ASX ANNOUNCEMENT **30 January 2024**

December 2023 Quarterly Activity Report

Melbourne, Australia; 30 January 2024: Cynata Therapeutics Limited (ASX: "**CYP", "Cynata",** or the **"Company"**), a clinical-stage biotechnology company specialising in cell therapeutics, provides its Quarterly Activity Report for the three-month period ended 31 December 2023.

Key highlights:

- **Phase 2 clinical trial in acute graft-versus-host disease (aGvHD): open for recruitment in Australia and USA; regulatory approval received in Turkey**
- **Phase 3 clinical trial in osteoarthritis: recruitment complete**
- **Phase 1 clinical trial in diabetic foot ulcer (DFU): initial results expected Q1 2024**
- **Phase 1 clinical trial in kidney transplantation: expected to commence in Q1 2024**
- **Intellectual property portfolio continues to strengthen**
- **$2.3m R&D Tax Incentive rebate received**
- **Solid cash balance of A$11.2m at end of quarter, with forecast cash runway into H2 2025**

Research and Development Pipeline

CYP-001

CYP-001 is Cynata's Cymerus™ off-the-shelf iPSC[1]-derived MSC[2] product for intravenous infusion, which is currently in clinical development for two indications (aGvHD and kidney transplantation). The US FDA has granted Orphan Drug Designation[3] to CYP-001 for the treatment of aGvHD.

Phase 2 Clinical Trial in aGvHD – Recruitment Open

aGvHD is a potentially life-threatening complication of bone marrow transplants or similar procedures. It arises when immune cells in the transplant (the graft) attack the recipient's tissues (the host) as "foreign". In this trial, CYP-001 is being investigated as a potential immune modulating treatment for aGvHD.

This global Phase 2 trial aims to enrol approximately 60 patients with High-Risk aGvHD (HR-aGvHD), who will be randomised to receive either steroids plus CYP-001, or steroids plus placebo. The Company is confident that the trial will build on the success of its Phase 1 trial in GvHD, which found very encouraging safety and efficacy results.[4]

The trial opened for recruitment at the first clinical centre (in Australia) in August 2023, and as of the end of December 2023, a total of six clinical centres were initiated (three in Australia and three in the USA).

Also during the quarter, the trial received regulatory and ethics approval in Turkey. The Company intends to open multiple clinical centres there, with the first site initiations expected in Q1 2024.

Furthermore, the Company is seeking approval to commence the trial in the European Union, and is continuing to progress the regulatory process there, with an outcome anticipated in Q1 2024.

The remainder of clinical centres participating in the study are expected to open during 1H 2024. This staggered opening of clinical centres has been factored into recruitment projections, and the Company's expectation remains that enrolment will be completed by the end of calendar year 2024, with primary results available by H2 2025.

[1] iPSC = induced pluripotent stem cell
[2] MSC = mesenchymal stem (or stromal) cell
[3] Orphan Drug Designation qualifies Cynata for incentives including extended marketing exclusivity, tax credits and fee waivers.
[4] Bloor AJC, et al. Nat Med. 2020;26(11):1720-1725.

Phase 1 Clinical Trial in Kidney Transplantation – Expected to Commence in Q1 2024

Patients who receive a kidney transplant typically require long-term treatment with immunosuppressant drugs, to prevent rejection of the transplanted organ. Immunosuppressants known as calcineurin inhibitors are effective at preventing rejection, but they are associated with very serious toxicities. In this trial, CYP-001 is being investigated as a potential immune modulating treatment in patients who have received a kidney transplant. If successful, this could facilitate dose reduction or withdrawal of calcineurin inhibitors, which could reduce or avoid toxicity.

This trial has received regulatory and ethics approval, and is expected to commence in Q1 2024. It is being undertaken in collaboration with Leiden University Medical Centre (LUMC), the Netherlands, which will fund and manage the trial, under the leadership of Prof Ton Rabelink. Cynata will provide CYP-001 for use in the trial, while retaining full commercial rights to use the data.

The trial aims to recruit a total of up to 16 patients who have undergone a kidney transplant. The first six patients will receive either one (n=3) or two (n=3) infusions of CYP-001, in addition to standard treatment. Subject to favourable safety review of the initial cohorts, a further ten patients will receive two infusions of CYP-001, followed by tacrolimus dose reduction.

Prof Rabelink and colleagues have previously published encouraging data from a clinical trial in which the patients' own MSCs were used in a similar way. They found that early tacrolimus (calcineurin inhibitor) withdrawal with MSC therapy was safe, without increased rejection of the transplanted organs, and concluded that this is a potentially useful approach after kidney transplantation.[5]

CYP-004

CYP-004 is Cynata's Cymerus™ off-the-shelf iPSC[6]-derived MSC[7] product for intra-articular injection (injection into a joint).

Phase 3 Clinical Trial in Osteoarthritis – Recruitment Complete

Osteoarthritis is a chronic inflammatory joint disease that causes pain and disability, which affects over two million people in Australia[8] and over 500 million people worldwide.[9] In this trial, CYP-004 is being investigated as a potential treatment to reduce pain, inflammation and cartilage degeneration in patients with osteoarthritis of the knee.

Known as the SCUlpTOR[10] trial, this randomised and placebo-controlled Phase 3 trial is being conducted by the University of Sydney, under the leadership of Professor David Hunter, with funding provided under an Australian Government National Health and Medical Research Council (NHMRC) project grant. The co-primary endpoints of the trial are (i) the proportion of participants achieving patient-acceptable symptom state (PASS) for knee pain at 24 months; and (ii) central medial femorotibial (cMFT) cartilage thickness change from baseline to 24 months, as assessed by magnetic resonance imaging (MRI).

During the quarter, trial recruitment was completed, with a total of 321 participants enrolled. In accordance with the study protocol, patients will be followed up for two years, to allow sufficient time for a potential disease modifying effect to be assessed. As such, the Company anticipates that the last participant visit will occur around November 2025, with results expected in the first half of 2026.

CYP-006TK

CYP-006TK is Cynata's Cymerus™ iPSC-derived MSC topical wound dressing product candidate, which comprises MSCs seeded onto a novel silicon dressing.

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[5] Reinders et al. Am J Transplant. 2021;21:3055–3065
[6] iPSC = induced pluripotent stem cell
[7] MSC = mesenchymal stem (or stromal) cell
[8] Australian Institute of Health and Welfare. Chronic musculoskeletal conditions: arthritis. 14 December 2023.
[9] World Health Organization. Fact Sheet – Osteoarthritis. 14 July 2023.
[10] SCUlpTOR = Stem Cells as a symptom- and strUcture-modifying Treatment for medial tibiofemoral OsteoaRthritis

Phase 1 Clinical Trial in DFU – Recruitment Ongoing; Initial Results Expected in Q1 2024

Due to reduced blood flow, patients with diabetes are at risk of developing non-healing wounds on the feet/lower limbs, which are also known as diabetic foot ulcers or DFU. In addition to causing severe pain and discomfort, DFU pose a significant risk of infection, and if treatment is unsuccessful, amputation may be necessary. In this trial, CYP-006TK is being investigated as a potential treatment to promote wound healing in patients with DFU.

This trial aims to enrol a total of 30 patients with DFU, who are randomised to receive either: (i) CYP-006TK treatment for four weeks, followed by standard of care treatment for the rest of the study; or (ii) standard of care treatment throughout the study.

During the quarter, the Company initiated analysis of wound surface area in the first 16 patients, up to the 10-week follow-up time point, with results expected in Q1 2024. Encouraging initial results from the first six patients enrolled in this trial up to Day 28 have previously been released, which showed an increased level of wound healing in patients treated with CYP-006TK compared to those who received standard of care treatment.

Intellectual Property Portfolio

Cynata continues to strengthen its robust intellectual property portfolio, which comprises a number of different in-licensed and Company-owned patent families. Notable progress during the quarter on patents owned directly by Cynata includes the following:

- A Patent Certificate was issued by the European Patent Office for a patent application entitled "*Colony Forming Medium and Use Thereof*", which relates to the optimisation of the Cymerus process by Cynata.
- A Notice of Allowance from the Canadian Intellectual Property Office, and a Certificate of Grant from Instituto Mexicano de la Propiedad Industrial (Mexico), were issued for a patent application titled "*Method for Treating Allergic Airways Disease (AAD/Asthma)*", which describes a method of use of Cymerus MSC products in treating diseases of the lungs and airways.
- A Patent Certificate was issued by the China National Intellectual Property Administration for a patent application entitled "*Pluripotent Stem Cell Assay*", which relates to a novel method for ensuring the quality and purity of Cynata's therapeutic MSC products.

Finance

During the quarter, the Company received a $2,315,643 R&D Tax Incentive rebate from the Australian Government, for the 2022/2023 financial year. This rebate enhances the Company's cash position and enables further resources to be invested towards progressing Cynata's broad and advanced cell therapy product pipeline.

The Company closed the quarter with A$11.2m in cash. Net operating cash outflows for the quarter totalled A$883k.

The Company currently expects its cash runway to extend into the 2025-26 financial year. In accordance with ASX rules, the "*Estimated quarters of funding available*" reported in item 8.5 of the Appendix 4C is calculated by dividing the cash at the end of the quarter by the net operating cash outflows in the previous quarter, and the result of this calculation is 12.6 quarters of funding available. However, as the net operating cash outflows in the previous quarter were not representative of forecasted expenditure in the forthcoming two financial years, this is not consistent with the Company's expectations.

In item 6 of the Appendix 4C cash flow report for the quarter, payments to related parties of approximately A$186k comprised of salary paid to the Managing Director and fees paid to Non-Executive Directors.

Outlook

The Company is in a strong position to achieve its operational and growth objectives for FY24 and beyond. Several important milestones are anticipated in Q1 2024, including release of initial DFU results, initiation of further aGvHD clinical centres, and recruitment of the first patients in the aGvHD and kidney transplant trials.

-ENDS-

Authorised for release by Dr Kilian Kelly, CEO & Managing Director

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About Cynata Therapeutics (ASX: CYP)
Cynata Therapeutics Limited (ASX: CYP) is an Australian clinical-stage stem cell and regenerative medicine company focused on the development of therapies based on Cymerus™, a proprietary therapeutic stem cell platform technology. Cymerus™ overcomes the challenges of other production methods by using induced pluripotent stem cells (iPSCs) and a precursor cell known as mesenchymoangioblast (MCA) to achieve economic manufacture of cell therapy products, including mesenchymal stem cells (MSCs), at commercial scale without the limitation of multiple donors.

Cynata's lead product candidate CYP-001 met all clinical endpoints and demonstrated positive safety and efficacy data for the treatment of steroid-resistant acute graft-versus-host disease (GvHD) in a Phase 1 trial. A Phase 2 clinical trial in GvHD under a cleared US FDA IND, as well as trials of Cymerus products in osteoarthritis (Phase 3) and diabetic foot ulcers (DFU) are currently ongoing, while a trial in renal transplant is expected to commence in the near future. In addition, Cynata has also demonstrated utility of its Cymerus technology in preclinical models of numerous diseases, including critical limb ischaemia, idiopathic pulmonary fibrosis, asthma, heart attack, sepsis, acute respiratory distress syndrome (ARDS) and cytokine release syndrome.

Cynata Therapeutics encourages all current investors to go paperless by registering their details with the designated registry service provider, Automic Group.

Appendix 4C

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

Name of entity	
CYNATA THERAPEUTICS LIMITED	
ABN	**Quarter ended ("current quarter")**
98 104 037 372	31 DECEMBER 2023

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(2,723)	(5,863)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(55)	(106)
	(d) leased assets (including premises)	-	-
	(e) staff costs	(406)	(1,078)
	(f) administration and corporate costs	(171)	(580)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	157	279
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives (2023 R&D Tax Incentive)	2,315	2,315
1.8	Other	-	22
1.9	**Net cash from / (used in) operating activities**	**(883)**	**(5,011)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	12,115	16,167
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(883)	(5,011)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(65)	11
4.6	**Cash and cash equivalents at end of period**	**11,167**	**11,167**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	3,167	3,115
5.2	Call deposits	8,000	9,000
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**11,167**	**12,115**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	186
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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

7.5	**Unused financing facilities available at quarter end**	-

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

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(883)
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,167
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	11,167
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	12.6

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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

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

N/A

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

N/A

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

N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2024

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.