

ASX Appendix 4D

Half-Year Financial Report to 31 December 2021

1. Details of reporting period

Name of Entity	Cynata Therapeutics Limited (the Company)
ABN	98 104 037 372
Reporting Period	31 December 2022
Previous Corresponding Period	31 December 2021
Presentation Currency	Australian Dollar (\$)

2. Results for announcement to the market

	31 Dec 2022 (\$)	31 Dec 2021 (\$)	Movement (%)	Movement (\$)	Up/Down
Revenue and other income (i)	1,801,004	6,970,874	(74.16%)	5,169,870	Down
Loss from ordinary activities after tax attributable to members	5,173,025	1,131,195	357.31%	4,041,830	Up
Comprehensive loss for the period attributable to members	5,173,025	1,131,195	357.31%	4,041,830	Up

Brief explanation of any of the figures reported above necessary to enable figures to be understood:

(i) The 31 Dec 2021 figure includes an amount of US\$5M received from FUJIFILM Corporation under a Strategic Partnership Agreement whereby Cynata regained rights to CYP-001 for graft-versus-host diseases (GvHD).

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 2022	31 December 2021
Net tangible asset backing per ordinary security	11.71 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 2022.

6. Details of dividend reinvestment plans

N/A

7 Details of associate and joint venture entities

N/A

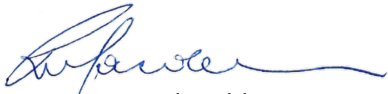
8. Foreign entities

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 Ross Macdonald
Managing Director & Chief Executive Officer

28 February 2023



Cynata Therapeutics Limited

ABN 98 104 037 372

**Half year report for the half-year ended
31 December 2022**



Corporate directory

Board of Directors

Dr Geoff Brooke
Dr Ross Macdonald
Dr Stewart Washer
Dr Paul Wotton
Dr Darryl Maher
Ms Janine Rolfe

Non-Executive Chairman
Managing Director & Chief Executive Officer
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Company Secretary

Mr Peter Webse

Registered and Principal Office

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Auditors

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West Perth, Western Australia 6005

Share Registry

Automic Registry Services
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Australian Securities Exchange
Level 4, North Tower, Rialto
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Melbourne, Victoria 3000

ASX Code

CYP

Half year report for the half-year ended 31 December 2022

Contents

Directors' report.....	1
Auditor's independence declaration.....	5
Independent auditor's review report.....	6
Directors' declaration.....	8
Consolidated statement of profit or loss and other comprehensive income.....	9
Consolidated statement of financial position.....	10
Consolidated statement of changes in equity.....	11
Consolidated statement of cash flows.....	12
Condensed notes to the consolidated financial statements.....	13

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 2022. 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 Ross Macdonald
Dr Stewart Washer
Dr Paul Wotton
Dr Darryl Maher
Ms Janine Rolfe (appointed 1 September 2022)

Review of operations

The loss of the Group for the half-year ended 31 December 2022, after accounting for an R&D refund of \$1,654,310 and after providing for income tax, amounted to \$5,173,025 compared to a loss of \$1,131,195 for the half-year ended 31 December 2021. As at 31 December 2022, cash and cash equivalents were \$16,411,648 (30 June 2022: \$23,798,046).

Key Highlights

- **Planning underway for a Phase 2 clinical trial in acute graft-versus-host disease (aGvHD) with US central Institutional Research Board (IRB) approval received subsequent to the period**
 - Final administrative steps proceeding with initial clinical sites
- **Commencing start-up activities for a new clinical trial focused on renal transplantation, to be funded by Leiden University Medical Center (LUMC)**
- **Actively recruiting and treating patients in two ongoing clinical trials:**
 - The phase 3 SCUIpTOR osteoarthritis (OA) clinical trial and,
 - The diabetic foot ulcer (DFU) clinical trial
- **Successful review completed by an independent Data Safety Monitoring Board (DSMB) for Cynata's DFU trial, with the recommendation that the trial continue as planned**
- **The National Health and Medical Research Council (NHMRC) awarded a ~\$1m grant to St Vincent's Institute of Medical Research for the investigation of Cynata's Mesenchymal Stem Cells (MSCs) in ischaemic heart disease (IHD)**
- **Strengthened intellectual property portfolio with multiple patents progressing across the globe including the US, Australia, and Canada**
- **Received ~\$1.65m R&D Tax Incentive Refund**

Progressing existing trials and expanding development pipeline

Cynata continues to advance its clinical development pipeline, including commencing start-up activities for planned trials in aGvHD and renal transplantation while progressing patient recruitment and treatment in both the DFU and OA trials.

aGvHD: Cynata continues to progress start-up activities for a proposed Phase 2 clinical trial to assess the efficacy of CYP-001 in patients suffering from aGvHD. The trial aims to recruit approximately 60 patients who will be randomly allocated either CYP-001 or a placebo, in addition to corticosteroids, across clinical centres in the US, Europe and Australia. Subsequent to the period, Cynata announced it had received central IRB approval, an essential step to commencing trials on humans in the US. This follows the landmark Investigational New Drug (IND) clearance Cynata received from the US Food and Drug Administration (FDA) in FY22 (announced 26 May 2022). With IRB approval secured, Cynata is now finalising negotiations with specific sites to prepare for patient recruitment, with the expectation to commence the trial in the coming months.

Renal transplantation: Cynata is collaborating with LUMC in the Netherlands to conduct a new Phase 1 trial in patients who have received a kidney transplant (announced 2 November 2022). Kidney transplants require patients to be dependent on life-long immune suppressive therapy to reduce the risk of rejection, which commonly has adverse side effects. MSCs have the potential to reduce patients' reliance on anti-rejection therapy while enhancing the survivability of the donor organ. The proposed trial seeks to recruit 10 patients with funding provided by LUMC and Cynata retaining full commercial rights. LUMC is currently engaging in negotiations with various parties to gain relevant regulatory, ethics and administrative approvals and is aiming to commence the trial in mid-2023.

Diabetic foot ulcers: Cynata's DFU Phase 1 clinical trial continues to progress according to the revised schedule. During the period, the trial was reviewed by an independent DSMB with emphasis on participant safety, study conduct, study progress, and potential modifications to the current trial design (announced 12 October 2022). Following its review, the DSMB recommended that Cynata maintain the existing trial design, representing a vote of confidence in the study and the initial data, and a significant milestone for the company. Recruitment for the trial began in April 2022 with patients undergoing 4 weeks of treatment followed by 24 weeks of evaluation. Based on current recruitment rates, Cynata is aiming to release top line data by the end of 2023.

Osteoarthritis: Patient enrolment and treatment continues in the Phase 3 SCUIpTOR (structure-modifying treatment for medial tibiofemoral osteoarthritis) trial in OA. The trial is being conducted by the University of Sydney and is the largest randomised controlled trial of MSCs conducted in patients with OA worldwide. Given current recruitment rates, initial data readouts for the trial are expected in late 2025.

Business development and expanding strategic partnerships

During the period, Cynata announced that St Vincent's Institute of Medical Research received a grant of approximately \$1 million from the NHMRC to fund a research project into Cynata's Cymerus™ MSCs as treatment for IHD. The funds will support a study focusing on encapsulating Cymerus MSCs in a clinical grade device to be implanted below the skin, delivering a minimally invasive method of administration and providing long-term cardiac reparative effects. The project provides a potential foundation for future human clinical trials in IHD, the leading cause of heart failure.

Strengthened patent portfolio

Cynata continued to develop its broad intellectual property portfolio during the period, following the receipt of multiple Notices of Allowance from the US Patent Office for applications titled 'Method for Treating Allergic Airways Disease (AAD/Asthma)' (announced 14 July 2022) and 'Pluripotent Stem Cell Assay' (announced 11 November 2022). Moreover, Cynata received a Notice of Acceptance from IP Australia and Notice of Allowance from the Canadian Intellectual Property Office for patent application titled 'Colony Forming Medium and Use Thereof' (announced 17 October 2022). The Company received a second Notice of Allowance for a patent title 'Pluripotent Stem Cell Assay' (announced 17 October 2022). Subsequent to the period, Cynata secured a second Notice of Acceptance from IP Australia for its patent application - 'Method for Treating Allergic Airways Disease (AAD/Asthma)' (announced 9 January 2023). Continuing to secure patents in key commercial jurisdictions is a core part of Cynata's strategy to protect its intellectual property and enhance the company's commercialisation pathway.

Ongoing engagement with academic community

The findings of a study investigating the consistency of multiple batches of MSCs were presented at the Biennial Australasian Society for Stem Cell Research (ASSCR) and Australasian Gene and Cell Therapy Society (AGCTS) Scientific Meeting in Melbourne (announced 16 November 2022). The study was led by Associate Professor Jess Frith and a team of scientists at Monash University and found that Cymerus™ MSCs exhibit less batch-to-batch heterogeneity (variability) than tissue-derived MSCs and less variability within each batch, with tissue source being a key driver of MSC variability. For pharmaceutical products, regulatory agencies require low variability, therefore positioning Cymerus MSCs as a potential off-the-shelf cell therapy.

A scientific paper, in collaboration with the University of New South Wales (UNSW), was published in the highly respected peer-reviewed *Journal of Tissue Engineering and Regenerative Medicine* (announced 29 August 2022). Led by A/Prof Kristopher Kilian, from the School of Chemistry and the School of Materials Science & Engineering in the UNSW Faculty of Science, the paper demonstrated that altering the cell culture matrix (the material on which the cells are grown) 'primes' Cymerus MSCs and improves their pro-angiogenic and immunomodulatory properties. The paper recognises the potential for Cymerus MSCs to be a scalable stem cell therapy solution by making it possible to store large batches of primed cells for clinical use.

Strengthening Board of Directors

During the period, Cynata appointed Ms Janine Rolfe as an independent Non-Executive Director (announced 30 August 2022). Ms Rolfe brings more than two decades of legal, governance, and management experience across various sectors to the Board. Recently, Ms Rolfe was the General Counsel & Company Secretary of Link Group, she has also held senior executive positions at Qantas Airways, and King & Wood Mallesons throughout her distinguished career.

Outlook

Cynata is in a strong position to leverage its comprehensive clinical development pipeline and rich pre-clinical data package across multiple disease targets. The Company remains well funded with a cash balance of A\$16.4m as at 31 December 2022, which allows Cynata to progress its portfolio of clinical trials and actively pursue strategic and commercial opportunities as they arise. Cynata looks forward to commencing patient recruitment for its upcoming trials in the near term, achieving positive clinical results, and pushing towards commercialisation through its ongoing partnering efforts.

Subsequent events

On 5 January 2023, the Company announced that 22,224 options expiring 18 August 2024 lapsed unexercised.

On 30 January 2023, the Company announced it had received approval to commence the proposed Phase 2 clinical trial in acute graft-versus-host disease (aGvHD) from Advarra Inc., a central Institutional Research Board (IRB) service provider in the USA. IRB approval is an essential step in the process of opening clinical study sites and to commencing a clinical trial in humans in the United States.

On 6 February 2023, the Company announced that 36,088 options expiring 18 August 2024 lapsed unexercised.

Auditor's independence declaration

The auditor's independence declaration for the half-year ended 31 December 2022 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 Ross Macdonald
Managing Director & Chief Executive Officer

Melbourne, 28 February 2023



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28 February 2023

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

Dear Directors

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 2022, 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 sincerely

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, which comprises the statement of financial position as at 31 December 2022, the statement of consolidated 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 to the consolidated financial statements 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 makes us 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 2022 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 28 February 2023.

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 2022 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)

Stantons International Audit and Consulting Pty Ltd
Samir

The consolidated

Samir Tirodkar
Director

West Perth, Western Australia
28 February 2023

Directors' declaration

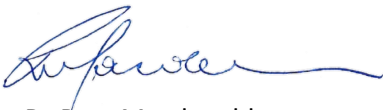
The directors declare that:

(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 Ross Macdonald
Managing Director & Chief Executive Officer

Melbourne, 28 February 2023

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2022

	Note	Half-year ended	
		31 Dec 2022	31 Dec 2021
		\$	\$
Interest income	5	146,694	33,126
Other income	5	1,654,310	6,937,748
Total income		1,801,004	6,970,874
Product development and marketing costs		(4,778,131)	(5,500,840)
Employee benefits expenses		(867,233)	(848,528)
Share based payments expenses	11	(257,805)	(630,889)
Amortisation expenses	8	(139,983)	(139,983)
Other operational expenses	6	(930,877)	(981,829)
(Loss) before income tax		(5,173,025)	(1,131,195)
Income tax expense		-	-
(Loss) for the period		(5,173,025)	(1,131,195)
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		(5,173,025)	(1,131,195)
(Loss) attributable to:			
Owners of Cynata Therapeutics Limited		(5,173,025)	(1,131,195)
Total comprehensive (loss) attributable to:			
Owners of Cynata Therapeutics Limited		(5,173,025)	(1,131,195)
(Loss) per share:			
Basic and diluted (cents per share)		(3.61)	(0.79)

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 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Current assets			
Cash and cash equivalents		16,411,648	23,798,046
Other receivables	7	157,357	100,389
Prepayments		1,681,684	287,029
Total current assets		18,250,689	24,135,464
Non-current assets			
Intangibles	8	2,272,582	2,412,565
Total non-current assets		2,275,582	2,412,565
Total assets		20,523,271	26,548,029
Current liabilities			
Trade and other payables		1,244,282	2,327,368
Provisions		234,124	260,576
Total current liabilities		1,478,406	2,587,944
Total liabilities		1,478,406	2,587,944
Net assets		19,044,865	23,960,085
Equity			
Issued capital	10	74,900,251	74,900,251
Option reserves	11	7,609,226	7,351,421
Foreign currency translation reserve		4,724	4,724
Accumulated losses		(63,469,336)	(58,296,311)
Total equity		19,044,865	23,960,085

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 2022

	Issued Capital \$	Option Reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	74,900,251	6,319,317	4,724	(52,851,139)	28,373,153
(Loss) for the period	-	-	-	(1,131,195)	(1,131,195)
Other comprehensive income/(loss), net of tax	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	(1,131,195)	(1,131,195)
Issue of ordinary shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
Share based payments	-	630,889	-	-	630,889
Balance at 31 December 2021	74,900,251	6,950,206	4,724	(53,982,334)	27,872,847
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 (<i>refer to note 11</i>)	-	257,805	-	-	257,805
Balance at 31 December 2022	74,900,251	7,609,226	4,724	(63,469,336)	19,044,865

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 2022

	Half-year ended	
	31 Dec 2022	31 Dec 2021
	\$	\$
Cash flows from operating activities		
Other income	-	6,731,903
Research and development rebate received	1,654,310	-
Payments to suppliers and employees	(3,521,002)	(2,030,176)
Interest received (excluding interest on loans receivable)	126,267	30,723
Product development costs paid	(5,534,812)	(5,053,913)
Net cash (used) in operating activities	(7,275,237)	(321,463)
Cash flows from financing activities		
Received from related parties on repayment of loans and interest	-	210,124
Net cash provided by financing activities	-	210,124
Net (decrease) in cash and cash equivalents	(7,275,237)	(111,339)
Cash and cash equivalents at the beginning of the period	23,798,046	26,716,670
Effect of exchange rate fluctuations	(111,161)	181,509
Cash and cash equivalents at the end of the period	16,411,648	26,786,840

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

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2022

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 2022 together with any public announcements made during the following half-year.

The half-year financial report was authorised for issue by the directors on 28 February 2023.

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 2022 annual financial report for the financial year ended 30 June 2022, 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 2022.

2. Adoption of new and revised Australian Accounting Standards

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

In the current half-year, the Group has applied the below amendment to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the Board) that are effective for the Group's annual reporting that began on 1 July 2022. Its adoption has had no material impacts on the disclosures and/or amounts reported in these financial statements:

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

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 2022 and the directors have not recommended the payment of a dividend.

5. Interest income and other income

	31 Dec 2022	31 Dec 2021
	\$	\$
Interest income		
Interest income	146,694	30,980
Accrued interest on directors' loans	-	2,146
	<u>146,694</u>	<u>33,126</u>
Other income		
Research and development rebate received	1,654,310	-
Other income (i)	-	6,937,748
	<u>1,654,310</u>	<u>6,977,748</u>

(ii) This represents US\$5million paid in the prior corresponding period by FUJIFILM Corporation under a Strategic Partnership Agreement whereby Cynata regained rights to CYP-001 for graft-versus-host disease (GvHD).

6. Other operational expenses

	31 Dec 2022	31 Dec 2021
	\$	\$
Accounting and audit fees	72,471	50,898
Consultants and advisory fees	243,925	225,784
Company secretarial fees	54,887	52,853
Directors' fees	159,683	137,500
Investor/public relations	18,385	43,496
Legal fees	210,215	314,330
Other general expenses	171,311	156,968
	930,877	981,829

7. Other receivables

	31 Dec 2022	30 Jun 2022
	\$	\$
Deposits made	25,528	25,528
Other receivables	131,829	74,861
	157,357	100,389

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

8. Intangibles

	31 Dec 2022	30 Jun 2022
	\$	\$
Balance at the beginning of the period (i)	2,412,565	2,692,530
Amortisation (ii)	(139,983)	(279,965)
Balance at the end of the period	2,272,582	2,412,565

(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 \$139,983 has been recognised in profit or loss for the half-year ended 31 December 2022 (31 December 2021: \$139,983). For more information on the Group's accounting policy on intangibles and amortisation, refer to the 2022 annual financial report.

9. Loans receivable

	31 Dec 2022	30 Jun 2022
	\$	\$
Balance at beginning of period	-	207,978
Interest accrued (ii)	-	2,146
Repayments by related parties (iii)	-	(210,124)
Balance at reporting period	-	-

(i) At a General Meeting of shareholders held on 12 September 2018, shareholders of Cynata approved the financial assistance and financial benefit provided to Dr Macdonald and Dr Washer or their nominees as constituted by the making of a director loan of \$900,000 each to Dr Macdonald and Dr Washer solely for the purpose of funding the exercise of 2,500,000 unlisted options each at \$0.40 having an expiry date of 27 September 2018. Each director has paid \$100,000 in cash on exercise of these options. The loans provided are full recourse loans and unsecured.

(ii) The director loans carry a simple interest rate of 5.20% per annum and have a 3-year term. Interest is paid annually and accrued daily. All director loans were repaid in the prior corresponding period.

10. Issued capital

	31 Dec 2022	30 Jun 2022
	\$	\$
143,276,594 fully paid ordinary shares (30 Jun 2022: 143,276,594)	74,900,251	74,900,251

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

11. Option reserves

	31 Dec 2022	30 Jun 2022
	\$	\$
Share-based payments		
Balance at beginning of period	7,351,421	6,319,317
Recognition of share-based payments (i)	257,805	1,032,104
Balance at end of period	7,609,226	7,351,421

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 2022 was \$257,805 (30 June 2022: \$1,032,104).

Further information about share-based payments is set out in note 12.

12. 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 2022, the Company recorded the following share-based payment:

- (i) Issue of 300,000 unlisted options exercisable at \$0.51 expiring on or before 23 November 2027 to Ms Janine Rolfe ("Rolfe Options") in consideration of Ms Rolfe agreeing to join the Board and to reward her expected future commitment and contribution to the Company in her role as a director. Ms Rolfe was appointed as a Non-Executive Director on 1 September 2022.

12. Share-based payments (cont'd)***Fair Value***

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

	Rolfe Options
Number of options	300,000
Grant date	22 Nov 2022
Grant date fair value	\$0.135
Exercise price	\$0.51
Expected volatility	54%
Implied option life (years)	5.0
Expected dividend yield	n/a
Risk free rate	3.42%

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
1,236,088	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

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

13. Contingent liabilities and contingent assets

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

14. Commitments***Research & development commitments***

The Group has entered into a number of agreements related to research and development activities. As at 31 December 2022, under these agreements, the Company is committed to making payments over the future period, as follows:

	A\$
- During the period 1 Jan 2023 – 30 June 2023	3,248,818
- During the period 1 July 2023 – 30 June 2024	1,249,978
- During the period 1 July 2024 – 30 June 2025	476,416

Where commitments are denominated in foreign currencies, the amounts have been converted to Australian dollars based on exchange rates prevailing as at 31 December 2022.

15. Subsequent events

On 5 January 2023, the Company announced that 22,224 options expiring 18 August 2024 lapsed unexercised.

On 30 January 2023, the Company announced it had received approval to commence the proposed Phase 2 clinical trial in acute graft-versus-host disease (aGvHD) from Advarra Inc., a central Institutional Research Board (IRB) service provider in the USA. IRB approval is an essential step in the process of opening clinical study sites and to commencing a clinical trial in humans in the United States.

On 6 February 2023, the Company announced that 36,088 options expiring 18 August 2024 lapsed unexercised.