

ASX Appendix 4D

Half-Year Financial Report to 31 December 2023

1. Details of reporting period

Name of Entity	Cynata Therapeutics Limited (the Company)
ABN	98 104 037 372
Reporting Period	31 December 2023
Previous Corresponding Period	31 December 2022
Presentation Currency	Australian Dollar (\$)

2. Results for announcement to the market

	31 Dec 2023 (\$)	31 Dec 2022 (\$)	Movement (%)	Movement (\$)	Up/Down
Revenue and other income	2,545,712	1,801,004	41.35%	744,708	Up
Loss from ordinary activities after tax attributable to members	4,541,119	5,173,025	12.22%	(631,906)	Down
Comprehensive loss for the period attributable to members	4,541,119	5,173,025	12.22%	(631,906)	Down

Brief explanation of any of the figures reported above necessary to enable figures to be understood:
For further information, refer to the review of operations contained in the directors' report, which forms part of the attached consolidated financial statements.

3. Net tangible asset backing

	31 December 2023	31 December 2022
Net tangible asset backing per ordinary security	5.72 cents	17.67 cents

4. Details of entities over which control has been gained or lost during the period

N/A

5. Details of Dividends

No dividend has been paid or recommended to be paid for the half-year ended 31 December 2023.

6. Details of dividend reinvestment plans

N/A

7 Details of associate and joint venture entities

N/A

8. Foreign entities

N/A

9. Audit

This report has been based on accounts that have been subject to an audit review. There are no items of dispute with the auditor and the audit review is not subject to qualification.

Authorised for release by the board



Dr Kilian Kelly
Managing Director & Chief Executive Officer

23 February 2024



Cynata Therapeutics Limited

ABN 98 104 037 372

Half year report for the half-year ended 31 December 2023



Corporate directory

Board of Directors

Dr Geoff Brooke

Dr Kilian Kelly

Dr Paul Wotton

Dr Darryl Maher

Ms Janine Rolfe

Non-Executive Chair

Managing Director & Chief Executive Officer

Non-Executive Director

Non-Executive Director

Non-Executive Director

Company Secretary

Mr Peter Webse

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West Perth, Western Australia 6005

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Melbourne, Victoria 3000

ASX Code

CYP – fully paid ordinary shares

CYPOA – listed options

Half year report for the half-year ended 31 December 2023

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Directors' report

The directors of Cynata Therapeutics Limited ("Cynata" or "the Company") submit herewith the interim financial report of Cynata Therapeutics Limited and its controlled entities ("the Group") for the half-year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of directors of the Company during or since the end of the half-year are:

Dr Geoff Brooke

Dr Kilian Kelly (appointed 1 July 2023)

Dr Paul Wotton

Dr Darryl Maher

Ms Janine Rolfe

Dr David Atkins (appointed 1 July 2023, resigned 13 November 2023)

Dr Stewart Washer (resigned 1 July 2023)

Review of operations

The loss of the Group for the half-year ended 31 December 2023, after accounting for an R&D refund of \$2,315,643 and after providing for income tax, amounted to \$4,541,119 compared to a loss of \$5,173,025 for the half-year ended 31 December 2022. As at 31 December 2023, cash and cash equivalents were \$11,167,138 (30 June 2023: \$16,167,356).

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**
- **Strategic review of research and development portfolio completed**
- **Solid cash balance of A\$11,167,138 at the end of the half-year ended 31 December 2023, with forecast cash runway into H2 2025**

Research and Development Pipeline Update

CYP-001

CYP-001 is Cynata's Cymerus™ off-the-shelf iPSC¹-derived MSC² 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 to CYP-001 for the treatment of aGvHD.

Phase 2 Clinical Trial of CYP-001 in aGvHD

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.

¹ iPSC = induced pluripotent stem cell

² MSC = mesenchymal stem (or stromal) cell

Recruitment in the Phase 2 clinical trial of CYP-001 in patients with High-Risk aGvHD (HR-aGvHD) opened during the half year. This global trial aims to enrol approximately 60 patients with HR-aGvHD, who will be randomised to receive either steroids plus CYP-001, or steroids plus placebo. The opening of recruitment followed ethics approval and regulatory clearance of the trial in Australia, USA and Turkey (Türkiye), including clearance of the Company's Investigational New Drug (IND) application by the US FDA. The Company is continuing to progress the regulatory process in a number of European countries. The Company expects primary results to be available by H2 2025.

Phase 1 Clinical Trial of CYP-001 in Renal Transplantation

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.

The Phase 1 clinical trial of CYP-001 in patients who have received a kidney transplant was approved by the Competent (regulatory) Authority in the Netherlands during the half year, and is expected to commence in Q1 2024. This trial is being undertaken in collaboration with Leiden University Medical Centre (LUMC). The Primary Objective of this trial is to study the safety and efficacy of CYP-001 in allowing tacrolimus reduction after kidney transplantation. Tacrolimus is a calcineurin inhibitor, which is a type of immunosuppressant drug used to prevent the rejection of transplanted organs.

CYP-004

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

Phase 3 Clinical Trial of CYP-004 in Osteoarthritis

Recruitment of patients in the Phase 3 clinical trial of CYP-004 in osteoarthritis of the knee was completed during the half year, with a total of 321 participants enrolled.

Osteoarthritis is a chronic inflammatory joint disease that causes pain and disability, which affects over two million people in Australia³ and over 500 million people worldwide.⁴ 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. It is hoped that CYP-004 may have the potential to delay, or eliminate, the need for invasive knee procedures, such as knee replacement.

Known as the SCULpTOR⁵ trial, this randomised and placebo-controlled Phase 3 trial is being conducted by the University of Sydney, with funding provided under an Australian Government National Health and Medical Research Council (NHMRC) project grant. 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.

³ Australian Institute of Health and Welfare. Chronic musculoskeletal conditions: arthritis. 14 December 2023.

⁴ World Health Organization. Fact Sheet – Osteoarthritis. 14 July 2023.

⁵ SCULpTOR = Stem Cells as a symptom- and structure-modifying Treatment for medial tibiofemoral Osteoarthritis

Phase 1 Clinical Trial of CYP-006TK in DFU

Recruitment continues in Cynata's Phase 1 clinical trial of CYP-006TK in patients with DFU.

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 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.

During the half year, patient recruitment in the trial progressed well, and the Company initiated analysis of wound surface area in the first 16 patients, with results expected in Q1 2024. Encouraging initial results from the first six (6) patients enrolled in this trial have previously been released, which showed a clear reduction in average ulcer size in patients treated with CYP-006TK compared to those who received standard of care treatment.

Corporate Update

Dr Kilian Kelly was appointed Chief Executive Officer and Managing Director on 1 July 2023 following the retirement of Dr Ross Macdonald. Dr Kelly immediately initiated a strategic review of the Company's research and development portfolio. The review incorporated assessment of all ongoing and planned clinical programs with input from existing strategic partners, contract research organisations and clinical centres sites to ensure the timely completion of key trials.

On 13 November 2023, Dr David Atkins ceased to be a director of the Company, having decided not to seek re-election at the Company's Annual General Meeting.

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. We wish to thank our shareholders for their ongoing support.

Subsequent events

On 16 January 2024, the Company issued 975,000 unlisted options exercisable at \$0.195 expiring 16 January 2029 to employees of the Company and the Company Secretary.

There has not been any other matter or circumstance occurring subsequent to the end of the half-year ended 31 December 2023 to the date of this report that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

Auditor's independence declaration

The auditor's independence declaration for the half-year ended 31 December 2023 has been received and is included on page 5 of this half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors



Dr Kilian Kelly
Managing Director & Chief Executive Officer

Melbourne, 23 February 2024



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23 February 2024

Board of Directors
Cynata Therapeutics Limited
Level 3, 100 Cubitt Street
Cremorne, Victoria 3121

Dear Sirs

RE: CYNATA THERAPEUTICS LIMITED

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

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

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

Yours faithfully

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

Samir Tirodkar
Director



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CYNATA THERAPEUTICS LIMITED**

Report on the Half-Year Financial Report

Conclusion

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

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

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

Basis for Conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 23 February 2024.

Responsibility of the Directors for the Financial Report

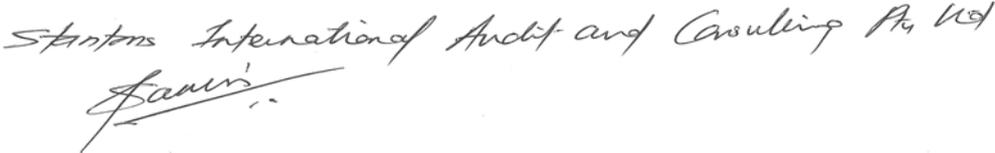
The directors of Cynata Therapeutics Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to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

Auditor's Responsibility for the Review of the Financial Report

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

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

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



Samir Tirodkar
Director

West Perth, Western Australia
23 February 2024

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 *Interim Financial Reporting* and give a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors



Dr Kilian Kelly
Managing Director & Chief Executive Officer

Melbourne, 23 February 2024

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2023

1. General information

Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with annual financial statements of the Company for the year ended 30 June 2023 together with any public announcements made during the following half-year.

The half-year financial report was authorised for issue by the directors on 23 February 2024.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2023 annual financial report for the financial year ended 30 June 2023, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Principles of consolidation

The consolidated financial statements incorporate all assets, liabilities and results of the parent and all of its subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the consolidated entity from the date on which control is obtained by the Company. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Significant accounting judgements and key estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these half-yearly statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report for the year ended 30 June 2023.

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2023

	Note	Half-year ended	
		31 Dec 2023	31 Dec 2022
		\$	\$
Interest income	5	230,069	146,694
Other income	5	2,315,643	1,654,310
Total income		2,545,712	1,801,004
Product development and marketing costs		(5,019,833)	(4,778,131)
Employee benefits expenses		(956,340)	(867,233)
Share based payments expenses	10	(78,072)	(257,805)
Amortisation expenses	8	(140,366)	(139,983)
Other operational expenses	6	(892,220)	(930,877)
(Loss) before income tax		(4,541,119)	(5,173,025)
Income tax expense		-	-
(Loss) for the period		(4,541,119)	(5,173,025)
Other comprehensive income, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		-	-
Other comprehensive income/(loss) for the period, net of income tax		-	-
Total comprehensive (loss) for the period		(4,541,119)	(5,173,025)
(Loss) attributable to:			
Owners of Cynata Therapeutics Limited		(4,541,119)	(5,173,025)
Total comprehensive (loss) attributable to:			
Owners of Cynata Therapeutics Limited		(4,541,119)	(5,173,025)
(Loss) per share:			
Basic and diluted (cents per share)		(2.53)	(3.61)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying condensed notes.

Consolidated statement of financial position as at 31 December 2023

	Note	31 Dec 2023 \$	30 Jun 2023 \$
Current assets			
Cash and cash equivalents		11,167,138	16,167,356
Other receivables	7	76,506	367,082
Prepayments		216,589	326,728
Total current assets		11,460,233	16,861,166
Non-current assets			
Intangibles	8	1,992,234	2,132,600
Total non-current assets		1,992,234	2,132,600
Total assets		13,452,467	18,993,766
Current liabilities			
Trade and other payables		1,002,043	2,067,391
Provisions		179,990	192,894
Total current liabilities		1,182,033	2,260,285
Total liabilities		1,182,033	2,260,285
Net assets		12,270,434	16,733,481
Equity			
Issued capital	9	81,624,596	81,624,596
Option reserves	10	7,756,039	7,677,967
Foreign currency translation reserve		4,724	4,724
Accumulated losses		(77,114,925)	(72,573,806)
Total equity		12,270,434	16,733,481

The above consolidated statement of financial position should be read in conjunction with the accompanying condensed notes.

Consolidated statement of changes in equity for the half-year ended 31 December 2023

	Issued Capital \$	Option Reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2022	74,900,251	7,351,421	4,724	(58,296,311)	23,960,085
(Loss) for the period	-	-	-	(5,173,025)	(5,173,025)
Other comprehensive income/(loss), net of tax	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	(5,173,025)	(5,173,025)
Share based payments	-	257,805	-	-	257,805
Balance at 31 December 2022	74,900,251	7,609,226	4,724	(63,469,336)	19,044,865
Balance at 1 July 2023	81,624,596	7,677,967	4,724	(72,573,806)	16,733,481
(Loss) for the period	-	-	-	(4,541,119)	(4,541,119)
Other comprehensive income/(loss), net of tax	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	(4,541,119)	(4,541,119)
Share based payments (<i>refer to note 11</i>)	-	78,072	-	-	78,072
Balance at 31 December 2023	81,624,596	7,756,039	4,724	(77,114,925)	12,270,434

The above consolidated statement of changes in equity should be read in conjunction with the accompanying condensed notes.

Consolidated statement of cash flows for the half-year ended 31 December 2023

	Half-year ended	
	31 Dec 2023	31 Dec 2022
	\$	\$
Cash flows from operating activities		
Other income	21,960	-
Research and development rebate received	2,315,643	1,654,310
Payments to suppliers and employees	(1,924,678)	(3,521,002)
Interest received (excluding interest on loans receivable)	278,845	126,267
Product development costs paid	(5,544,510)	(5,534,812)
Net cash (used) in operating activities	(4,852,740)	(7,275,237)
Net (decrease) in cash and cash equivalents	(4,852,740)	(7,275,237)
Cash and cash equivalents at the beginning of the period	16,167,356	23,798,046
Effect of exchange rate fluctuations	(147,478)	(111,161)
Cash and cash equivalents at the end of the period	11,167,138	16,411,648

The above consolidated statement of cash flows should be read in conjunction with the accompanying condensed notes.

2. Adoption of new and revised Australian Accounting Standards

New and amended Accounting Standards that are effective for the current period

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Segment information

The Group operates in one business segment, namely the development and commercialisation of therapeutic products. AASB 8 Operating Segments states that similar operating segments can be aggregated to form one reportable segment. However, none of the operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. The Group has therefore decided to aggregate all its reporting segments into one reportable segment.

The revenue and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities are those of the Group and set out in the consolidated statement of financial position.

4. Dividends

No dividends were paid or declared for the half-year ended 31 December 2023 and the directors have not recommended the payment of a dividend.

5. Interest income and other income

	31 Dec 2023	31 Dec 2022
	\$	\$
Interest income		
Interest income	230,069	146,694
	230,069	146,694
Other income		
Research and development rebate received	2,315,643	1,654,310
	2,315,643	1,654,310

6. Other operational expenses

	31 Dec 2023	31 Dec 2022
	\$	\$
Accounting and audit fees	75,171	72,471
Consultants and advisory fees	222,250	243,925
Company secretarial fees	56,039	54,887
Directors' fees	170,694	159,683
Investor/public relations	28,959	18,385
Legal fees	150,519	210,215
Other general expenses	188,588	171,311
	892,220	930,877

7. Other receivables

	31 Dec 2023	30 Jun 2023
	\$	\$
Deposits	3,568	25,528
Other receivables	72,938	341,554
	76,506	367,082

None of the receivables are past due at the reporting date.

8. Intangibles

	31 Dec 2023	30 Jun 2023
	\$	\$
Balance at the beginning of the period (i)	2,132,600	2,412,565
Amortisation (ii)	(140,366)	(279,965)
Balance at the end of the period	1,992,234	2,132,600

(i) The carrying value at beginning of year represents the fair value attributable to interests in research and development of stem cells is due to, and in recognition of, the successful development activities and data generated by Cynata Incorporated as at the acquisition date (1 December 2013), representing progress toward the eventual commercialisation of the relevant technology less accumulated amortisation.

(ii) An amortisation expense of \$140,366 has been recognised in profit or loss for the half-year ended 31 December 2023 (31 December 2022: \$139,983). For more information on the Group's accounting policy on intangibles and amortisation, refer to the 2023 annual financial report.

9. Issued capital

	31 Dec 2023	30 Jun 2023
	\$	\$
179,631,786 fully paid ordinary shares (30 Jun 2023: 179,631,786)	81,624,596	81,624,596

There were no movements in the issued capital of the Company in the current reporting period.

Fully paid ordinary shares

	31 Dec 2023		30 Jun 2023	
	No.	\$	No.	\$
Balance at beginning of period	179,631,786	81,624,596	143,276,594	74,900,251
Share placement (i)	-	-	13,508,877	2,904,409
Share placement (ii)	-	-	9,302,325	2,000,000
Share purchase plan (iii)	-	-	12,903,296	2,000,011
Issue of shares (iv)	-	-	640,694	137,749
Share issue costs	-	-	-	(317,824)
	179,631,786	81,624,596	179,631,786	81,624,596

(i) Issue of shares pursuant to a Placement at \$0.215 per share on 17 April 2023.

(ii) Issue of shares pursuant to a Placement at \$0.215 per share on 24 April 2023.

(iii) Issue of shares pursuant to a Share Purchase Plan at \$0.155 per share on 11 May 2023.

(iv) Issue of Director shares pursuant to participation of Directors of the Company in a share placement at \$0.215 per share on 31 May 2023.

10. Option reserves

	31 Dec 2023	30 Jun 2023
	\$	\$
Share-based payments		
Balance at beginning of period	7,677,967	7,351,421
Recognition of share-based payments (i)	78,072	326,546
Balance at end of period	7,756,039	7,677,967

The equity-settled employee benefits reserve arises on the grant of share options to executives, employees, consultants and advisors.

(i) Total amount arising from share-based payment transactions as a result of the vesting of unlisted options recognised during the half-year ended 31 December 2023 was \$78,072 (30 June 2023: \$326,546).

Further information about share-based payments is set out in note 11.

11. Share-based payments

Options may be issued to external consultants or non-related parties without shareholders' approval, where the annual 15% capacity pursuant to ASX Listing Rule 7.1 has not been exceeded. Options cannot be offered to a director or an associate of a director except where approval is given by shareholders at a general meeting.

Each option converts into one ordinary share of Cynata Therapeutics Limited on exercise. The options carry neither right to dividend nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the half-year ended 31 December 2023, the Company recorded the following share-based payment:

(i) Issue of 1,910,000 unlisted options exercisable at \$0.185 expiring on or before 20 November 2028 to directors of the Company to incentivise them over the long term, to ensure alignment with shareholders' interests and to maximise Company value ("Directors Options"). The Company sought and obtained shareholders' approval on 13 November 2023 at the Annual General Meeting.

Fair Value

The Black-Scholes option pricing model was used to determine the fair value of the Directors Options. The inputs to the model and valuation were as follows:

Directors Options	
Number of options	1,910,000
Grant date	13 Nov 2023
Grant date fair value	\$0.13
Exercise price	\$0.185
Expected volatility	80%
Implied option life (years)	5.0
Expected dividend yield	n/a
Risk free rate	4.25%

Options on issue as at reporting date

The following options arrangements were on issue at the reporting date:

Number of options	Grant Date	Exercise Price	Expiry Date
300,000	17 May 2019	\$2.110	16 May 2024
1,100,000	19 August 2020	\$0.970	18 August 2024
100,000	14 September 2020	\$1.280	13 September 2024
4,500,000	24 November 2020	\$0.970	29 November 2025
1,000,000	11 October 2021	\$0.890	11 October 2025
300,000	22 November 2022	\$0.510	23 November 2027
18,177,637	1 June 2023	\$0.300	1 April 2025
2,033,333	30 June 2023	\$0.176	30 June 2028
1,910,000	13 November 2023	\$0.185	20 November 2028

There has been no alteration to the terms and conditions of the above options arrangements since the grant date.

12. Contingent liabilities and contingent assets

There has been no significant change in contingent liabilities and/or contingent assets since the last annual report.

13. Commitments***Research & development commitments***

The Group has entered into a number of agreements related to research and development activities. As at 31 December 2023, under these agreements, the Company is committed to making payments over the future period, as follows:

	A\$
- During the period 1 Jan 2024 – 30 June 2024	1,770,739
- During the period 1 July 2024 – 30 June 2025	2,915,128
- During the period 1 July 2025 – 30 June 2026	1,213,827

Where commitments are denominated in foreign currencies, the amounts have been converted to Australian dollars based on exchange rates prevailing as at 31 December 2023.

14. Subsequent events

On 16 January 2024, the Company issued 975,000 unlisted options exercisable at \$0.195 expiring 16 January 2029 to employees of the Company and the Company Secretary.

There has not been any other matter or circumstance occurring subsequent to the end of the half-year ended 31 December 2023 to the date of this report that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.