

Cynata announces A\$5.55m capital raising

Melbourne, Australia; 22 April 2020: Cynata Therapeutics Limited (ASX: “CYP”, “Cynata”, or the “Company”), a clinical-stage biotechnology company specialising in cell therapeutics, is pleased to announce a successful institutional placement which has raised A\$3.55m (“Placement”), which will be followed by a share purchase plan (“SPP”) of up to A\$2m.

Key highlights

- Cynata has successfully raised A\$3.55m via a Placement at A\$0.60 per share
- SPP to raise up to A\$2.0m will follow the Placement, with eligible shareholders offered the opportunity to acquire additional new shares on the same terms as the Placement
- Capital raised from the Placement and SPP will be used to progress clinical development, to ensure Cynata is well placed to take advantage of further opportunities and to strengthen the Company’s balance sheet.

Dr Paul Wotton, Cynata’s Chairman, said:

“This is a dynamic and uncertain time for investors, markets and companies as the COVID-19 pandemic continues to have an unprecedented impact across the globe. Given the current market volatility and high degree of unpredictability in the economic outlook, the Board has made the decision to strengthen the Company’s balance sheet with a small capital raise designed to provide operational certainty at Cynata. We look forward to seeing through this period and driving forward our programs from a position of enhanced financial strength and flexibility.”

Dr. Ross Macdonald, Cynata’s CEO and MD, said:

“Cynata has made the prudent decision to strengthen our future financial stability and capacity to further advance product development through this financing. Together with the Company’s current cash balance, the capital raised will allow us to continue to progress the clinical development of our Cymerus™ MSC products across multiple indications to key inflection points, strengthens our balance sheet and ensures we are well-placed to take advantage of any opportunities to pursue new therapeutic targets.”

“Global interest has been demonstrated in our unique platform technology, driven by an increased awareness in the potential of MSCs in treating numerous debilitating diseases. Cynata is in active discussions about a potential clinical trial in indications consequent to severe COVID-19 infection. We will continue to provide updates as relevant to keep the market fully informed.”

Placement

Cynata is pleased to advise that it has successfully completed a A\$3.55m placement to a small number of institutional investors. The Placement comprises the issue of 5,909,390 new, ordinary fully paid shares in Cynata (“New Shares”), at an offer price of A\$0.60 per New Share, representing a discount of 23.3% to the 15-day volume weighted average price (“VWAP”) to the closing share price as at 17 April 2020.



The Placement will be undertaken in a single tranche within the Company's existing placement capacity under ASX Listing Rule 7.1. Settlement of the Placement is scheduled to occur on 23 April 2020, with the New Shares scheduled to be allotted and commence trading on 24 April 2020.

H.C. Wainwright acted as lead manager for the Placement in the United States. Vesparum Capital is acting in an independent capital markets advisory role for Cynata.

Share Purchase Plan

In conjunction with the Placement, an SPP will be made available to Cynata shareholders on the Company's share register as at 7pm (Melbourne time), on Tuesday, 21 April 2020 ("**Record Date**") with a registered address in Australia or New Zealand.

Eligible Shareholders will be invited to apply for up to A\$30,000 worth of New Shares. The SPP will seek to raise up to a maximum of A\$2.0m at an offer price of A\$0.60 per New Share (the same offer price as the Placement). Further information in relation to the SPP will be provided in an SPP offer booklet to be sent to eligible shareholders shortly.

In undertaking the SPP, the Company will be relying on the ASX Class Waiver Decision – Temporary Extra Placement Capacity dated 31 March 2020. This is because the SPP offer price of \$0.60 per New Share is less than 80% of the 5-day VWAP for securities calculated up to and including 17 April 2020, as required by the ASX Listing Rules.

The SPP offer price is the same price as New Shares will be issued under the Placement, which is a price that the Board has reasonably determined in the circumstances. Although there is a limit of A\$2.0m on the amount to be raised under the SPP, the Board considers that eligible shareholders have a reasonable opportunity to participate equitably in the overall capital raising taking into account the size of the Placement, the size of the SPP, historical take-up rates in SPPs and the fact that eligible shareholders can apply for up to \$30,000 worth of New Shares under the SPP.

In the event that Cynata receives applications for New Shares under the SPP in excess of A\$2.0m, applications will be scaled back in accordance with the policy described in the SPP booklet. The scale back arrangements will apply on a pro rata basis to all participants.

Outlook

Funds raised from the Placement and SPP will be used to further advance clinical development programs. This ensures Cynata has the balance sheet strength to see the Company through this period of extreme volatility and uncertainty while continuing to advance its business objectives.

Cynata is progressing and considering the optimal pathways, including partnering, for its substantial pre-clinical data in numerous indications. Cynata is also in discussions with strategic parties on a potential clinical trial in patients in indications such as ARDS and sepsis that may result from a severe COVID-19 infection.

Whilst the commencement of patient recruitment for the proposed Phase 2 trials in osteoarthritis and critical limb ischaemia (CLI) may be uncertain due to COVID-19 restrictions currently in place (as announced to ASX on 1 April 2020), the Company continues to progress activities to the final stages before patient recruitment. This will ensure it is well-placed to initiate patient recruitment as soon as possible after the COVID-19 pandemic restrictions are lifted. In parallel, FUJIFILM continues to



progress further development for a graft-versus-host disease (GvHD) Phase 2 clinical trial. Cynata continues to work collaboratively on the trial planning and start-up activities.

-ENDS-

Authorised for release by Dr Ross Macdonald, Managing Director & CEO

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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. Cynata plans to advance its Cymerus™ MSCs into Phase 2 trials for GvHD, critical limb ischemia and osteoarthritis. In addition, Cynata has demonstrated utility of its Cymerus MSC technology in preclinical models of asthma, diabetic wounds, heart attack and cytokine release syndrome, a life-threatening condition stemming from cancer immunotherapy.

Cynata Therapeutics Limited

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