

## **Cynata Secures \$15m Placement Led By \$10M from Healthcare Investor BioScience Managers to Expand Development Pipeline**

**Melbourne, Australia; 11 December 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 \$15 million placement (“Placement”), led by a \$10m investment from experienced healthcare investor BioScience Managers through the BioScience Managers Translation Fund I (BMTFI). BMTFI has a mandate to invest in Australian based innovative healthcare technology and this investment will allow Cynata to significantly expand its clinical development pipeline and scale their operations in Australia. The Placement is being undertaken at an offer price of \$0.70 for each new share and will be followed by a 1 for 15 non-renounceable entitlement offer at the same offer price as the Placement.

The Company’s Cymerus™ mesenchymal stem cells (MSCs) will be developed for three new, additional indications; idiopathic pulmonary fibrosis (IPF), renal transplantation and diabetic foot ulcers (DFU). Further information on Cynata’s clinical development pipeline, new indications and the Capital Raising are set out in the Investor Presentation accompanying this announcement.

### **Key highlights:**

- **Preparations underway to expand Cynata’s clinical development pipeline to include idiopathic pulmonary fibrosis, renal transplantation and diabetic foot ulcers**
- **Additional clinical trials to build on solid foundation from studies in relevant pre-clinical disease models and driven by significant unmet medical needs and promising commercial opportunities**
- **A\$15m institutional placement to existing and new investors at \$0.70 per new share, led by A\$10m from healthcare investor BioScience Managers via the BMTFI**
- **A 1 for 15 non-renounceable pro-rata entitlement offer to eligible shareholders to raise up to approximately A\$5.5m will follow the Placement**
- **Proceeds raised to primarily fund the expansion of Cynata’s clinical development pipeline, enhance process development and progress regulatory strategy for commercialisation**

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

*“The endorsement from BioScience Managers, an experienced and highly successful healthcare investor, in Cynata’s core Cymerus™ technology and the broad potential of our clinical pipeline provides great validation of our platform. The capital secured will enable a logical and significant expansion of our clinical development into new indications, essentially doubling the size of our clinical pipeline. The additional indications of IPF, renal transplantation and DFU were chosen based on the promising results of multiple pre-clinical studies and highly attractive opportunities, in which our Cymerus MSCs have the potential to significantly improve patient outcomes and to provide new standards of care in these challenging settings.*”

*We are encouraged by the confidence in our strategy demonstrated by BioScience Managers, existing shareholders and new investors. Additionally, we are pleased to provide an entitlement offer to eligible shareholders on the same terms as the institutional and sophisticated investors. We look forward to initiating the planned studies in the near term and building on the significant progress made to date with the development of our Cymerus platform technology.”*

## Expanding the clinical development pipeline

Cynata has carefully selected additional target indications for further clinical development, following a comprehensive scientific, clinical and commercial review. The target indications, including IPF, renal transplantation and DFU, represent a combined market opportunity in excess of A\$20bn p.a.<sup>1,2,3</sup>. Key preparation activities are now underway to advance clinical programs in these high priority target indications including (but not limited to): trial design, regulatory consultation, endpoint selection, key opinion leader engagements and clinical site selection. The Company will continue to develop its existing clinical product pipeline in addition to these new targets and will continue to drive its partnering strategy. Further background information on the new target indications is provided below.

### Idiopathic Pulmonary Fibrosis (IPF)

IPF is an incurable disease of unknown cause, which results in extensive scarring (or fibrosis) of the lungs. When first diagnosed, lung damage is often advanced and invariably progresses to respiratory failure with only 20% to 30% of patients surviving five years after diagnosis<sup>4</sup>. Treatment of IPF represents a significant unmet medical need, with existing therapies having limited effects on disease progression and survival rates. Studies conducted in preclinical rodent models of IPF demonstrated efficacy of Cymerus MSCs, based on statistically significant improvements in multiple clinically relevant outcome measures, including levels of fibrosis, inflammation, dynamic lung compliance and airway resistance.

### Renal Transplantation

Renal transplantation is a common treatment for end-stage kidney disease, where the kidneys are no longer able to function and a transplant is required to eliminate patients' reliance on dialysis. Following a kidney transplant, the body may recognise the transplanted kidney as foreign tissue and attempt to protect the patient by attacking it. In preclinical studies, Cymerus MSC treatment demonstrated effects expected to minimise or prevent organ transplant rejection.

### Diabetic Foot Ulcer (DFU)

DFUs are sores on the feet of patients with diabetes and are among the most common complications occurring in 15% to 25% of patients sometime during their lifetime<sup>5</sup>. Severe ulcers can lead to hospitalisation and lower limb amputation if not treated in a timely manner. Cymerus MSCs have achieved encouraging efficacy results in a preclinical model of diabetic foot ulcers. This provides strong support for the inclusion of this new indication to Cynata's clinical development pipeline.

## Capital Raising

The capital raising consists of an institutional placement (**Placement**) and a 1 for 15 non-renounceable entitlement offer (**Entitlement Offer**) (together, the **Capital Raising**). The offer price for the Capital Raising is A\$0.70 per new share (**Offer Price**). The Offer Price represents a 9.6% discount to the 5-day VWAP as of 8 December 2020 of \$0.774 (the last day of trading of CYP shares prior to announcement of the Capital Raising).

All shares issued under the Capital Raising will be fully paid ordinary shares ranking equally with existing Cynata shares on issue (**New Shares**). Vesparum Capital is acting as the Independent Capital Markets Advisor for Cynata. Funds raised via the Placement and Entitlement Offer will be used to:

- **Expand clinical product development pipeline:** pursue additional clinical trials in attractive indications. High priority targets include IPF, renal transplantation and DFU
- **Process development and commercialisation:** Optimise and expand manufacturing capabilities to enhance scale-up efficiencies and progress Cynata's US regulatory strategy, to place the Company in a strong position to commercialise its MSC products

- **Additional headcount, general working capital and corporate costs**

### Placement

The Placement to institutions, sophisticated and professional investors will raise \$15m, before transaction-related costs. The Placement comprises the issue of 21.43m New Shares at the Offer Price. The Placement attracted strong support from existing shareholders and new investors, including the A\$10m commitment from Phillip Asset Management Limited as trustee for BMTFI.

The Placement will be undertaken in a single tranche within the Company's existing placement capacity under ASX Listing Rule 7.1 and 7.1A – therefore no shareholder approval is required for the Placement. New Shares subscribed for under the Placement are expected to settle on 18 December 2020 and commence trading on the ASX on 21 December 2020.

### Entitlement Offer

In addition to the Placement, the Company is undertaking a 1 for 15 non-renounceable entitlement offer to existing shareholders, to raise up to approximately \$5.5m. Eligible shareholders at the Record Date of Wednesday, 16 December 2020 with a registered address in Australia or New Zealand will be invited to participate in the Entitlement Offer, at the Offer Price (being the same price as the Placement). The Entitlement Offer will open on Monday, 21 December 2020 and close on Wednesday, 13 January 2021. The Entitlement Offer is non-renounceable and entitlements will not be tradable or otherwise transferable.

Eligible shareholders who take up their entitlement in full can also apply for additional New Shares in excess of their entitlement under a top-up facility. Allocations for additional New Shares above pro-rata entitlements will be determined at Cynata's absolute discretion and are not guaranteed. The Company reserves the right to allot and issue any shortfall shares in the Entitlement Offer at its discretion.

The terms and conditions and further details of how to participate in the Entitlement Offer will be set out in the Offer Booklet to be sent to eligible shareholders on Monday, 21 December 2020. The Offer Booklet will include a personalised entitlement and acceptance form. Copies of the Offer Booklet will also be available on the ASX and Cynata's website.

### Indicative Capital Raising timetable<sup>6</sup>

Event	Date
ASX Announcement and Company resumes trading	Friday, 11 December 2020
Record date for Entitlement Offer	Wednesday, 16 December 2020
Settlement of Placement	Friday, 18 December 2020
Allotment and commencement of trading of New Shares under the Placement	Monday, 21 December 2020
Despatch of Offer Booklet and Entitlement Offer opens	Monday, 21 December 2020
Entitlement Offer closes	Wednesday, 13 January 2021
Announcement of Entitlement Offer results	Monday, 18 January 2021
New Shares issued under the Entitlement Offer	Wednesday, 20 January 2021
Allotment and commencement of trading of New Shares under the Entitlement Offer	Thursday, 21 January 2021

-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 has active clinical trials, using its Cymerus™ MSCs for a Phase 3 trial in osteoarthritis and a Phase 2 trial in severe complications arising from COVID-19. Cynata plans to advance into trials for GvHD (through licensee Fujifilm) and critical limb ischemia. Cynata is planning for additional clinical programs in further indications (including idiopathic pulmonary fibrosis, renal transplantation, and diabetic foot ulcers), following encouraging pre-clinical data. In addition, Cynata has demonstrated utility of its Cymerus™ MSC technology in preclinical models of asthma, diabetic wounds, heart attack, sepsis, acute respiratory distress syndrome (ARDS) and cytokine release syndrome.

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<sup>1</sup> iHealthcareAnalyst Inc, 2019 (represents global market by 2025)

<sup>2</sup> Organ Transplant Immunosuppressant Drugs Market in 2026, Grand View Research, Inc., 2019

<sup>3</sup> Transparency Market Research, 2020 (Reflect global DFU treatment market by 2027)

<sup>4</sup> Ley B, et al. Clinical course and prediction of survival in idiopathic pulmonary fibrosis. *Am J Respir Crit Care Med.* 2011;183(4):431-40. <https://www.ihealthcareanalyst.com/report/idiopathic-pulmonary-fibrosis-treatment-market>

<sup>5</sup> Mutluoglu M, Uzun G, Turhan V, Gorenek L, Ay H, Lipsky BA. How reliable are cultures of specimens from superficial swabs compared with those of deep tissue in patients with diabetic foot ulcers? *J Diabetes Complications.* 2012 May-Jun;26(3):225-9

<sup>6</sup> This timetable is indicative only and subject to change. The Company reserves the right to amend the dates at its discretion and without notice, subject to the ASX Listing Rules and the *Corporations Act 2001 (Cth)*. All times are AEDT

### **Cynata Therapeutics Limited**

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