ASX ANNOUNCEMENT 30 July 2024

June 2024 Quarterly Activity Report

Melbourne, Australia; 30 July 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 30 June 2024.

Key highlights:

- Phase 2 clinical trial in acute graft-versus-host disease (aGvHD): recruitment continues; anticipated to complete by end 2024, with primary results in 2H 2025
- Further CYP-001 GvHD clinical data published in Nature Medicine
- Phase 1 clinical trial in diabetic foot ulcer (DFU): recruitment complete; encouraging initial results
- Phase 3 clinical trial in osteoarthritis: recruitment complete; patient follow-up ongoing
- Phase 1 clinical trial in kidney transplantation: expected to commence Q3 2024
- Agreement with TekCyte to acquire wound dressing technology used in topical wound dressing product candidate, CYP 006TK
- Cash balance of A$6.2m 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 Continues

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 the trial will build on the success of its Phase 1 trial in GvHD, which generated positive safety and efficacy results.[4]

Patient enrolment is now approximately 10% complete. The Company anticipates a marked increase in the overall recruitment rate in the coming quarter, as a result of the opening of additional clinical centres: a total of 26 centres have now been initiated, compared to 14 at the start of the quarter. The Company continues to anticipate completing enrolment by the end of 2024, and release of the primary results in H2 2025.

Completed Phase 1 Clinical Trial in aGvHD – Further Results Published in Nature Medicine

During the quarter (announced 22 May 2024), two-year follow-up results of the Phase 1 clinical trial of CYP-001 in patients with steroid-resistant aGvHD (SR-aGvHD) were published in the prestigious peer-reviewed journal Nature Medicine.[5]

Key results include a two-year overall survival rate of 60% (9/15 patients), with no treatment-related serious adverse events or safety concerns identified. This survival rate compares very favourably to previously reported outcomes in SR-aGvHD. For example, in the Phase 3 study that supported approval of the drug ruxolitinib, the 18-month overall survival rates were only 38% in the ruxolitinib group and 36% in the "best available treatment" control group (survival at two years was not evaluable).[6] Historically the prognosis in patients with SR-aGvHD has been very poor, with two-year overall survival rates below 20%.[7]

The two-year follow-up results build on the highly encouraging primary evaluation results at Day 100, which included Complete Response and Overall Response rates of 53% and 87%, respectively. A previous paper summarising the primary evaluation results was also published in Nature Medicine.[8]

Phase 1 Clinical Trial in Kidney Transplantation – Expected to Commence in Q3 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 would be expected to reduce or avoid toxicity.

This trial 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.

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.[9]

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. The trial is approved and ready to commence, and the Company has been advised by LUMC that the first patient enrolment in this trial is now anticipated during Q3 2024.

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.

Phase 1 Clinical Trial in DFU – Recruitment Complete; Encouraging Initial Results

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.

In February 2024, the Company announced the outcome of analysis of wound surface area in the first 16 patients enrolled in the trial (n=8 per group), up to the 10-week follow-up time point (announced 26 February). The median percentage reduction in wound surface area in the active CYP-006TK group after 10 weeks' follow-up was 87.6%, compared to 51.1% in the control group. These findings were consistent with the trend observed in the results from the first six patients enrolled in this trial (n=3 per group) up to Day 28, which were released in April 2023.

During the quarter, patient enrolment in this trial was completed (announced 8 April), and the last patient visit in this trial is expected to occur in September 2024. Work is ongoing with the clinical centres and the Company's service provider partners, to ensure that data monitoring and clinical data management activities are completed as soon as possible after that final patient visit. Results are anticipated in late 2024 or early 2025

CYP-004

CYP-004 is Cynata's Cymerus™ off-the-shelf iPSC[10]-derived MSC[11] product for intra-articular injection (injection into a joint).

Phase 3 Clinical Trial in Osteoarthritis – Recruitment Complete; Patient Follow-up Ongoing

Osteoarthritis is a chronic inflammatory joint disease that causes pain and disability, which affects over two million people in Australia[12] and over 500 million people worldwide.[13] 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[14] 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).

Patient recruitment was completed in November 2023, 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.

Corporate Update

Dr Mathias Kroll Commences Employment as Chief Business Officer

During the quarter, experienced biopharmaceutical executive Dr Mathias Kroll commenced his employment with the Company in the newly created position of Chief Business Officer. The Company created this new position in anticipation of the next stage of the Company's growth, with a particular focus on business development and partnering, to advance the commercialisation of the Cymerus™ off-the-shelf iPSC -derived MSC products.

Dr Kroll joined Cynata from QIMR Berghofer Medical Research Institute, where he had been Chief Commercial Officer since 2019. During his career of over twenty-five years, he has held leadership positions in companies of varying sizes, including three of the world's largest multinationals (Bayer,

Sanofi-Aventis and GlaxoSmithKline). He has also led a European biotechnology company as CEO. Between his academic and industry roles, he has been based in nine countries on four continents, showcasing his versatility and in-depth knowledge of the sector at a global level.

For the past two decades, Dr Kroll has focussed on corporate and business development. He has a strong track record in establishing and extracting value from partnerships between companies, investors, and other stakeholders, to fund the development and commercialisation of biopharmaceutical products. He has successfully concluded numerous international deals, across all stages of the pharmaceutical value chain, some of which have exceeded a billion dollars in value. Many of his deals were driven by matching specialised manufacturing capacity and capability with innovative therapies.

Dr Kroll obtained Master of Science equivalent honours degrees in chemistry and biology, following university studies in Germany, the United States, and France. He was later awarded a PhD in immunology for his thesis at the Pasteur Institute in France, and an MBA from the International Institute for Management Development (IMD) in Switzerland. He has also completed training in patent law and is a graduate of the Australian Institute of Company Directors.

Agreement to Acquire CYP-006TK Wound Dressing Technology from TekCyte

Subsequent to the quarter end (announced on 1 July 2024), the Company entered into an agreement with TekCyte Limited (TekCyte) to secure outright ownership of the underlying technology utilised in CYP-006TK, Cynata's Cymerus™ iPSC -derived MSC topical wound dressing product candidate. The technology is based on proprietary surface modification techniques, to produce polymer-coated dressings for the delivery of MSCs to wounds.

Intellectual Property Portfolio

Cynata continues to strengthen its robust intellectual property portfolio, which encompasses several different in-licensed and Company-owned patent families.

During the quarter a Patent Certificate was issued by the Patents Registry of the Hong Kong Special Administrative Region for a patent application entitled "Colony Forming Medium and Use Thereof", which relates to the optimisation of the Cymerus process by Cynata.

Finance

The Company closed the quarter with A$6.21m in cash. Net operating cash outflows for the quarter totalled A$2.77m.

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 2.2 quarters of funding available. However, as the net operating cash outflows in the previous quarter were not representative of forecasted expenditure in the year ahead, this is not consistent with the Company's expectations. The Company currently expects its cash runway to extend into the 2025-26 financial year.

In item 6 of the Appendix 4C cash flow report for the quarter, payments to related parties of approximately A$177k comprised of salary paid to the Managing Director and fees paid to Non-Executive Directors.

Outlook

During this financial year, the Company anticipates the following milestones:

- Commencement of enrolment in the kidney transplantation trial (Q3 2024)
- Completion of enrolment in the GvHD trial (Q4 2024)
- Cohort A results from the kidney transplantation trial (Q4 2024)
- DFU trial results (Q4 2024 or Q1 2025)

Investor Webinar

The quarterly investor webinar will be held in the coming weeks, with details to be announced separately.

-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.

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[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.
[5] Kelly K, et al. Nat Med. 2024;30:1556–1558.
[6] Zeiser R, et al. N Engl J Med. 2020;382(19):1800-1810.
[7] Westin JR et al. Adv Hematol. 2011;2011:601953.
[8] Bloor AJC, et al. Nat Med. 2020;26:1720–1725.
[9] Reinders MEJ, et al. Am J Transplant. 2021;21:3055–3065
[10] iPSC = induced pluripotent stem cell
[11] MSC = mesenchymal stem (or stromal) cell
[12] Australian Institute of Health and Welfare. Chronic musculoskeletal conditions: arthritis. 14 December 2023.
[13] World Health Organization. Fact Sheet – Osteoarthritis. 14 July 2023.
[14] SCUlpTOR = Stem Cells as a symptom- and strUcture-modifying Treatment for medial tibiofemoral OsteoaRthritis

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	30 JUNE 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(2,042)	(9,607)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(34)	(146)
	(d) leased assets (including premises)	-	-
	(e) staff costs	(512)	(2,035)
	(f) administration and corporate costs	(314)	(1,011)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	132	446
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
1.8	Other	-	22
1.9	**Net cash from / (used in) operating activities**	**(2,770)**	**(10,016)**

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 (12 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	8,972	16,167
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,770)	(10,016)
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 (12 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	3	54
4.6	**Cash and cash equivalents at end of period**	**6,205**	**6,205**

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	1,205	972
5.2	Call deposits	5,000	8,000
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**6,205**	**8,972**

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	177
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)	(2,770)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,205
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,205
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.2

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 July 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.