lenders;

(b) The Borrower shall consummate the Fifth Amendment Prepayment;

(c) The representations and warranties in Section 7 of this Amendment, Section 5 of the Loan Agreement and elsewhere in the Loan Documents shall be true, correct and complete in all material respects (unless such representations are already qualified by reference to materiality, Material Adverse Effect or similar language, in which case such representations and warranties shall be true and correct in all respects) on and as of the date hereof with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date;

(d) At the time of and after giving effect to this Amendment, (i) no fact or condition exists that could (or could, with the passage of time, the giving of notice, or both) constitute a Default or an Event of Default and (ii) no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing;

(e) Neither the [***] nor any other payment to the Lender under this Amendment is restricted by Section 11.22 of the Loan Agreement; and

(f) The Agent shall have received, in form and substance satisfactory to the Agent, such other documents, instruments and agreements as are reasonably requested by the Administrative Agent and the Lenders.

6. Post-Closing Covenants. Each Loan Party hereby consents and agrees:

(a) The Loan Parties shall have paid all documented costs, fees and expenses of the Agent and the Lenders, including, without limitation, the documented fees and documented out-of-pocket expenses of Sullivan & Cromwell LLP, DLA Piper Australia and Schellenberg Wittmer Ltd, as outside counsel to Agent and the Lenders, incurred through the Fifth Amendment Effective Date within fifteen (15) days after Borrower's receipt of each invoice for such documented costs, fees and expenses, as applicable.

7. Representations and Warranties. Each Loan Party hereby represents and warrants:

(a) The execution, delivery and performance by such Loan Party of this Amendment and the documents, instruments and agreements executed in connection herewith (collectively, the "**Amendment Documents**"), such Loan Party's consummation of the transactions contemplated by the Amendment Documents and performance under the Amendment Documents do not and will not (i) conflict with any of its organizational, constitutional or constituent documents; (ii) contravene, conflict with, constitute a default under or violate any Law except as would not reasonably be expected to have a Material Adverse Effect; (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which it or any of its property or assets may be bound or affected except as would not reasonably be expected to have a Material Adverse Effect; (iv) require any action by, filing, registration, or qualification with, or approval of, any Governmental Authority (except such approval which has already been obtained and is in full force and effect, or the filing of any UCC financing statement) except where the failure to do so would not reasonably be expected to have a Material Adverse Effect; or (v) constitute a default under or conflict with any Material Agreement that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

(b) This Amendment and the other Amendment Documents have been duly authorized, executed and delivered by each Loan Party and constitute legal, valid and binding agreements of each Loan Party, enforceable in accordance with their terms (subject, as to enforcement, to (x) the effect of applicable bankruptcy, insolvency, examinership or similar laws affecting the enforcement or creditors' rights and (y) general principles of equity).

(c) The execution, delivery and performance by each Loan Party of the Amendment and the other Amendment Documents executed or to be executed by it is in each case within such Loan Party's powers.

(d) Neither the [***] nor any other payment to the Lender under this Amendment is restricted by Section 11.22 of the Loan Agreement.

8. Acknowledgement. Each Lender and the Agent acknowledge and agree that, as of the Fifth Amendment Effective Date:

(a) no fact or condition exists that could (or could, with the passage of time, the giving of notice, or both) constitute [***] at the date of this Amendment in relation to Section [***].

9. Release.

(a) In consideration of this Amendment and agreements of the Agent and the Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrowers and the Guarantors (collectively, the "**Releasing Parties**"), each on behalf of itself and its Subsidiaries and its and their respective successors, assigns and other legal representatives hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Agent, the Lenders and their respective present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives, in each case solely in their capacities relative to the Lenders and not in any other capacity such party may have relative to the Releasing Parties (the Agent, each Lender and all such other Persons being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which the Borrowers, the Guarantors or any of their respective successors, assigns or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the Fifth Amendment Effective Date, for or on account of, or in relation to, or in any way in connection with the Loan Agreement or any of the other Loan Documents or transactions thereunder (any of the foregoing, a "**Claim**" and collectively, the "**Claims**"). Each Releasing Party expressly acknowledges and agrees, with respect to the Claims, that it waives, to the fullest extent permitted by applicable law, any and all provisions, rights and benefits conferred by any applicable U.S. federal or state law, or any principle of U.S. common law, that would otherwise limit a release or discharge of any unknown Claims pursuant to this Section 9. Furthermore, each of the Releasing Parties hereby absolutely, unconditionally and irrevocably covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released and/or discharged by the Releasing Parties pursuant to this Section 9. The foregoing release, covenant and waivers of this Section 9 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated

hereby, the repayment or prepayment of any of the Loans, or the termination of the Loan Agreement, this Amendment, any other Loan Document or any provision hereof or thereof.

(b) Each Releasing Party understands, acknowledges and agrees that its release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Each Releasing Party agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

10. Fees and Expenses. The Loan Parties agree to pay on demand all reasonable and documented fees, costs and expenses of the Agent and the Lenders accrued prior to the Fifth Amendment Effective Date and all reasonable and documented fees, costs and expenses of the Agent and the Lenders incurred in connection with the preparation, execution and delivery of (i) this Amendment, (ii) any Amendment Documents, other Loan Documents or other post-closing amendments, agreements, arrangements or documentation and (iii) any other instruments and documents to be delivered hereunder or thereunder, including, without limitation, the reasonable and documented fees and out-of-pocket expenses of Sullivan & Cromwell LLP, DLA Piper Australia and Schellenberg Wittmer Ltd, as outside counsel to Agent and the Lenders, with respect thereto.

11. Miscellaneous.

(a) Except as otherwise expressly provided herein, all provisions of the Loan Agreement and the other Loan Documents remain in full force and effect. This Amendment shall constitute a Loan Document.

(b) This Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. An executed facsimile or electronic copy of this Amendment shall be effective for all purposes as an original hereof.

(c) This Amendment expresses the entire understanding of the parties with respect to the amendments contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.

(d) This Amendment and the rights and obligations of the parties hereunder shall be governed by, and construed and enforced in accordance with, the law of the State of New York, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

(e) Save to the extent expressly provided for in any Loan Document to the contrary, all judicial proceedings (to the extent that the reference requirement of Section 11(f) is not applicable) arising in or under or related to this Amendment may be brought in any state or federal court located in the State of New York. By execution and delivery of this Amendment, each party hereto generally and unconditionally: (a) consents to nonexclusive personal jurisdiction in New York County, State of New York; (b) waives any objection as to jurisdiction or venue in New York County, State of New York; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Amendment. Service of process on any party hereto in any action arising out of or relating to this Amendment shall be effective if given in accordance with the requirements for notice set forth in Section 11.2 of the Loan Agreement, and shall be deemed effective and received as set forth in Section 11.2 of the Loan Agreement. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

(f) Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert Person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. EACH OF THE LOAN PARTIES, AGENT AND LENDER SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY THE LOAN PARTIES AGAINST AGENT, LENDER OR THEIR RESPECTIVE ASSIGNEE OR BY AGENT, LENDER OR THEIR RESPECTIVE ASSIGNEE AGAINST ANY LOAN PARTY. This waiver extends to all such Claims, including Claims that involve Persons other than Agent, the Loan Parties and Lender; Claims that arise out of or are in any way connected to the relationship among the Loan Parties, Agent and Lender; and any Claims for damages, breach of contract, tort, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement or any other Loan Document.

(g) This Amendment and its contents shall be subject to the indemnification and severability provisions of the Existing Loan Agreement, *mutatis mutandis*.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have hereunto caused this Amendment to be executed as of the date first above written.

BORROWERS:

MESOBLAST INC.

By:
Name:
Title:

MESOBLAST INTERNATIONAL SÀRL

Place and Date

GUARANTORS:

MESOBLAST UK LIMITED

By:
Name:
Title

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

Executed by **Mesoblast Limited** in
accordance with Section 127 of the
Corporations Act 2001 (Cth)

Signature of director	Signature of director/company secretary (Please delete as applicable)
Signature of director (print)	Signature of director/company secretary (print)

OAKTREE FUND ADMINISTRATION, LLC, as Agent
By: Oaktree Capital Management, L.P.
Its: Managing Member

By:__
Name:
Title:

By:__
Name:
Title:

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

LENDERS:

SC INVESTMENTS E HOLDINGS, LLC, as Lender
By: Oaktree Fund GP IIA, LLC
Its: Manager
By: Oaktree Fund GP II, L.P.
Its: Managing Member

By:
Name:
Title:

By:
Name:
Title:

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

SC INVESTMENTS NE HOLDINGS, LLC, as Lender

By: Oaktree Fund GP IIA, LLC
Its: Manager
By: Oaktree Fund GP II, L.P.
Its: Managing Member

By:__
Name:
Title:

By:__
Name:
Title:

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

OAKTREE GILEAD INVESTMENT FUND AIF (DELAWARE), L.P., as Lender

By: Oaktree Fund AIF Series, L.P. – Series T
Its: General Partner

By: Oaktree Fund GP AIF, LLC
Its: Managing Member

By: Oaktree Fund GP III, L.P.
Its: Managing Member

By:__
Name:
Title:

By:__
Name:
Title:

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

OAKTREE DIVERSIFIED INCOME FUND, INC., as Lender

By: Oaktree Fund Advisors, LLC
Its: Investment Advisor

By:__
Name:
Title:

By:__
Name:
Title:

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

OAKTREE SPECIALTY LENDING CORPORATION, as Lender

By: Oaktree Fund Advisors, LLC
Its: Investment Adviser

By:
Name:
Title:

By:
Name:
Title:

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

OAKTREE LSL FUND HOLDINGS EURRC
S.À R.L., as Lender

By:__
Name:
Title: Manager

By:__
Name:
Title: Manager

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

OAKTREE AZ STRATEGIC LENDING FUND, L.P., as Lender

By: Oaktree AZ Strategic Lending Fund GP, L.P.
Its: General Partner
By: Oaktree Fund GP IIA, LLC
Its: General Partner
By: Oaktree Fund GP II, L.P.
Its: Managing Member

By:__
Name:
Title:

By:__
Name:
Title:

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

OAKTREE STRATEGIC CREDIT FUND, as Lender

By: Oaktree Fund Advisors, LLC
Its: Investment Adviser

By:
Name:
Title:

By:
Name:
Title:

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

OAKTREE LSL FUND DELAWARE HOLDINGS EURRC, L.P., as Lender

By: Oaktree Life Sciences Lending Fund GP, L.P.
Its: General Partner

By: Oaktree Life Sciences Lending Fund GP Ltd.
Its: General Partner

By: Oaktree Capital Management, L.P.
Its: Director

By:
Name:
Title:

By:
Name:
Title:

[*Signature Page to the Fifth Amendment to Loan Agreement and Guaranty*]

Exhibit 12.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Silviu Itescu, certify that:

1. I have reviewed this annual report on Form 20-F of Mesoblast Limited (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: August 29, 2024

By: /s/ Silviu Itescu

Silviu Itescu

Chief Executive Officer

Exhibit 12.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew Chaponnel, certify that:

(1) I have reviewed this annual report on Form 20-F of Mesoblast Limited (the "Company");

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

(4) The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

(5) The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: August 29, 2024

By: /s/ Andrew Chaponnel

Andrew Chaponnel

Interim Chief Financial Officer

Exhibit 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Mesoblast Limited (the "Company") on Form 20-F for the year ended June 30, 2024 as filed on the date hereof (the "Report") "), I, Silviu Itescu, Chief Executive Officer for the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge: I, Silviu Itescu, certify that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 29, 2024 By: /s/ Silviu Itescu

Silviu Itescu

Chief Executive Officer

Exhibit 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Mesoblast Limited (the "Company") on Form 20-F for the year ended June 30, 2024 as filed on the date hereof (the "Report"), I, Andrew Chaponnel, Interim Chief Financial Officer for the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

I, Andrew Chaponnel, certify that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 29, 2024 By: /s/ Andrew Chaponnel

Andrew Chaponnel
Interim Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (Nos. 333-278727, 333-272029, 333-270814, 333-262301, 333-267175 and 333-268890) and Form S-8 (Nos. 333-210935, 333-220988, 333-240107, 333-261863 and 333-267663) of Mesoblast Limited of our report dated August 29, 2024 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers
Melbourne, Australia
August 29, 2024

Exhibit 97.1

Mesoblast Limited

Policy on Recovery of Erroneously Awarded Incentive Compensation

1. Purpose

Mesoblast Limited (the "Company") is listed on Nasdaq and, as such, is subject to the requirements of the US Securities Exchange Act of 1934 and rules promulgated by the US Securities and Exchange Commission. As required by the SEC Rule 10D-1, the Nasdaq has adopted Rule 5608 requiring listed companies to implement a policy to recover erroneously awarded incentive compensation resulting from a restatement of financial statements due to material noncompliance.

In addition, the Board of Directors (the "Board") of the Company believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability, and that reinforces the Company's pay-for-performance compensation philosophy.

Therefore, the Board has adopted this Policy for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements.

2. Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Nomination and Remuneration Committee, in which case references herein to the Board shall be deemed references to the Nomination and Remuneration Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

3. Executive Officers

This Policy applies to the Company's current and former Executive Officers, as determined by the Board in accordance with SEC Rule 10D-1 and Nasdaq Rule 5608.

The term ***Executive Officer*** is defined as the Company's chief executive officer, chief financial officer, any vice-president of the Company in charge of a principal business unit, division or function, any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive Officers of a Company's subsidiaries are deemed Executive Officers of the Company if they perform such policy making functions for the Company.

4. Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities law ("***Accounting Restatement***"), the Board will require reimbursement (reasonably promptly) or forfeiture of any Erroneously Awarded Compensation (defined below) received by any person:

- after beginning service as an Executive Officer;

- who served as an Executive Officer at any time during the performance period for that Incentive Compensation; and
- during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement and any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years.

5. Incentive Compensation

The term ***Incentive Compensation*** includes, but not limited to, any of the following:

- Annual bonuses (short term incentives) and other cash incentives; and
- Share options (long-term incentives);

provided, however, that such incentive compensation is granted, earned or vested based (wholly or in part) on the attainment of a financial reporting measure.

Financial reporting measures include:

- Company share price
- Total shareholder return
- Revenue
- Net income
- Earnings before interest, taxes, depreciation, and amortization (EBITDA)
- Revenue from operations
- Liquidity measures such as working capital or operating cash flow
- Return measures such as return on invested capital or return on assets
- Earnings measures such as earnings per share

6. Erroneously Awarded Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Executive Officer based on the erroneous data over the Incentive Compensation that would have been paid to the Executive Officer had it been based on the restated results, computed without regard to any taxes paid, as determined by the Board in compliance with Rule 5608 ("***Erroneously Awarded Compensation***").

For Incentive Compensation based on share price or total shareholder return, where the amount of Erroneously Awarded Incentive Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, such amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive Compensation was received.

The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq (as required).

7. Method of Recoupment

The Board will determine, in its sole discretion, the method for recouping Erroneously Awarded Compensation. Such method may include:

- requiring reimbursement of cash Incentive Compensation previously paid;
- seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- offsetting the recouped amount from any compensation otherwise owed by the Company to the Executive Officer;
- cancelling outstanding vested or unvested equity awards; and
- taking any other remedial and recovery action permitted by law, as determined by the Board.

8. No Indemnification

The Company must not indemnify any Executive Officers against the loss of any Erroneously Awarded Incentive Compensation.

9. Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of SEC Rule 10D-1 and Nasdaq Rule 5608. In the event of any inconsistency between this Policy and Nasdaq Rule 5608, Nasdaq Rule 5608 shall apply to the extent of that consistency.

10. Effective Date

This Policy shall be effective as of 2 October 2023 and shall apply to Incentive Compensation that is received by Executive Officers on or after that date.

11. Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect applicable law and rules of The Nasdaq Stock Market. Subject to compliance with applicable law, the Board may terminate this Policy at any time.

12. Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any employment agreement, the Company's Employee Share Option Plan Rules or similar agreement and any other legal remedies available to the Company.

13. Impracticability

The Board shall recover any Erroneously Awarded Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with SEC Rule 10D-1 and Nasdaq Rule 5608.

Adopted by the Board with effect from 2 October 2023

Exhibit 99.1

Appendix 4E

Preliminary final report for the twelve months to 30 June 2024

Name of entity

MESOBLAST LIMITED
ABN 68 109 431 870

1. Reporting period

Report for the financial year ended	30 June 2024
Previous corresponding period is the financial year ended	30 June 2023

2. Results for announcement to the market

	Up/down	% change		Amount reported for the year ended 30 June 2024 USD'000
Revenues from ordinary activities *(item 2.1)*	Down	21%	to	5,902
Loss from ordinary activities after tax attributable to members (*item 2.2*)	Up*	7%	to	87,956
Net loss for the period attributable to members *(item 2.3)*	Up*	7%	to	87,956

**Increase in loss*

There are no dividends being proposed or declared for the period *(item 2.4 and 2.5)*

Commentary related to the above results

Please refer to 'Item 5.A Operating results' within the Form 20-F for the year ended 30 June 2024.

3. Net tangible assets per security

	30 June 2024	30 June 2023
Net tangible (liability)/asset backing per ordinary security (in USD cents)	(6.24) cents	(7.77) cents

A large proportion of the Company's assets are intangible in nature, consisting of goodwill, acquired licenses to patents, in-process research and development acquired, currently marketed products and right-of-use assets. Our intangible assets primarily relate to the acquisition of both Mesoblast, Inc and the culture-expanded Mesenchymal Stem Cell technology. These assets and the associated provision for contingent consideration are excluded from the calculation of net tangible assets per security. As at June 30, 2024 and 2023, the value of deferred tax liabilities was $Nil.

4. Other documents accompanying this Appendix 4E

This Appendix 4E should be read in conjunction with the Mesoblast annual report on the form 20-F, which includes:

- Item 18 Financial Statements; and
- Other sections as tabled below.

This preliminary final report and the associated Directors' Report are found throughout the various sections of the accompanying Mesoblast annual report on the form 20-F.

The following table has been provided to assist readers to locate each section of the Directors' Report within the accompanying annual report on the form 20-F.

Sections of Directors' Report	**Form 20-F Reference**
Principal activities	Item 5.A Operating Results See subheading – "Financial Overview"
Review of operations and activities	Item 4.B Business Overview Item 5.A Operating Results
Business strategies and prospects for future years	Item 4.B Business Overview
Business risks	**Item 3.D Risk Factors**
Significant changes in the state of affairs	Item 5.A Operating Results See subheading – "Significant changes in the state of affairs"
Matters subsequent to the end of the financial year	**Item 8.B Significant Changes**
Likely developments and expected results of operations	Item 5.A Operating Results See subheading – "Likely developments and expected results of operations"
Environmental regulations	Item 5.A Operating Results See subheading – "Environmental regulations"
Dividends	Item 4.B Business Overview See subheading – "Dividends"
Information on directors	Item 6.A Key Management Personnel See subheading – "Details of Directors and Senior Management"
Remuneration report	**The Remuneration report starts at Item 6 and ends part way through Item 6.B as indicated**
Indemnification of officers	Item 6.B Compensation See subheading – "Indemnification of officers"
Proceedings on behalf of the group	Item 6.B Compensation See subheading – "Proceedings on our behalf"
Non-Audit Services	Item 6.B Compensation See subheading – "Non-audit services"
Auditor's independence declaration	**Exhibits 99.2**
Directors' Resolution	Item 6.B Compensation See subheading – "Directors' resolution"

5. Audited Financial Report 2024

This preliminary final report has been based on accounts which have been audited. The independent auditors report includes the following statement:

We draw attention to Note 1(i) in the financial report, which indicates that the Group had net cash outflows from operating activities of US$48.5 million and the ability of the Group to continue as a going concern is dependent upon the Group obtaining additional funding from one or more sources to meet the Group's projected expenditure consistent with its business strategy. These conditions, along with other matters set forth in Note 1(i), indicate that material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect to this matter.

A copy of the audited Financial Statements for the year ended 30 June 2024 is included in Item 18 Financial Statements within the Form 20-F.

- End of Appendix 4E -

Exhibit 99.2

This page is required for Australian Disclosure Requirements and has been intentionally left blank.