



ASX ANNOUNCEMENT

5 September 2016

Cynata and FUJIFILM Sign Non-binding Development and Commercialisation Term Sheet

Melbourne, Australia; 5 September 2016: Australian stem cell and regenerative medicine company, Cynata Therapeutics Limited (ASX: CYP), announced the execution of a term sheet with FUJIFILM Corporation of Japan for the development and commercialisation of certain Cynata technology, including Cynata's lead induced pluripotent stem cell (iPSC) derived therapeutic mesenchymal stem cell (MSC) product, CYP-001. Pursuant to the term sheet, the parties will work together to seek to finalise a definitive agreement. If the parties enter into a definitive agreement, Cynata expects it to be finalised in the fourth quarter of 2016.

The term sheet anticipates that, under a definitive agreement, Cynata will grant FUJIFILM an option to an exclusive, worldwide licence to market and sell Cynata's lead MSC product for prevention and treatment of graft-versus-host disease (GvHD), as well as (a) an option to negotiate a licence for manufacturing those products, and (b) certain rights to Cynata's proprietary Cymerus™ technology for the prevention and treatment of other diseases.

The term sheet further anticipates that, under a definitive agreement, FUJIFILM will make a direct investment in Cynata by way of the acquisition of Cynata shares to the value of US\$3 million, such shares to be priced at, in consideration for the rights granted under the agreement, a 35% premium to the 6 month VWAP as at 2 September 2016. The term sheet also contemplates Cynata receiving certain upfront and milestone payments, together with a royalty on end product sales. Entry into a definitive agreement remains subject to satisfactory completion of negotiations.

"We are delighted to execute this term sheet with FUJIFILM, one of the most dynamic and progressive companies in the global regenerative medicine space," said Cynata Managing Director and CEO, Dr Ross Macdonald. "The proposed acquisition by FUJIFILM of shares in Cynata at a substantial premium is a strong vote of confidence in Cynata's unique technology and we look forward to closing the definitive agreement in the near future."

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About Cynata Therapeutics (ASX: CYP)

Cynata Therapeutics Limited (ASX: CYP) is an Australian stem cell and regenerative medicine company that is developing a therapeutic stem cell platform technology, Cymerus™, originating from the University of Wisconsin-Madison, a world leader in stem cell research. The proprietary Cymerus™ technology addresses a critical shortcoming in existing methods of production of mesenchymal stem cells (MSCs) for therapeutic use, which is the ability to achieve economic manufacture at commercial scale. Cymerus™ utilises induced pluripotent stem cells (iPSCs) to produce a particular type of MSC precursor, called a mesenchymoangioblast (MCA). The Cymerus™ platform provides a source of MSCs that is independent of donor limitations and provides an “off-the-shelf” stem cell platform for therapeutic product use, with a pharmaceutical product business model and economies of scale. This has the potential to create a new standard in the emergent arena of stem cell therapeutics and provides both a unique differentiator and an important competitive position.

About Fujifilm Corporation

FUJIFILM Corporation, Tokyo, Japan is one of the major operating companies of FUJIFILM Holdings. The company brings continuous innovation and leading-edge products to a broad spectrum of industries, including: healthcare, graphic systems, highly functional materials, optical devices, digital imaging and document products. These are based on a vast portfolio of chemical, mechanical, optical, electronic and thin film coating technologies.

The Fujifilm Group is a leader in the field of regenerative medicine. US Cellular Dynamics International, Inc., has also joined the Fujifilm Group in 2015, and Fujifilm is leveraging iPSC production technologies to create an iPSC bank that comprises iPSCs for use in researching various diseases and conditions. The decision to bring these highly innovative companies into the Group further emphasizes Fujifilm’s dedication to achieving leadership in the field of regenerative medicine and to meet unmet medical needs.

For more information, please visit: www.fujifilmholdings.com.

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