

Appendix 4E

Annual financial report for the year ended 30 June 2024

1. Details of reporting period

Name of entity	Cynata Therapeutics Limited (the Company)
ABN	98 104 037 372
Reporting Period	Year ended 30 June 2024
Previous Corresponding Period	Year ended 30 June 2023
Presentation Currency	Australian Dollars (\$)

2. Results for announcement to the market

Key information	30 June 2024 \$	30 June 2023 \$	Increase/ (decrease) %	Amount change \$
Revenues from ordinary activities	2,733,353	2,007,179	36.18%	726,174
Loss from ordinary activities after tax attributable to members	9,744,709	14,277,495	(31.75%)	(4,532,786)
Net loss for the period attributable to members	9,744,709	14,277,495	(31.75%)	(4,532,786)
Net tangible asset per share	0.030	0.081	-	-

3. Consolidated statement of profit or loss and other comprehensive income

Refer to attached consolidated financial statements.

4. Consolidated statement of financial position

Refer to attached consolidated financial statements.

5. Consolidated statement of cash flows

Refer to attached consolidated financial statements.

6. Consolidated statement of changes in equity

Refer to attached consolidated financial statements.

7. Dividends/Distributions

No dividends declared in current or prior year.

8. Details of dividend reinvestment plans

Not applicable.

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9. Details of entities over which control has been gained or lost during the period

Not applicable.

10. Details of associate and joint venture entities

Not applicable.

11. Any other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position

Refer to attached consolidated financial statements.

12. Foreign entities

Refer to attached consolidated financial statements.

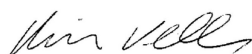
13. Commentary on results for period and explanatory information

Cynata Therapeutics Limited ("Cynata" or the "Company") and its controlled entities ("the Group") incurred a net loss from operations for the financial year ended 30 June 2024 of \$9,774,709 (2023: \$14,277,495) after accounting for an R&D refund of \$2,315,643 (2023: \$1,654,310). At 30 June 2024, the Group had a cash balance of \$6,205,418 (2023: \$16,167,356) and net assets of \$7,217,235 (2023: \$16,733,481). The net cash outflow from operating activities for the financial year was \$9,960,561 (2022: \$14,282,729). The Company remains the leader of the burgeoning induced pluripotent stem cell (iPSC) field. During the year ended 30 June 2024, Cynata completed the first iPSC clinical trial worldwide and the Company now has four (4) active clinical programs (including a Phase 2 and a Phase 3 trial), as well as Orphan Drug Designation and a cleared Investigational New Drug (IND) application from the US FDA. All four of the clinical programs advanced materially during the year. Cynata completed patient enrolment in its Phase 1 diabetic foot ulcer (DFU) trial, and commenced patient enrolment in its Phase 2 acute graft versus host disease (aGvHD) trial. Key milestones were also met in the Company's partnered programs: the University of Sydney completed enrolment in the Phase 3 osteoarthritis clinical trial, while Leiden University Medical Centre secured regulatory and ethics approval to commence the Phase 1/2 kidney transplantation trial. Encouraging preliminary data from the first 16 patients (eight per group) enrolled in the DFU trial were released. During the year, Cynata also created the new position of Chief Business Officer, with a particular focus on business development and partnering. This was done in anticipation of the next stage of the Company's growth, to help drive forward the commercialisation of its technology.

For more information, refer to the attached consolidated financial statements.

14. Audit

This report is based on accounts which have been audited. The Auditor's Report contains an 'Emphasis of Matter' paragraph drawing attention to a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern. The attached consolidated financial statements have been prepared on a going concern basis. Please refer to note 3.



Dr Kilian Kelly
Managing Director & Chief Executive Officer
29 August 2024

Annual Report

2023/2024

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Corporate Directory



Cynata Therapeutics Limited
ACN 104 037 372

Board of Directors

Dr Geoff Brooke
Non-Executive Chair

Dr Kilian Kelly
Managing Director &
Chief Executive Officer

Dr Darryl Maher
Non-Executive Director

Dr Paul Wotton
Non-Executive Director

Ms Janine Rolfe
Non-Executive Director

Company Secretary

Mr Peter Webse

Registered Office and Place of Business

Level 3, 100 Cubitt Street
Cremorne, Victoria 3121

Tel: +61 3 7067 6940
Email: info@cynata.com

Website

www.cynata.com

Auditors

Stantons
Level 2, 40 Kings Park Road
West Perth, Western Australia 6005

Share Registry

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth, Western Australia 6000

Tel: 1300 288 664
(within Australia)
+61 2 9698 5414
(outside Australia)

Fax: +61 8 9321 2337
Email: hello@automic.com.au
Web: www.automic.com.au

Stock Exchange

Australian Securities Exchange
Level 50, South Tower, Rialto
525 Collins Street
Melbourne, Victoria 3000

ASX Code

CYP – fully paid ordinary shares
CYPOA – options

Annual report for the financial year ended

30 June 2024

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Key Highlights 2023-2024



Patient enrolment underway in Australia, USA and Europe for **Phase 2 trial in acute Graft-versus-Host Disease (aGvHD)**



Further aGvHD Phase 1 clinical trial data **published in Nature Medicine**



Encouraging initial results released for **Diabetic Foot Ulcers (DFU) Phase 1 clinical trial**



Agreement with TekCyte Limited to acquire wound dressing technology



Patient enrolment complete, **Phase 3 Osteoarthritis clinical trial and results anticipated** in 1H 2026



Approval of CYP-001 Phase 1 Kidney Transplantation clinical trial, expected to commence Q3 2024



Dr Mathias Kroll appointed to the newly created position of Chief Business Officer



Intellectual property portfolio continues to strengthen



\$2.3m R&D Tax Incentive rebate received



Cash balance of A\$6.2m as at 30 June 2024, with forecast cash runway into H2 calendar year 2025

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Chair's Letter

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I believe the Company is well positioned to realise the potential to overcome a major obstacle to the commercialisation of these promising therapies.



Dear Shareholders,

I am pleased to present to you the Annual Report of Cynata Therapeutics Limited (“Cynata” or “the Company”) for the year ended 30 June 2024.

This year marked the beginning of a new era for the Company, after Dr Kilian Kelly was promoted to the position of Chief Executive Officer and Managing Director, effective 1 July 2023. The Company made substantial progress with its clinical development programs over the year, positioning us for multiple key inflection points in the near to medium term. We also further strengthened the management team, with a focus on commercialisation and business development.

Our induced pluripotent stem cell (iPSC)-based Cymerus™ platform offers a unique way to manufacture off-the-shelf mesenchymal stem cell (MSC) therapies in a consistent and scalable way. As such, it has the potential to overcome a major obstacle to the commercialisation of these promising therapies, and I believe the

Company is well positioned to realise that potential. We have a broad and diverse clinical pipeline, with each program focussing on indications with substantial unmet medical needs.

I was particularly pleased to see each of the Company’s four clinical development programs progressing well over the year. We released encouraging preliminary results from our DFU trial, and we now await the final results, which we expect around the middle of the new financial year. Importantly, the DFU results will be just the first of three upcoming readouts from randomised controlled efficacy trials, with results of the ongoing aGvHD and osteoarthritis trials anticipated within the following 12 to 18 months.

We enter the new financial year with over A\$6m in cash, which is sufficient

to provide us with runway into the second half of calendar year 2025.

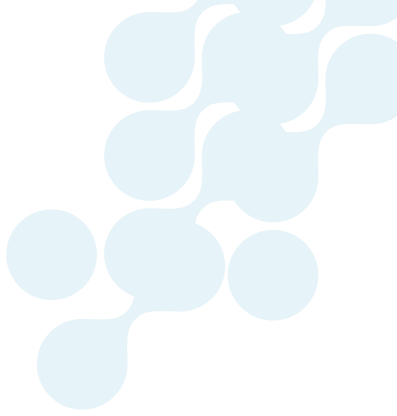
I would like to extend my thanks to our shareholders for their continued support, as we continue our journey towards the realisation of the value in the Company's assets. I also thank my fellow Directors and all of our employees for their commitment and endeavour. I am very optimistic about the year ahead and look forward to the team continuing to achieve key milestones.

Yours sincerely,



Dr Geoff Brooke
Chair

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CEO's Letter

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We are approaching a hugely significant and exciting period of time for the Company, with multiple clinical inflection points upcoming.



Dear Shareholders,

The 2024 financial year was one of great progress for Cynata.

Clinical Pipeline

The Company remains the leader of the burgeoning iPSC field. We completed the first iPSC clinical trial worldwide, and we now have four active clinical programs (including a Phase 2 and a Phase 3 trial), as well as Orphan Drug Designation and a cleared IND⁴ from the US FDA.

All four of our clinical programs advanced materially during the year. We completed patient enrolment in our Phase 1 DFU trial, and commenced patient enrolment in our Phase 2 aGvHD trial. Key milestones were also met in our partnered programs: the University of Sydney completed enrolment in the Phase 3 osteoarthritis

clinical trial, while Leiden University Medical Centre secured regulatory and ethics approval to commence the Phase 1/2 kidney transplantation trial.

We also released very encouraging preliminary data from the first 16 patients (eight per group) enrolled in our DFU trial. This analysis found that 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.

Furthermore, I was delighted that our two-year follow-up results from our Phase 1 aGvHD clinical trial were published in *Nature Medicine*,⁵ which is one of the leading peer-reviewed

⁴ IND = Investigational New Drug application, which is the clearance required from FDA to conduct clinical trials.

⁵ Kelly K, et al. *Nat Med.* 2024;30:1556–1558.

medical journals worldwide. This was the second publication in *Nature Medicine* arising from this trial, which underlines the significance of the trial and its outcomes.⁶

Corporate Update

During the year, we created the new position of Chief Business Officer, with a particular focus on business development and partnering. We did this in anticipation of the next stage of the Company's growth, to help drive forward the commercialisation of our technology. I am pleased that we were able to recruit Dr Mathias Kroll into this role. Mathias, who began his employment with us in April this year, brings a wealth of highly relevant and truly global experience, and I am very confident that he will prove to be a very valuable addition to our team.

We also continued to build our robust intellectual property portfolio during the year, with further allowances/grants for several of the Cynata-owned patents in various jurisdictions. This builds on the core intellectual property portfolio that we have in-licensed, including a number of important patents that underpin the Cymerus™ platform, which have been exclusively licensed to the Company by Wisconsin Alumni Research Foundation.

FY25 Outlook

During the 2025 financial year, we anticipate the completion of patient enrolment in the Phase 2 aGvHD trial, and commencement of patient enrolment in the Phase 1/2 kidney transplantation trial. We are also looking forward to final results from the DFU trial in late 2024 or early 2025.

We are approaching a hugely significant and exciting period of time for the Company, with multiple clinical inflection points upcoming – the DFU results are anticipated to be the first of three readouts from randomised controlled clinical trials within a period of approximately 18 months. We are also ramping up our business development efforts, and expect those activities to be bolstered by the additional clinical data that we are anticipating in the near future.

I am very grateful for the continued support of the Cynata team, the Board and our shareholders. I am proud of the team's achievements in the past year, and I am pleased that this has been reflected in a stronger share price in recent months. I look forward with optimism to continuing to build value over the years ahead.

Yours sincerely,



Dr Kilian Kelly

Chief Executive Officer & Managing Director

⁶ Bloor AJC, et al. *Nat Med.* 2020;26:1720–1725.

Directors' Report

The directors of Cynata Therapeutics Limited ("Cynata" or "the Company") and its controlled entities ("the Group") submit herewith the annual report of the Group for the financial year ended 30 June 2024.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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Board of Directors

The names and particulars of the directors of the Group during or since the end of the financial year are:



Dr Geoff Brooke
MBBS, MBA

Independent Chair, joined the Board in May 2019 as Non-Executive Director and appointed Chair on 18 August 2020. Dr Brooke co-founded GBS Venture Partners in 1996 and has more than 30 years' venture capital experience. He was formerly President of Medvest Inc., a US-based early-stage venture capital group he founded with Johnson & Johnson. Dr Brooke's experience includes company formation and acquisitions as well as public listings on NYSE, NASDAQ and ASX exchanges. He is a non-executive director of Acrux Limited

(ASX: ACR) and Chair of Actinogen Medical Limited (ASX: ACW) and has been a founder, executive and director of private and public companies. From 2009 until 2015, Dr Brooke was an independent director of the Victoria Workcover Authority. He also works with a number of other entities, including as a consultant to BioScience Managers. Dr Brooke holds a Bachelor of Medicine/Surgery from Melbourne University and a Masters of Business Administration from IMEDE (now IMD) in Switzerland.



Dr Kilian Kelly
MPharm, PhD, GAICD

Managing Director & Chief Executive Officer as from 1 July 2023. Dr Kelly was appointed as Vice President, Product Development in January 2014 and has since then been a member of Cynata's executive management team. Dr Kelly has served as Senior Director, Drug Development at Biota Pharmaceuticals Inc. Prior to joining Biota, he was Vice President, Regulatory and Clinical at Mesoblast Ltd. Dr Kelly has also held a variety of regulatory and project management positions with Kendle International, Amgen and AstraZeneca. He holds a Masters in Pharmacy from Robert Gordon University, Aberdeen and a

PhD in Pharmaceutical Sciences from Strathclyde University, Glasgow. He is a registered pharmacist and a member of the Royal Pharmaceutical Society, a graduate and member of the Australian Institute of Company Directors (AICD), a member of the International Society for Cell and Gene Therapy (ISCT) and the International Society for Stem Cell Research (ISSCR). He also currently serves on the ISCT Asia-Pacific Industry Committee, the ISSCR Best Practices Regulatory Working Group and the Industry Interface Committee of the Centre for Commercialisation of Regenerative Medicine (CCRM) Australia.

Directors' Report (cont'd)



Dr Darryl Maher
MBBS, PhD

Independent Non-Executive Director, joined the Board in June 2020. Dr Maher adds global biopharmaceutical and commercialisation capability to the Cynata board, with over 23 years' experience with CSL Limited. CSL is one of the world's most successful developers of biologic pharmaceutical products and has a market capitalisation of ~A\$130 billion. Dr Maher has had a long successful career in pharmaceutical product development, most recently as the

former Vice President of R&D and Medical Affairs at CSL Behring Australia where he was responsible for the development of multiple successful drug products from initiation through to clinical development and ultimately to commercialisation. Dr Maher undertook medical training, qualified as a specialist haematologist and completed a PhD before commencing his career in the pharmaceutical industry.



Dr Paul Wotton
MBA, PhD

Independent Non-Executive Director, joined the Board in June 2016. He is the Executive Chairman of the Biotech LaunchPad at Rice University, Houston. He was President and CEO of Obsidian Therapeutics, Founding CEO of Sigilon Therapeutics (acquired by Lilly) and President and CEO of Ocata Therapeutics, Inc. (NASDAQ: OCAT) which was acquired by Astellas in 2016. Prior to Ocata, Dr Wotton had served as President and CEO of Antares Pharma Inc. (NASDAQ: ATRS). Prior to joining Antares, Dr Wotton was the CEO of Topigen Pharmaceuticals. Earlier in his career, he held senior level

executive positions at SkyePharma plc, Eurand International BV, Penwest Pharmaceuticals, Abbott Laboratories and Merck, Sharp and Dohme. Dr Wotton is a member of the board of Vericel Corporation (NASDAQ: VCEL), Chairman of Dimension Inx., and Chairman of Kytopen Inc. Dr Wotton received his Ph.D. in pharmaceutical sciences from the University of Nottingham. In 2014, he was named EY Entrepreneur of the Year (NJ) in Life Sciences.



Ms Janine Rolfe
BEC, LLB (Hons), GAICD

Independent Non-Executive Director, joined the Board in September 2022. Ms Rolfe brings more than two decades of legal, governance and management experience across multiple sectors, including highly regulated industries and complex global businesses. Ms Rolfe is a professional non-executive director and currently sits on the boards of Ambertech Limited (ASX: AMO) and Cloudwerx Holdings Pty Ltd. Ms Rolfe

is also a commissioner for the NSW Independent Casino Commission, a statutory authority. Previously, Ms Rolfe was General Counsel & Company Secretary of Link Group. Prior to that, Ms Rolfe founded the governance consultancy, Company Matters, and worked both as in-house counsel at Qantas and in private practice at Mallesons Stephen Jaques (now King & Wood Mallesons).



Dr David Atkins
BSc, MBA, PhD

Dr Atkins joined the Board in July 2023. He has over 25 years' experience as a global leader in a broad range of life science and healthcare businesses. Dr Atkins resigned on 13 November 2023.

Directors' Report (cont'd)

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Geoff Brooke	Acrux Limited	Since Jun 2016
	Actinogen Medical Limited	Since Mar 2017
Paul Wotton	Vericel Corporation	Since 2015
Janine Rolfe	Ambertech Limited	Since Sept 2023

Directors' shareholdings

The following table sets out each director's relevant interest in shares, rights or options in shares or debentures of the Company or a related body corporate as at the date of this report:

Directors	Fully paid ordinary shares	Share options
	No.	No.
Geoff Brooke	257,343	2,569,767
Kilian Kelly (i)	619,651	2,765,748
Darryl Maher	50,000	545,000
Paul Wotton	315,309	589,767
Janine Rolfe	116,279	578,140
David Atkins (ii)	-	-

(i) Appointed Managing Director & CEO on 1 July 2023.

(ii) Appointed 1 July 2023, resigned 13 November 2023.

Remuneration of key management personnel

Information about the remuneration of key management personnel ("KMP") is set out in the remuneration report section of this directors' report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Options granted to directors and senior management

During and since the end of the financial year, an aggregate of 4,210,000 options were granted to the following key management personnel (2023: 2,636,096):

Key management personnel	Number of options granted	Issuing entity	Number of ordinary shares under option
Geoff Brooke ¹	500,000	Cynata Therapeutics Ltd	500,000
Kilian Kelly ¹	750,000	Cynata Therapeutics Ltd	750,000
Paul Wotton ¹	220,000	Cynata Therapeutics Ltd	220,000
Darryl Maher ¹	220,000	Cynata Therapeutics Ltd	220,000
Janine Rolfe ¹	220,000	Cynata Therapeutics Ltd	220,000
Jolanta Airey ²	500,000	Cynata Therapeutics Ltd	500,000
Mathias Kroll ³	1,800,000	Cynata Therapeutics Ltd	1,800,000

¹ Unlisted options issued on 13 November 2023 pursuant to shareholder approval obtained at the 2023 Annual General Meeting.

² Unlisted options issued on 16 January 2024 pursuant to an Employee Option Acquisition Plan.

³ Unlisted options issued on 17 April 2024 pursuant to an Employee Option Acquisition Plan. Dr Mathias Kroll was appointed on 14 April 2024 as Chief Business Officer.

Company Secretary

Mr Peter Webse held the position of company secretary of Cynata Therapeutics Limited at the end of the financial year. He joined Cynata in April 2012. Mr Webse is a director of Governance Corporate Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services. Mr Webse acts as Company Secretary for a number of ASX listed biotech and technology companies.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors have not recommended the payment of a dividend in respect of the financial year.

Directors' Report (cont'd)

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Grant date	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Cynata Therapeutics Limited ¹	14 Sept 2020	100,000	Ordinary	\$1.280	13 Sept 2024
Cynata Therapeutics Limited ²	24 Nov 2020	4,500,000	Ordinary	\$0.970	29 Nov 2025
Cynata Therapeutics Limited ³	11 Oct 2021	1,000,000	Ordinary	\$0.890	11 Oct 2025
Cynata Therapeutics Limited ⁴	22 Nov 2022	300,000	Ordinary	\$0.510	23 Nov 2027
Cynata Therapeutics Limited ⁵	1 Jun 2023	18,174,487	Ordinary	\$0.300	1 Apr 2025
Cynata Therapeutics Limited ⁶	30 Jun 2023	2,033,333	Ordinary	\$0.176	30 Jun 2028
Cynata Therapeutics Limited ⁷	13 Nov 2023	1,910,000	Ordinary	\$0.185	20 Nov 2028
Cynata Therapeutics Limited ⁸	16 Jan 2024	975,000	Ordinary	\$0.195	16 Jan 2029
Cynata Therapeutics Limited ⁹	17 Apr 2024	1,800,000	Ordinary	\$0.290	17 Apr 2029

¹ Unlisted options issued to an employee of the Company on 14 September 2020 pursuant to an Employee Option Acquisition Plan.

² Unlisted options issued to Dr Brooke (2,000,000), Dr Macdonald (1,500,000), Dr Washer (300,000), Dr Wotton (300,000), Dr Maher (300,000) and Mr Webse (100,000) on 30 November 2020 pursuant to an Employee Option Acquisition Plan. Dr Macdonald retired from the Board on 30 June 2023 and Dr Washer ceased to be a director on 1 July 2023.

³ Unlisted options issued to Dr Airey on 11 October 2021 pursuant to an Employee Option Acquisition Plan.

⁴ Unlisted options issued to Ms Rolfe on 23 November 2022 in consideration of her agreeing to join the Board and to reward her expected future commitment and contribution as a director.

⁵ Free attaching listed options issued to Directors and investors on 1 June 2023 pursuant to a Placement and a Share Purchase Plan.

⁶ Unlisted options issued to Dr Kelly (2,000,000) pursuant to the terms of his appointment on 1 July 2023 as Managing Director & CEO following the retirement of Dr Ross Macdonald and to Dr Atkins (300,000) pursuant to his appointment. Dr Kelly was previously the Chief Operating Officer of Cynata. Dr Atkins resigned on 13 November

2023 and as a result, 266,667 options were cancelled on his resignation.

⁷ Unlisted options issued to Dr Brooke (500,000), Dr Kelly (750,000), Dr Maher (220,000), Ms Rolfe (220,000) and Dr Wotton (220,000) to ensure alignment with shareholders' interests and to maximise Company value. The Company sought and obtained shareholders' approval on 13 November 2023 at the Annual General Meeting.

⁸ Unlisted options issued to Dr Airey (500,000), Mr Webse (125,000) and other employees of the Company (350,000) pursuant to an Employee Option Acquisition Plan.

⁹ Unlisted options issued to Dr Kroll pursuant to an Employee Option Acquisition Plan. Dr Kroll is an employee of Cynata and was appointed on 14 April 2024 as Chief Business Officer.

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

Details of shares or interests issued during or since the end of the financial year as a result of the exercise of an option are set out in the table below (2023: nil).

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
Cynata Therapeutics Limited	3,150	Ordinary	\$0.300	\$nil

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. During the financial year, 7 board meetings were held.

Directors	Board of Directors	
	Held	Attended
Geoff Brooke	7	7
Kilian Kelly (appointed 1 Jul 2023)	7	7
Paul Wotton	7	7
Darryl Maher	7	7
Janine Rolfe	7	7
David Atkins (resigned 13 Nov 2023)	1	1

Indemnification of officers and auditors

The Company indemnifies each of its Directors, Officers and Company Secretary. The Company indemnifies each Director or officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties, except where the liability arises out of conduct involving lack of good faith and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a Director or Officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavours to insure a Director or Officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their provision of audit services.

Directors' Report (cont'd)

Insurance premiums

During the year, the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year.

Subsequent events

On 1 July 2024, the Company entered into an agreement with TekCyte Limited (TekCyte) to acquire wound dressing technology developed by TekCyte. This technology is a core component of Cynata's Cymerus iPSC-derived MSC topical wound dressing product candidate, CYP-006TK, currently being investigated in an ongoing clinical trial in patients with DFU. On 31 July 2024, Cynata issued 916,335 fully paid ordinary shares at a deemed issue price of \$0.251 per share pursuant to the Deed of Assignment of intellectual property rights between Cynata and TekCyte.

On 19 July 2024, the Company issued 3,150 fully paid ordinary shares following the exercise of 3,150 unlisted options at \$0.30 each.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or

may significantly affect, the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

Corporate governance

Cynata Therapeutics Limited and the board support and adhere to the principles of corporate governance and are committed to achieving and demonstrating the highest standards of corporate governance. Cynata has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The 2024 Corporate Governance Statement is dated 29 August 2024 and reflects the corporate governance practices in place throughout the 2024 financial year. The 2024 Corporate Governance Statement was approved by the board on 29 August 2024. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.cynata.com/corporate-governance.

Environmental regulations

The Group's operations are not subject to significant environmental regulation under the Australian Commonwealth or State law.

Non-audit services

The auditor did not perform any non-audit services during the financial year.

Auditor's independence declaration

The auditor's independence declaration for the financial year ended 30 June 2024 has been received and is included on page 40 of this annual report.

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Operating and Financial Review

Principal activities

The Group's principal activities throughout the financial year continued to be the development and commercialisation of a proprietary iPSC-based platform technology, Cymerus™.

The Cymerus platform utilises leading edge iPSC technology to enable scalable manufacture of MSC-based products for potential human therapeutic use. The primary advantage of the Cymerus platform is its ability to produce an effectively limitless number of consistent, high quality MSCs from a single cell bank, which in turn was derived from a single donation from one donor. This avoids challenges associated with conventional MSC manufacturing methods, including the need for new tissue donations from different donors on an ongoing basis, which can lead to substantial variability and potential impacts on MSC functionality.

There are currently four active clinical development programs using the Cymerus technology. Two of those programs are being managed and funded directly by the Company (aGvHD and DFU), while two are being funded and managed via partners (osteoarthritis [OA; partnered with the University of Sydney] and renal transplant [partnered with Leiden University Medical Center]).

Operating results

The consolidated loss of the Group for the financial year, after accounting for an R&D refund of \$2,315,643 (2023: \$1,654,310) and providing for income tax, amounted to \$9,774,709 (2022: \$14,277,495). Further discussion on the Group's operations is provided below:

Operational update

CYP-001

CYP-001 is Cynata's Cymerus™ off-the-shelf iPSC-derived MSC product for intravenous infusion, which is currently in clinical development for two indications (aGvHD and kidney transplantation).

Acute Graft Versus Host Disease

CYP-001 is being investigated as a potential immune modulating treatment for aGvHD, which 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".

The US FDA has granted Orphan Drug Designation⁴ to CYP-001 for the treatment of aGvHD, potentially providing several commercially significant incentives and decreased time to commercialisation.

The Company has completed a Phase 1 clinical trial of CYP-001 in patients with steroid-resistant aGvHD (SR-aGvHD) and is now conducting a global Phase 2 clinical trial in patients with high risk aGvHD (HR-aGvHD).

The global Phase 2 trial aims to enrol approximately 60 patients with 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.⁵

During the year, the Company secured regulatory and ethics approvals for this trial in the European Union and Türkiye, in addition to the approvals previously in place in Australia and the USA, and the first patient was enrolled in March 2024.

The Company anticipates completion of enrolment in this trial by the end of 2024. Following patient treatment, follow-up and data analysis, the release of primary evaluation results is anticipated in the second half of 2025.

Also, during the year, two-year follow-up results of the Phase 1 clinical trial were published in the prestigious peer-reviewed journal *Nature Medicine*.⁶ 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

⁴ Orphan Drug Designation qualifies Cynata for incentives including extended marketing exclusivity, tax credits and fee waivers.

⁵ Bloor AJC, et al. *Nat Med.* 2020;26(11):1720-1725.

⁶ Kelly K, et al. *Nat Med.* 2024;30:1556–1558.

Review of operations

Key Highlights

Clinical development programs:

- CYP-001 for aGvHD:
 - Phase 2 clinical trial: patient enrolment underway in Australia, USA and Europe; primary results anticipated in 2H 2025
 - Further Phase 1 clinical trial data published in *Nature Medicine*
- CYP-006TK for DFU:
 - Phase 1 clinical trial: patient enrolment complete; encouraging initial results released; final results anticipated in Q4 2024 or Q1 2025
 - Wound dressing technology used in this novel topical wound dressing product candidate acquired pursuant to agreement with TekCyte Limited
- CYP-004 for osteoarthritis:
 - Phase 3 clinical trial: patient enrolment complete; results anticipated in 1H 2026
- CYP-001 to prevent kidney transplant rejection:
 - Phase 1 clinical trial: regulatory approval received; expected to commence Q3 2024

Appointment of Dr Mathias Kroll to the newly created position of Chief Business Officer

Intellectual property portfolio continues to strengthen

\$2.3m R&D Tax Incentive rebate received

Cash balance of A\$6.2m as at 30 June 2024, with forecast cash runway into H2 2025

Operating and Financial Review (cont'd)

treatment" control group (survival at two years was not evaluable).⁷ Historically the prognosis in patients with SR aGvHD has been very poor, with two-year overall survival rates below 20%.⁸ 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*.⁹

Renal Transplantation

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 serious toxicities.

In partnership with Leiden University Medical Center (LUMC) in the Netherlands, Cynata is investigating CYP-001 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.

LUMC is funding and managing a Phase 1/2 trial of CYP-001 in this indication, under the leadership of Prof Ton Rabelink. Cynata is providing 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.¹⁰

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.

During the year, regulatory and ethics approvals for the trial were secured. The trial is now open for recruitment, and the Company has been advised by LUMC that the first patient enrolment is 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 silicone dressing coated with a custom-designed polymer matrix for stem cells.

Subsequent to the year-end (announced on 31 July 2024), the Company issued 916,335 fully paid ordinary shares at a deemed issue price of \$0.251 per share pursuant to the Deed of Assignment of intellectual property rights between Cynata and TekCyte Limited to secure outright ownership of the underlying technology utilised in CYP-006TK.

Diabetic Foot Ulcer

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.

⁷ Zeiser R, et al. *N Engl J Med*. 2020;382(19):1800-1810.

⁸ Westin JR et al. *Adv Hematol*. 2011;2011:601953.

⁹ Bloor AJC, et al. *Nat Med*. 2020;26:1720-1725.

¹⁰ Reinders MEJ, et al. *Am J Transplant*. 2021;21:3055-3065

The Company is conducting a Phase 1 clinical trial of CYP-006TK as a potential treatment to promote wound healing in patients with DFU. During the year, patient enrolment in this trial was completed, with a total of 30 patients with DFU enrolled. Patients were 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.

During the year, 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.

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-derived MSC product for intra-articular injection (injection into a joint).

Osteoarthritis

Osteoarthritis is a chronic inflammatory joint disease that causes pain and disability, which affects over two million people in Australia¹¹ and over 500 million people worldwide.¹² 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 SCULpTOR¹³ trial, a randomised and placebo-controlled Phase 3 trial of CYP-004 in patients with osteoarthritis of the knee 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 enrolment has been completed, with a total of 321 participants in the trial. 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.

Strengthened management team

During the year, experienced biopharmaceutical executive Dr Mathias Kroll commenced in the newly created position of Chief Business Officer. The Company created this 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

¹¹ Australian Institute of Health and Welfare. Chronic musculoskeletal conditions: arthritis. 14 December 2023.

¹² World Health Organization. Fact Sheet – Osteoarthritis. 14 July 2023.

¹³ SCULpTOR = Stem Cells as a symptom- and structure-modifying Treatment for medial tibiofemoral Osteoarthritis

Operating and Financial Review (cont'd)

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 globally.

For the past two decades, Dr Kröll 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 Kröll 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.

Strengthened intellectual property portfolio

Cynata continued to advance its robust intellectual property portfolio during the year. Notable progress on patents owned directly by Cynata include:

- Patent Certificates were issued by the European Patent Office and 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.
- A Notice of Allowance from the Canadian Intellectual Property Office, and a Certificate of Grant from Instituto Mexicano de la Propiedad Industrial (Mexico), were issued for a patent application titled “*Method for Treating Allergic*

Airways Disease (AAD/Asthma)”, which describes a method of use of Cymerus MSC products in treating diseases of the lungs and airways.

- A Patent Certificate was issued by the China National Intellectual Property Administration for a patent application entitled “*Pluripotent Stem Cell Assay*”, which relates to a novel method for ensuring the quality and purity of Cynata's therapeutic MSC products.

Receipt of tax incentive rebate

During the year, Cynata received a Research and Development Tax Incentive rebate of \$2,315,643. The Research and Development Tax Incentive is an Australian Government initiative intended to help companies innovate and grow by offsetting some of the costs of eligible research and development to support companies engaging in research and development in Australia.

Outlook

The Company's primary focus is on successful execution of its ongoing clinical development programs, in particular the programs managed and funded directly by the Company (aGvHD and DFU). Over the coming 12 months, the Company anticipates releasing results of the Phase 1 DFU trial and concluding patient enrolment in the Phase 2 aGvHD trial. In the partnered programs, patient follow-up will continue in the Phase 3 osteoarthritis trial, and commencement of patient enrolment and completion of the first cohort is anticipated in the Phase 1/2 kidney transplantation trial.

Another key priority is the Company's business development and partnering strategy. The commercial partnering potential is underpinned by compelling preclinical and early clinical data and the scalable manufacturing platform, Cymerus™ which is capable of generating effectively limitless quantities of consistent MSCs. As the Company has four distinct clinical programs and several preclinical programs underway, there is the potential to secure multiple partnerships. Furthermore, the Cymerus™ platform can also be made available to partners pursuing other indications and/or other MSC-based products.

Financial position

The net assets of the Group have decreased by \$9,516,246 to \$7,217,235 in 2024 (2023: 16,733,481).

Material risks

There is a small number of material risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance and prospects of Cynata and the value of its shares. Some of these risks may be mitigated by Cynata's internal controls and processes but some are outside the control of Cynata, its directors and management. The material risks identified by management are described below:

(a) Clinical development risk

The nature of clinical drug development is inherently risky, with many drug candidates failing to be successfully developed into marketable products. The Company is currently undertaking clinical trials with certain of its products and plans to undertake trials with additional products in its pipeline. Clinical trials have many associated risks which may impact the Company's commercial potential and therefore its future prospects and profitability. Clinical trials may fail to recruit patients, be terminated for safety reasons, or fail to be completed within acceptable timeframes as a result of delay. Clinical trials may reveal drug candidates to be unsafe, poorly tolerated or non-effective. Any of these outcomes will likely have a significant adverse effect on the Company, the value of its securities and the future commercial development of its drug candidates. Clinical trials might also potentially expose the Company to product liability claims in the event its products in development have unexpected effects on clinical subjects.

Mitigation measures employed by the Company include: ensuring that clinical trials are strongly supported by preclinical safety and efficacy data; careful clinical trial design to minimise the changes of potentially spurious outcomes; use of independent data and safety monitoring boards; engagement of leading contract research organisations to manage

the trials and drive recruitment; engagement of well-qualified clinical sites experienced in clinical trial execution and in the relevant therapeutic areas.

(b) Regulatory risk

The research, development, manufacture, marketing and sale of products developed by the Company are subject to extensive regulation by multiple government authorities and institutional bodies in Australia and overseas. Pharmaceutical products must undergo a comprehensive and highly regulated development, trial and review process before receiving approval for marketing. The process includes a requirement for approval to conduct clinical trials, and the provision of data relating to the quality, safety and efficacy of the products for their proposed use. There is no guarantee that regulatory approvals to conduct clinical trials and/or to manufacture and market the Company's products will be granted.

If a product is approved, it may also be submitted for cost reimbursement approval to relevant agencies. The availability and timing of that reimbursement approval may have an impact upon the uptake and profitability of products in some jurisdictions. If the Company is unable to secure necessary approvals from regulatory agencies and institutional bodies to undertake its planned trials, market its products and obtain cost reimbursements for its products its future prospects and profitability is likely to be materially and adversely affected.

Mitigation measures employed by the Company include: engagement of suitably qualified and experienced persons with expertise in the regulation of biological/cellular therapies; regular review of evolving regulatory requirements and analysis of the Company's activities and plans against regulatory expectations in key jurisdictions; and ensuring that the expectations and uncertainties related to regulatory approvals, and the timing of such approvals, are included in business plans.

(c) Risks associated with partnership model

The Company is pursuing a license partnership model, which typically involves entering into

Operating and Financial Review (cont'd)

commercial arrangements with other companies by which Cynata licenses its Cymerus technology to the partner in one or more indications and/or geographies and the partner assumes responsibility for progressing, and paying for, the clinical trials and eventual commercialisation in that indication. This strategy involves the risk that the Company will lose control of the development timetable of its products to its commercial partner, which may give rise to an unanticipated delay in any commercial returns. Further, the Company may be unable to enter into arrangements with suitable commercial partners in respect of relevant indications. If either of these outcomes occurred, the Company's business and operations may be adversely affected.

Mitigation measures employed by the Company include: performing rigorous due diligence on potential partners; ensuring that the commercial terms negotiated are fair and utilising expert legal advice to ensure that appropriate warranties and commitments are included in contracts, and that the contracts reflect the agreed commercial position and the creation of the Chief Business Officer position with executive responsibility for the Company's partnerships.

(d) Reliance on in-licensed assets

The Company relies on patents and intellectual property that is in-licensed from Wisconsin Alumni Research Foundation (WARF) and Cellular Dynamics International, Inc (now an affiliate of Fujifilm Corporation). These assets are not owned outright by Cynata. The license arrangements contain terms and conditions, including obligations to make certain milestone and royalty payments.

In the event that the Company breaches any of the licence terms and conditions and cannot rectify the breach within an appropriate time, there is a risk that the licence may be terminated and the Company could lose control of its assets. This would have a significant adverse impact on the Company.

Mitigation measures employed by the Company include: utilising expert professional advice in respect of all of the Company's commercial arrangements; actively monitoring licence terms and obligations;

implementing product development strategies to achieve milestones; financial management to ensure that the Company can meet all financial obligations to licensors.

(e) Manufacturing risk

The Company's products are manufactured using a unique, novel and highly specialised manufacturing process. The Company relies on supply and manufacturing relationships with third party contract manufacturing organisations to manufacture its products. An inability of these third-party contract manufacturing organisations to continue to manufacture the Company's products in a timely, economical and/or consistent manner, including any scale up of manufacturing processes, or to maintain legally compliant manufacturing to maintain product supply, could adversely impact on the progress of the Company's development programs and potentially on the financial performance of the Company.

Mitigation measures employed by the Company include: performing rigorous due diligence on contract manufacturers; engaging contract manufacturers with strong track records and sufficient capability to meet the Company's foreseeable needs; and employing a senior manager responsible for managing and monitoring the performance of third parties including contract manufacturers.



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Remuneration Report (audited)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Cynata Therapeutics Limited's key management personnel ("KMP") for the financial year ended 30 June 2024.

The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Contents

The prescribed details for each person covered by this report are detailed below under the following headings:

- 1. Key management personnel**
- 2. Remuneration policy**
 - (a) Non-executive director remuneration
 - (b) Executive director remuneration
 - (c) Equity settled compensation
- 3. Relationship between the remuneration policy and Company performance**
- 4. Remuneration of key management personnel**
 - (a) Bonus and share-based payments granted as compensation for the current financial year
 - (i) Bonuses
 - (ii) Incentive share-based payment arrangements
- 5. Key terms of employment contracts**
- 6. Key management personnel equity holdings**

1. Key management personnel

The directors and other KMP of the Group during or since the end of the financial year were:

Non-executive directors	Position
Dr Geoff Brooke	Independent Non-Executive Chair
Dr Darryl Maher	Independent Non-Executive Director
Dr Paul Wotton	Independent Non-Executive Director
Ms Janine Rolfe	Independent Non-Executive Director
Dr David Atkins ¹	Non-Independent Non-Executive Director
Dr Stewart Washer ²	Independent Non-Executive Director

Executive directors	Position
Dr Kilian Kelly ³	Managing Director & Chief Executive Officer

Other key management personnel	Position
Dr Jolanta Airey	Chief Medical Officer
Dr Mathias Kroll ⁴	Chief Business Officer

¹ Resigned 13 November 2023.

² Resigned 1 July 2023.

³ Appointed Managing Director & Chief Executive Officer on 1 July 2023.

⁴ Appointed 17 April 2024.

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration Report (cont'd)

2. Remuneration policy

Cynata's remuneration policy was developed by the Board and has been designed to facilitate the alignment of shareholder, director and executive interests by:

- Providing levels of fixed remuneration and 'at risk' remuneration sufficient to attract and retain individuals with the skills and experience required to build on and execute the Company's business strategy.
- Ensuring 'at risk' remuneration is contingent on outcomes that grow shareholder value.
- Ensuring a suitable proportion of remuneration is received as a share-based payment so that rewards are realised through the performance of the Company over the longer term.

Remuneration consists of:

- Fixed remuneration
- Short-term incentives ('STI')
- Long-term incentives ('LTI')
- Benefits (e.g., car parking, telephone, etc.)

The fixed remuneration component is determined regarding market conditions, so that the Company can recruit and retain the best available talent.

The Board's policy regarding short- and long-term incentives includes cash bonuses (STI) and the granting of options under the Company's Employee Option Acquisition Plan (EOAP) (LTI). Options are granted with an exercise price at a premium to the underlying market value of shares at the time of grant and vest over time subject to continuity of employment. The term of options is set to ensure that there is a reasonable expectation that the strategies and actions of the recipients will, if successful, produce above-market Company performance. This policy aligns the interests of executives with those of shareholders and creates a direct relationship between individual remuneration outcomes and Company performance.

As at the date of this report, the Company has one executive director – the Chief Executive Officer, four non-executive directors, one Chief Medical Officer and one Chief Business Officer. As set out below, total remuneration costs for the 2024 financial year were \$1,446,293 down from \$1,904,001 for the previous financial year.

(a) Non-executive Director Remuneration

Non-executive directors are remunerated by way of fees, in the form of cash, superannuation contributions (if paid via the Company's payroll), the award of options on appointment and during their tenure from time-to-time or salary sacrifice into equity (both of which are subject shareholder approval). Fees (including the award of options) for non-executive directors are not linked to the performance of the Company. To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and do not participate in schemes designed for the remuneration of executives.

If paid via the Company's payroll, non-executive directors receive a superannuation guarantee contribution required by the government, which was 11% in the 2023/2024 financial year and do not receive any other retirement benefits. Individuals may choose to sacrifice part of their fees to increase payments towards superannuation.

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines, subject to a fee pool as approved by shareholders, payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

(b) Executive Director Remuneration

Executive directors receive fixed remuneration, based upon performance, professional qualifications and experience and superannuation benefits and under certain circumstances, options and performance incentives.

Executive Remuneration Objectives

An appropriate balance of 'fixed' and 'at-risk' components.	Attract, motivate, and retain executive talent.	The creation of reward differentiation to drive performance and behaviours.	Shareholder value creation through EOAP.
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Total Remuneration

Fixed Remuneration	Short-Term Incentives	Long-Term Incentives
Set based on relevant market relativities, performance, qualifications, experience, and location.	Set by reference to Company and individual stretch performance targets relevant to the specific executive position.	Realisation dependent upon total shareholder return.

Delivery

Base salary including superannuation.	Payable in cash following review of performance against Key Performance Indicators (KPIs) and subject to Board discretion.	Eligible executives may participate in the Company's equity-based incentive scheme subject to Board discretion. Equity options are issued under the Company's EOAP at a premium to the underlying market value of shares and typically vest over a 3-year period.
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Strategic Intent

Generally guided by the median compared to relevant market-based data taking into consideration expertise and performance in roles.	Directed at achieving short-term KPIs. Fixed Remuneration plus STI to be positioned competitively when compared to groups of similar companies.	LTI is intended to align executive performance with the Company's long-term strategy and shareholders' interests.
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Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive and business conditions where it is in the interests of the Company and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Board with reference to the Company's performance, individual executive performance, comparable information from industry sectors and other listed companies in similar industries and where required, expert advice.

The Board has not formally engaged the services of a remuneration consultant to provide recommendations when setting the specific remuneration received by directors or other key management personnel during the financial year ended 30 June 2024.

Remuneration Report (cont'd)

Performance Measurement

The performance of executives is measured against criteria agreed annually with each executive and is based upon the achievement of the strategic objectives to secure shareholder value.

All incentive bonuses must be linked to predetermined performance criteria. Key performance indicators (KPIs) are set annually by the Board on the following basis:

- are specifically tailored to the responsibility areas in which the executive is directly involved.
- target areas that the Board believe hold greater potential for business expansion and shareholder value.
- cover financial and non-financial as well as short and long-term goals.
- represent stretch targets to encourage extraordinary performance.

KPIs for key management personnel are focused on the areas of operational excellence, investor/stakeholder relations and corporate partnering and alliances.

Performance in relation to KPIs is assessed annually with incentives awarded depending on the number and difficulty of the KPIs achieved. Following

this assessment, KPIs are reviewed by the Board considering their desired and actual outcomes and whether behaviours are reflective of responsible risk management and sustainable business practices. The efficacy of the KPIs is assessed in relation to the Company's goals and shareholder wealth, before the KPIs are set for the following year.

The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options, and can decide on changes. Any change must be justified by reference to measurable performance criteria.

(c) Equity Settled Compensation

The fair value of the equity which executives and employees are granted is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

3. Relationship between the Remuneration Policy and Company Performance

The Board considers at this time, evaluation of the Group's financial performance using generally accepted measures such as profitability, total shareholder return or per company comparison are either not relevant or difficult to objectively quantify as the Group is pre-revenue and at an early stage in the implementation of a commercialisation strategy that includes the development of a novel life sciences (i.e. therapeutic stem cell) technology and the identification and execution of business opportunities as outlined in the directors' report.

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the five (5) years to 30 June 2024:

	30 June 2024	30 June 2023	30 June 2022	30 June 2021	30 June 2020
	\$	\$	\$	\$	\$
Other income	2,733,353	2,007,179	7,835,174	1,688,351	7,153,903
Net loss before tax	9,744,709	14,277,495	5,445,172	7,689,683	3,639,100
Net loss after tax	9,744,709	14,277,495	5,445,172	7,689,683	3,639,100
Share price at start of year	0.125	0.360	0.505	0.610	1.245
Share price at end of year	0.295	0.125	0.360	0.505	0.610
Basic/diluted loss per share (cents)	5.42	9.84	3.80	5.90	3.48

Remuneration Report (cont'd)

4. Remuneration of key management personnel

2024	Short-term employee benefits			Post-employment benefits	Share-based payment	Total	Value of options as proportion of remuneration
	Salary & fees	Cash bonus	Other	Super-annuation	Options		
	\$	\$	\$	\$	\$	\$	%
Directors							
G. Brooke	118,973	-	-	-	19,796	138,769	14.27%
K. Kelly ¹	390,601	67,716	29,417	27,399	29,694	544,827	5.45%
P. Wotton	59,487	-	-	-	8,710	68,197	12.77%
D. Maher	53,592	-	-	5,895	8,710	68,197	12.77%
J. Rolfe	59,487	-	-	-	22,200	81,687	27.18%
D. Atkins ²	21,977	-	-	-	-	21,977	-
Other KMP							
J. Airey ³	299,915	13,496	21,006	27,399	36,908	398,724	9.26%
M. Kroll ⁴	65,987	-	4,982	6,850	46,096	123,915	37.20%
Total	1,070,019	81,212	55,405	67,543	172,114	1,446,293	11.90%

¹ The amount of \$67,716 under 'Cash bonus' represents potential bonus accrued for the financial year 2024. Amounts in 'Other' represent annual leave and long service leave accrued in accordance with AASB 119 Employee Benefits.

² Appointed 1 July 2023, resigned 13 November 2023.

³ The amount of \$13,496 under 'Cash bonus' represents potential bonus accrued for the financial year 2024. Amounts in 'Other' represent annual leave accrued in accordance with AASB 119 Employee Benefits.

⁴ Appointed Chief Business Officer on 17 April 2023. Amounts in 'Other' represent annual leave accrued in accordance with AASB 119 Employee Benefits.

2023	Short-term employee benefits			Post-employment benefits	Share-based payment	Total	Value of options as proportion of remuneration
	Salary & fees	Cash bonus	Other	Super-annuation	Options		
	\$	\$	\$	\$	\$	\$	
Directors							
G. Brooke	113,208	-	-	-	127,473	240,681	52.96%
R. Macdonald ¹	372,178	13,721	(27,001)	27,355	95,606	481,859	19.84%
S. Washer ²	51,226	-	-	5,379	19,122	75,727	25.25%
P. Wotton	56,605	-	-	-	19,122	75,727	25.25%
D. Maher	51,226	-	-	5,379	19,122	75,727	25.25%
J. Rolfe ³	47,438	-	-	-	7,869	55,307	14.23%
Other KMP							
K. Kelly ⁴	333,860	18,180	(3,802)	27,500	37,757	413,495	9.13%
S. Lipe ⁵	90,827	-	(9,274)	11,581	3,776	96,910	3.90%
J. Airey ⁶	280,395	14,637	10,275	27,500	55,761	388,568	14.35%
Total	1,396,963	46,538	(29,802)	104,694	385,608	1,904,001	20.25%

¹ Dr Macdonald retired from the Board on 30 June 2023. Amounts in 'Other' represent annual leave and long service leave accrued in accordance with AASB 119 Employee Benefits. The amount of \$13,721 under 'Cash bonus' represent bonus accrued for the financial year 2023 and paid subsequent to the financial year 2023. Following the retirement of Dr Macdonald, an amount of \$151,842 representing the net of six months' payment of the annual salary and net leave payments was paid subsequent to the financial year 2023.

² Resigned 1 July 2023.

³ Appointed 1 September 2022.

⁴ Appointed Managing Director & Chief Executive Officer on 1 July 2023 following the retirement of Dr Macdonald. Dr Kelly was the Chief Operating Officer for the financial year 2023. Amounts in 'Other' represent annual leave and long service leave accrued in accordance with AASB 119 Employee Benefits. The amount of \$18,180 under 'Cash bonus' represent potential bonus accrued for the financial year 2023.

⁵ Resigned 3 January 2023. Amounts in 'Other' represent annual leave accrued and paid out on resignation in accordance with AASB 119 Employee Benefits.

⁶ Amounts in 'Other' represent annual leave accrued in accordance with AASB 119 Employee Benefits.

Remuneration Report (cont'd)

(a) Bonuses and share-based payments granted as compensation for the current financial year

(i) Bonuses

An STI payable as cash of \$18,180 to Dr Kelly and \$14,637 to Dr Airey was accrued in the 2023 accounts. These were paid in September 2023.

A potential STI of \$67,716 for Dr Kelly and \$13,496 for Dr Airey were accrued in the 2024 accounts. These amounts are payable subsequent to 30 June 2024.

Allocation of STIs is determined by attainment of short and medium term KPIs, which are considered to be important drivers of value and typical within the biotechnology industry for a company at Cynata's stage of development. In respect of financial year 2024, the following assessment was made in respect of key management personnel KPIs:

KPI	Dr Kelly	Dr Airey
Patient enrolment in clinical trials	Partially met	Partially met
Manufacturing and process development	Partially met	Not applicable ("n/a")
Budget	Met	Met
Business development	Not met	Not met
Share price target	Met	Met

No other STIs were granted to KMP during 2024.

(ii) Employee share option plan

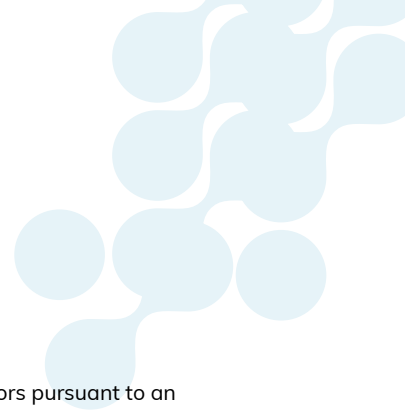
Cynata Therapeutics Limited operates an ownership-based scheme for executives and senior employees of the Group. In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees may be granted options to purchase parcels of ordinary shares.

No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Terms and conditions of share-based payment arrangements affecting remuneration of key management personnel in the current financial year or future financial years:

Each employee share option converts to one ordinary share of Cynata Therapeutics Limited on exercise.

Option series	Number	Grant date	Expiry date	Exercise price	Grant date fair value	Vesting date
CYPAO (i)	1,100,000	19 Aug 2020	18 Aug 2024	\$0.970	\$0.415	Various
CYPAB (ii)	4,400,000	24 Nov 2020	29 Nov 2025	\$0.970	\$0.493	Various
CYPAD (iii)	1,000,000	11 Oct 2021	11 Oct 2025	\$0.890	\$0.156	Various
CYPAR (iv)	300,000	22 Nov 2022	23 Nov 2027	\$0.510	\$0.135	Various
CYPBAS (v)	2,000,000	30 Jun 2023	30 Jun 2028	\$0.176	n/a	Various
CYPAE (vi)	1,910,000	13 Nov 2023	20 Nov 2028	\$0.185	\$0.079	Various
CYPAF (vii)	500,000	16 Jan 2024	16 Jan 2029	\$0.195	\$0.084	Various
CYPAT (viii)	1,800,000	17 Apr 2024	17 Apr 2029	\$0.290	\$0.144	Various



- (i) Unlisted options issued to employees of the Company pursuant to an Employee Option Acquisition Plan.
- (ii) Unlisted options issued to Directors pursuant to an Employee Option Acquisition Plan.
- (iii) Unlisted options issued to Dr Airey pursuant to an Employee Option Acquisition Plan.
- (iv) Unlisted options issued to Ms Rolfe pursuant to the terms of her appointment as non-executive director.
- (v) Unlisted options issued to Dr Kelly pursuant to the terms of his appointment as Managing Director & CEO following the retirement of Dr Macdonald.
- (vi) Unlisted options issued to Directors pursuant to an Employee Option Acquisition Plan.
- (vii) Unlisted options issued to employees and Company Secretary of the Company pursuant to an Employee Option Acquisition Plan.
- (viii) Unlisted options issued to Dr Kroll pursuant to an Employee Option Acquisition Plan.

Details of share-based payments granted as compensation to key management personnel during the current financial year:

Name	Option series	No. granted	No. vested	During the financial year	
				% of grant vested	% of grant forfeited
G. Brooke	CYPAE	500,000	97,222	19.4%	-
K. Kelly	CYPAE	750,000	145,833	19.4%	-
D. Maher	CYPAE	220,000	42,778	19.4%	-
J. Rolfe	CYPAE	220,000	42,778	19.4%	-
P. Wotton	CYPAE	220,000	42,778	19.4%	-
M. Kroll	CYPAT	1,800,000	83,333	4.6%	-
J. Airey	CYPAF	500,000	69,444	13.9%	-

No share options were exercised by key management personnel during the year (2023: nil).

Remuneration Report (cont'd)

5. Key terms of employment contracts

The non-executive chair, Dr Geoff Brooke, was paid a fee of \$118,973 (excluding GST) for the period 1 July 2023 – 30 June 2024. Effective 1 July 2024, Dr Brooke will be paid an annual fee of \$123,732 (excluding GST).

The other non-executive directors, Dr Paul Wotton, Dr Darryl Maher and Ms Janine Rolfe were each paid a fee of \$59,487 (including superannuation or excluding GST as the case may be) for the period 1 July 2023 – 30 June 2024. Effective 1 July 2024, these non-executive directors will be paid an annual fee of \$61,866 (including superannuation or excluding GST as the case may be). Dr Atkins was paid a fee of \$21,977 (excluding GST) in respect of his directorship 1 July – 13 November 2023.

The award of options as part of the fees to all non-executive directors are separately disclosed in this Report and are not linked to the performance of the Company.

It is not customary for non-executive directors to have notice periods. The appointment of any of the non-executive directors may be terminated if the director gives notice of resignation and the appointment may be terminated immediately if the director becomes disqualified or prohibited by law from being or acting as a director or from being involved in the management of a company.

The key terms of employment for the executive KMP are set out in the following table:

Employee	Remuneration / Fees*	Performance-based remuneration criteria	Notice period
Dr Kilian Kelly (appointed MD/CEO on 1 July 2023)	Effective 1 July 2024, a salary of \$434,720 per annum including superannuation. For the financial year 2024, a salary of \$418,000 per annum including superannuation.	An incentive payment of up to 30% of the annual salary and based on attainment of agreed KPIs.	The contract may be terminated by either party providing 3 months' notice. The Company may also terminate employment immediately and without further payment where the employee commits serious misconduct and on other similar grounds.
Dr Jolanta Airey	Effective 1 Jul 2024, a salary of \$341,844 per annum inclusive of statutory superannuation. Dr Airey is employed on a part-time (0.8 FTE) basis.	An incentive payment of up to 20% of the annual salary and based on attainment of agreed KPIs.	Any termination payments are paid within applicable legislative requirements.
Dr Mathias Kroll (appointed on 17 April 2024)	Effective 17 Apr 2024, a salary of \$350,000 per annum including superannuation.	An incentive payment of up to 25% of the annual salary and based on attainment of agreed KPIs.	

* In addition, all KMP are eligible to, and have participated, in the Company's equity-based incentive scheme. The award of options under this scheme to KMP are separately disclosed in this Report.

6. Key management personnel equity holdings

Fully paid ordinary shares of Cynata Therapeutics Limited

	Balance at 1 July 2023	Received on exercise of options	Shares acquired	Shares disposed	Balance at resignation	Balance at 30 June 2024
2024	No.	No.	No.	No.	No.	No.
G. Brooke	257,343	-	-	-	-	257,343
K. Kelly	525,508	-	94,143	-	-	619,651
P. Wotton	315,309	-	-	-	-	315,309
D. Maher	50,000	-	-	-	-	50,000
J. Rolfe	116,279	-	-	-	-	116,279
J. Airey	-	-	-	-	-	-
M. Kroll (i)	-	-	-	-	-	-
D. Atkins (ii)	-	-	-	-	-	-
S. Washer (iii)	2,364,390	-	-	-	(2,364,390)	-

(i) Appointed Chief Business Officer on 17 April 2024.

(ii) Appointed 1 July 2023; resigned 13 Nov 2023.

(iii) Resigned 1 July 2023.

	Balance at 1 July 2022	Received on exercise of options	Shares acquired	Shares disposed	Balance at resignation	Balance at 30 June 2023
2023	No.	No.	No.	No.	No.	No.
G. Brooke	117,809	-	139,534	-	-	257,343
R. Macdonald (i)	2,070,050	-	55,813	-	(2,125,863)	-
S. Washer (ii)	2,224,856	-	139,534	-	-	2,364,390
P. Wotton	175,775	-	139,534	-	-	315,309
D. Maher	-	-	50,000	-	-	50,000
J. Rolfe (iii)	-	-	116,279	-	-	116,279
K. Kelly (iv)	494,013	-	31,495	-	-	525,508
S. Lipe (v)	-	-	-	-	-	-
J. Airey	-	-	-	-	-	-

(i) Retired on 30 June 2023.

(ii) Resigned 1 July 2023.

(iii) Appointed 1 September 2022.

(iv) Appointed Managing Director & CEO on 1 July 2023 following the retirement of Dr Macdonald.

(v) Resigned 3 January 2023.

Remuneration Report (cont'd)

Share options of Cynata Therapeutics Limited

	Balance at 1 July 2023	Granted as comp- ensation	Lapsed (ii)	Exer- cised	Balance on resignation	Balance at 30 June 2024	Balance vested at 30 June 2024	Vested and exercis- able	Options vested during year
2024	No.	No.	No.	No.	No.	No.	No.	No.	No.
G. Brooke	2,369,767	500,000	(300,000)	-	-	2,569,767	2,466,989	2,466,989	375,017
K. Kelly	3,015,748	750,000	-	-	-	3,765,748	1,828,241	1,828,241	840,271
P. Wotton	369,767	220,000	-	-	-	589,767	412,545	412,545	88,455
D. Maher	325,000	220,000	-	-	-	545,000	367,778	367,778	84,455
J. Rolfe	358,140	220,000	-	-	-	578,140	259,245	259,245	142,774
J. Airey	1,000,000	500,000	-	-	-	1,500,000	969,458	959,458	459,452
M. Kroll (i)	-	1,800,000	-	-	-	1,800,000	83,333	83,333	83,333
D. Atkins (ii)	-	-	-	-	-	-	-	-	-
S. Washer (iii)	369,767	-	-	-	(369,767)	-	-	-	-

(i) Appointed Chief Business Officer on 17 April 2024.

(iii) Resigned 1 July 2023.

(ii) Appointed 1 July 2023; resigned 13 November 2023.

	Balance at 1 July 2022	Granted as comp- ensation	Lapsed (ii)	Exercised	Balance at 30 June 2023	Balance vested at 30 June 2023	Vested and exercisable	Options vested during year
2023	No.	No.	No.	No.	No.	No.	No.	No.
G. Brooke	2,300,000	69,767	-	-	2,369,767	2,091,972	2,091,972	736,427
R. Macdonald (i)	1,500,000	27,907	-	-	1,527,907	1,319,553	1,319,553	527,899
S. Washer (ii)	300,000	69,767	-	-	369,767	328,090	328,090	169,763
P. Wotton	300,000	69,767	-	-	369,767	328,090	328,090	169,763
D. Maher	300,000	25,000	-	-	325,000	283,323	283,323	124,996
J. Rolfe (iii)	-	358,140	-	-	358,140	116,471	116,471	116,471
K. Kelly (iv)	1,000,000	2,015,748	-	-	3,015,748	987,970	987,970	349,081
S. Lipe (v)	100,000	-	(100,000)	-	-	-	-	-
J. Airey	1,000,000	-	-	-	1,000,000	500,006	500,006	300,006

(i) Retired on 30 June 2023.

(ii) Resigned 1 July 2023.

(iii) Appointed 1 September 2023.

(iv) Appointed Managing Director & CEO on 1 July 2023 following the retirement of Dr Macdonald.

(v) Resigned 3 January 2023.

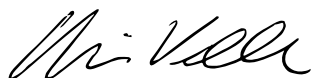
All share options issued to key management personnel were made in accordance with the provisions of the Employee Option Acquisition Plan.

Further details of the Employee Option Acquisition Plan and share options are contained in note 18 to the financial statements.

This is the end of the audited remuneration report

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors,



Dr Kilian Kelly

Managing Director & Chief Executive Officer

Melbourne,

29 August 2024

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Auditor's Independence Declaration

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29 August 2024

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 audit of the financial statements of Cynata Therapeutics Limited for the year ended 30 June 2024, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

A handwritten signature in blue ink that reads "Martin Michalik".

Martin Michalik
Director

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Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYNATA THERAPEUTICS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cynata Therapeutics Limited (the Company) and its subsidiaries (collectively, the "Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the 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*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without modifying our opinion expressed above, attention is drawn to the following matter:

As referred to in Note 3.1 to the financial statements, the financial statements have been prepared on a going concern basis. At 30 June 2024 the Group had cash and cash equivalents totalling \$6,205,418, cash outflow from operations of \$9,960,561, and has incurred a loss before tax from continuing operations for the year of \$9,744,709. These amounts indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Group's ability to continue operations is dependent upon directors raising additional funding either through the issue of equity or debt or through the sale of assets, entering into corporate partnerships and by curtailing discretionary research and development spending.



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Independent Auditor's Report (cont'd)

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
<p>Carrying value of intangible assets, amortisation and impairment</p> <p>At 30 June 2024, the carrying amount of the Group's Intangible assets (patents) amounted to \$1,851,868 (2023: \$2,132,600) as disclosed in Note 12 to the consolidated financial statements.</p> <p>Intangible assets are considered a key audit matter as they represent 26% of the net assets of the Group and require a level of judgement from management in assessing their recoverable amounts.</p>	<p>Our audit procedures included, inter alia, the following:</p> <ol style="list-style-type: none"> Reviewed ASX announcements and minutes of the Board of Directors meetings to obtain an understanding of the significant activities undertaken by the Group during the year; Checked the patent register to obtain assurance of validity of title to patents and ensured that any patents that have expired are written off; Reviewed management's assessment of the carrying value of the patents and assessed the appropriateness and relevance of the information provided to justify the carrying value of the patents; Checked the amortisation charge to ensure that the patents are being amortised over the 20-year patents' life; and Evaluated the adequacy of the disclosures in the consolidated financial assets.

Key Audit Matters	How the matters were addressed in the audit
<p>Measurement of Share-based Payments</p> <p>The Group has the following share-based payment transactions for the financial year ended 30 June 2024:</p> <ol style="list-style-type: none"> 1,910,000 unlisted options exercisable at \$0.185 on or before 5 years from the date of issue were granted to the key management personnel during the year. The expense for the year ended 30 June 2024 totalled \$75,620; 975,000 unlisted options exercisable at \$0.195 on or before 5 years from the date of issue were granted to the key management personnel and employees during the year. The expense for the year ended 30 June 2024 totalled \$33,089; and 1,800,000 unlisted options exercisable at \$0.290 on or before 5 years from the date of issue were granted to the key management personnel during the year. The expense for the year ended 30 June 2024 totalled \$46,096. <p>During the financial year ended 30 June 2024, the Company has also recognised a share-based payment expense of \$73,658 for the vesting of options issued in the prior year.</p> <p>The Group awarded share-based payments in the form of options. The awards vest subject to the achievement of certain vesting conditions.</p>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; Assessing the assumptions used in the Group's valuation of share options being the share price of the underlying equity, interest rate, volatility, dividend yield, time to maturity (expected life) and grant date; Assessing the allocation of the share-based payment expense over the relevant vesting period; and Assessing the appropriateness of the disclosures in Note 18 to the consolidated financial statements.

Independent Auditor's Report (cont'd)

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Measurement of share-based payments was a key audit matter due to the complex and judgmental estimates used in determining the fair value of the share-based payments.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Independence Declaration (cont'd)

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We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Cynata Therapeutics Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

A handwritten signature in blue ink, appearing to read "Martin Michalik".

Martin Michalik
Director

West Perth, Western Australia
29 August 2024

Directors' Declaration



The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group;
- (d) the directors have been given the declarations required by s.295A of the Corporations Act 2001; and
- (e) the information contained in the consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors,

Dr Kilian Kelly

Managing Director & Chief Executive Officer

Melbourne,
29 August 2024

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Financial Statements

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Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024



	Note	Year ended	
		30 June 2024	30 June 2023
		\$	\$
Interest income	6	417,710	352,869
Other income	6	2,315,643	1,654,310
Total revenue and other income		2,733,353	2,007,179
Product development costs	7	(8,681,364)	(12,394,235)
Employee benefits expenses	8	(1,933,007)	(1,653,145)
Amortisation expenses	12	(280,732)	(279,965)
Share based payment expenses	8,18	(228,463)	(326,546)
Other expenses	8	(1,354,496)	(1,630,783)
(Loss) before income tax		(9,744,709)	(14,277,495)
Income tax expense	9	-	-
(Loss) for the year		(9,744,709)	(14,277,495)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive loss for the year		(9,744,709)	(14,277,495)
(Loss) for the year attributable to:			
Owners of Cynata Therapeutics Limited		(9,744,709)	(14,277,495)
Total comprehensive loss for the year attributable:			
Owners of Cynata Therapeutics Limited		(9,744,709)	(14,277,495)
(Loss) per share:			
Basic and diluted (cents per share)	10	(5.42)	(9.84)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
Current assets			
Cash and cash equivalents	21	6,205,418	16,167,356
Trade and other receivables	11	113,184	367,082
Prepayments		217,820	326,728
Total current assets		6,536,422	16,861,166
Non-current assets			
Intangibles	12	1,851,868	2,132,600
Total non-current assets		1,851,868	2,132,600
Total assets		8,388,290	18,993,766
Current liabilities			
Trade and other payables	13	950,627	2,067,391
Provisions	14	220,428	192,894
Total current liabilities		1,171,055	2,260,285
Total liabilities		1,171,055	2,260,285
Net assets		7,217,235	16,733,481
Equity			
Issued capital	15	81,624,596	81,624,596
Option reserves	16.1	7,906,430	7,677,967
Foreign currency translation reserve	16.2	4,724	4,724
Accumulated losses		(82,318,515)	(72,573,806)
Total equity		7,217,235	16,733,481

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the year ended 30 June 2024

	Issued Capital \$	Option Reserve \$	Foreign currency translation reserve \$	Accum- ulated losses \$	Total \$
Balance at 1 July 2022	74,900,251	7,351,421	4,724	(58,296,311)	23,960,085
Loss for the year	-	-	-	(14,277,495)	(14,277,495)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	(14,277,495)	(14,277,495)
Issue of ordinary shares (refer to note 15)	7,042,169	-	-	-	7,042,169
Share issue costs	(317,824)	-	-	-	(317,824)
Share based payments (refer to note 16.1)	-	326,546	-	-	326,546
Balance at 30 June 2023	81,624,596	7,677,967	4,724	(72,573,806)	16,733,481
	\$	\$	\$	\$	\$
Balance at 1 July 2023	81,624,596	7,677,967	4,724	(72,573,806)	16,733,481
Loss for the year	-	-	-	(9,744,709)	(9,744,709)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	(9,744,709)	(9,744,709)
Issue of ordinary shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
Share based payments (refer to note 16.1)	-	228,463	-	-	228,463
Balance at 30 June 2024	81,624,596	7,906,430	4,724	(82,318,515)	7,217,235

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated statement of cash flows for the year ended 30 June 2024

	Note	Year ended	
		30 June 2024	30 June 2023
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(3,246,008)	(3,458,273)
Interest received		446,284	286,828
Research and development tax refund received		2,315,643	1,654,310
Other income (refund of office deposit)		21,960	-
Development costs paid		(9,498,440)	(12,765,594)
Net cash (used in) operating activities	21.1	(9,960,561)	(14,282,729)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	15	-	7,042,169
Payment for share issue costs		-	(317,824)
Net cash provided by financing activities		-	6,724,345
Net (decrease) in cash and cash equivalents		(9,960,561)	(7,558,384)
Cash and cash equivalents at the beginning of the year		16,167,356	23,798,046
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,377)	(72,306)
Cash and cash equivalents at the end of the year	21	6,205,418	16,167,356

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



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Notes

Notes to the consolidated financial statements for the year ended 30 June 2024

1. General information

Statement of compliance

Cynata Therapeutics Limited ("the Company") is a listed public company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the corporate directory to the annual report.

The principal activities of the Company and its controlled subsidiaries ("the Group") are described in the directors' report.

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 29 August 2024.

2. Application of new and revised Accounting Standards

2.1 Amendments to Accounting Standards and new Interpretations that are mandatorily effective for the current year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Material accounting policy information

3.1 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars ("A\$"), unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 *Share-based Payment*, leasing transactions that are within the scope of AASB 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 *Inventories* or value in use in AASB 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 30 June 2024, the Group had net assets of \$7,217,235 (2023: \$16,733,481) and positive working capital of \$5,365,367 (2023: \$14,600,881) and in the year then ended incurred a loss after tax of \$9,744,709 (2023: \$14,277,495) and net operating

cash outflows of \$9,960,561 (2023: \$14,282,729). As at 30 June 2024, the Group had cash and cash equivalents of \$6,205,418 (2023: \$16,167,356).

As the Group continues to develop and commercialise its proprietary induced pluripotent stem cell (iPSC)-based platform technology Cymerus™, the Group may require additional working capital that may be funded through cash flows from existing assets (e.g. corporate partnerships) and/or additional capital raisings. The directors consider the Group can manage its cash flow to ensure sufficient funds are available to meet its financial responsibilities. Based on this, the directors consider it appropriate that the financial report be prepared on a going concern basis.

In the event that the Group is unable to obtain sufficient funding for on-going operational and capital requirements, there is material uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and therefore proceed with realising its assets and discharging its liabilities in the normal course of business at the amounts stated in the financial report.

The ability of the Group to continue as a going concern and meet its operational and other commitments is dependent upon the Group developing its business, commercialising its iPSC-based platform technology, revenue growth and obtaining additional working capital that may be funded through cash flows from existing assets (e.g. corporate partnerships) and/or additional capital raisings. The directors have reviewed the business outlook and cashflow forecasts and are of opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to be successful in doing so.

The consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

Material accounting policy information (cont'd)

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value

which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of

liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9 *Financial Instruments*, or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss

where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 3.3 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Groups' cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Revenue recognition

The Group has applied AASB 15 *Revenue from Contracts with Customers* using the cumulative

Material accounting policy information (cont'd)

effective method. The Group does not have any revenue from contracts with customers.

3.5.1 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.5.2 Other income

Other income is generally income earned from transactions outside the course of the Group's ordinary activities. Other income is recognised in profit or loss when received.

3.6 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ("A\$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.8 Employee benefits

Short-term and long-term employee benefits

A liability is recognised for benefits accrued to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

3.9 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 18.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity

instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

R&D rebates are accounted for on a cash basis and included under other income.

3.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the

Material accounting policy information (cont'd)

accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.10.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax

are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11 Intangible assets

3.11.1 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Intangibles have been identified as all granted patents and patent applications. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the assets, as follows:

- Patents — 20 years

3.11.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

3.12 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated

to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transaction costs, except for those carried at 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Material accounting policy information (cont'd)

Classification and measurement

FINANCIAL ASSETS

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- the contractual cash flow characteristics of the financial assets; and
- the Group's business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet with the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (Equity instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

FINANCIAL LIABILITIES

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

IMPAIRMENT

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3.15 Leases

The Group as a lessee

At inception of a contract, the Group assesses if the contract contains characteristics of or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e., leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on the index of the rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension profits, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and initial direct costs. The subsequent measurement of the right-of-use asset is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Group does not currently have any leases that would require recognition of a right-of-use asset in the current reporting period.

3.16 Comparative amounts

When current period balances have been classified differently within current period disclosures when compared to prior periods, comparative disclosures have been restated to ensure consistency of presentation between periods.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period on which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Key sources of estimation uncertainty

4.1.1 Recoverability of intangible assets acquired in a business combination

During the year, the directors reconsidered the recoverability of the Group's intangible assets arising from the acquisition of Cynata Incorporated, which is included in the consolidated statement of financial position at 30 June 2024 with a carrying value of \$1,851,868 (2023: \$2,132,600) after accounting for amortisation.

The directors have allocated the carrying value of the patents (before amortisation) to the different categories of the research based on their estimates. The resulting allocation has given rise to an amortisation expense of \$280,732 for the year ended 30 June 2024 (2023: \$279,965).

The directors performed an assessment of impairment indicators and concluded that no impairment of the intangible assets is required for the year (2023: nil).

4.1.2 Share-based payment transactions

The Group accounts for all equity-settled share-based payments based on the fair value of the award on grant date. Under the fair value-based method, compensation cost attributable to options granted is measured at fair value at the grant date and amortised over the vesting period. The amount recognised as an expense is adjusted to reflect any changes in the Group's estimate of the options that will eventually vest and the effect of any non-market vesting conditions.

Share-based payment arrangements in which the Group receives good or services as consideration are measured at the fair value of the good or service received, unless that fair value cannot be reliably estimated.

5. 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 operating 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.

6. Interest income and other income

	2024	2023
Interest income	\$	\$
Interest income	417,710	352,869

	2024	2023
Other income	\$	\$
R&D rebate	2,315,643	1,654,310

7. Product development costs

	2024	2023
	\$	\$
Research and development expenses	8,156,550	11,472,018
Consultants	354,742	400,142
Travel and accommodation expenses	119,091	170,454
License fees	23,398	208,128
Patent costs	27,583	143,493
	8,681,364	12,394,235

8. Loss for the year

	2024	2023
	\$	\$
Loss for the year has been arrived at after charging the following items of expenses:		
Employee benefits expenses		
Wages and salaries	1,689,277	1,534,609
Superannuation expenses	143,450	142,278
Leave entitlements	100,280	(23,742)
Total employee benefits expenses (i)	1,933,007	1,653,145
Share-based payment expenses	228,463	326,546
Other expenses		
Share registry fees	26,741	50,585
Directors' fees	319,410	330,458
Legal costs	336,438	405,489
Investor/public relations	80,666	56,368
Corporate advisors	15,000	180,000
Other administrative expenses	643,991	865,726
Effect of foreign exchange	(67,750)	(257,843)
Total other expenses	1,354,496	1,630,783

(i) Excludes amounts charged to product development costs.

9. Income taxes relating to continuing operations

9.1 Income tax recognised in profit or loss

	2024	2023
	\$	\$
Current tax	-	-
Deferred tax	-	-
	-	-

The income tax expense for the year can be reconciled to the accounting loss as follows:

	2024	2023
	\$	\$
Loss before tax from continuing operations	(9,744,709)	(14,277,495)
Income tax expense calculated at 25% (2023: 25%)	(2,436,177)	(3,569,374)
Tax effect of R&D rebate received	(578,911)	(413,578)
Effect of expenses that are not deductible in determining taxable income	2,189,948	3,062,437
Effect of unused tax losses not recognised as deferred tax assets	825,140	920,515
	-	-

The tax rate used for the 2024 reconciliations above is the corporate tax rate of 25% (2023: 25%) payable by Australian corporate entities on taxable profits under Australian tax law.

9.2 Income tax recognised directly in equity

	2024	2023
	\$	\$
Current tax		
Share issue costs	-	-
Deferred tax		
Arising on transactions with owners:		
Share issue costs deductible over 5 years	-	-
	-	-

9.3 Unrecognised deferred tax assets in relation to:

	2024	2023
	\$	\$
Unused tax losses (revenue) for which no deferred tax assets have been recognised (i)	11,537,359	8,791,271
Other	151,712	195,494
	11,689,071	8,986,765

Income taxes relating to continuing operations (cont'd)

9.4 Unrecognised deferred tax (liabilities) in relation to:	2024	2023
	\$	\$
Intangibles	(462,967)	(533,150)
Other	(67,824)	(102,195)
	(530,791)	(635,345)
Net deferred tax assets	11,158,280	8,351,420

- (i) All unused tax losses were incurred by Australian entities. The figure also includes unused carried forward tax losses of Cynata Australia Pty Ltd ("Cynata Australia"). Cynata Australia is the wholly owned subsidiary of Cynata Inc and Cynata Inc is the wholly owned subsidiary of Cynata Therapeutics Limited.

This benefit for tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the Company complies with the conditions for deductibility imposed by tax legislation.

10. Loss per share

	2024	2023
	¢ / share	¢ / share
Basic and diluted loss per share (cents per share)	(5.42)	(9.84)

10.1 Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2024	2023
	\$	\$
Loss for the year attributable to owners of the Company	(9,744,709)	(14,277,495)

	2024	2023
	\$	\$
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	179,631,786	145,092,417

11. Trade and other receivables

	2024	2023
	\$	\$
Deposits made	3,568	25,528
Other receivables	109,616	341,554
	113,184	367,082

At the reporting date, none of the receivables were past due/impaired. There are no expected credit losses.

12. Intangibles

	2024	2023
	\$	\$
Carrying value at beginning of year (i)	2,132,600	2,412,565
Amortisation (ii)	(280,732)	(279,965)
Net book value of research and development at end of year	1,851,868	2,132,600

(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 \$280,732 has been recognised in profit or loss (2023: \$279,965). Refer to note 3.12 for more information on the Group's accounting policy on intangibles and amortisation.

Cost	2024	2023
	\$	\$
Balance at 1 July	4,821,799	4,821,799
Additions	-	-
Disposals	-	-
Balance at 30 June	4,821,799	4,821,799

Accumulated amortisation	2024	2023
	\$	\$
Balance at 1 July	2,689,199	2,409,234
Amortisation expense	280,732	279,965
Balance at 30 June	2,969,931	2,689,199

13. Trade and other payables

	2024	2023
	\$	\$
Trade payables	431,893	1,308,643
Accrued expenses	518,734	758,748
	950,627	2,067,391

14. Provisions

	2024	2023
	\$	\$
Provisions for employee entitlements	220,428	192,894

15. Issued capital

	2024	2023
	\$	\$
179,631,786 fully paid ordinary shares (2023: 179,631,786)	81,624,596	81,624,596

	30 June 2024		30 June 2023	
Fully paid ordinary shares	No.	\$	No.	\$
Balance at beginning of year	179,631,786	81,624,596	143,276,594	74,900,251
Share placement (i)	-	-	13,508,877	2,904,409
Share placement (ii)	-	-	9,302,325	2,000,000
Share purchase plan (iii)	-	-	12,903,296	2,000,011
Issue of shares (iv)	-	-	640,694	137,749
Share issue costs	-	-	-	(317,824)
Balance at end of the year	179,631,786	81,624,596	179,631,786	81,624,596

(i) Issue of shares pursuant to a Placement at \$0.215 per share on 17 April 2023.

(ii) Issue of shares pursuant to a Placement at \$0.215 per share on 24 April 2023.

(iii) Issue of shares pursuant to a Share Purchase Plan at \$0.155 per share on 11 May 2023.

(iv) Issue of Director shares pursuant to a participation of Directors in a share placement at \$0.215 per share on 31 May 2023.

16. Reserves

16.1 Share-based payments

	2024	2023
	\$	\$
Balance at beginning of year	7,677,967	7,351,421
Recognition of share-based payments (i)	228,463	326,546
Balance at end of year	7,906,430	7,677,967

- (i) Total expenses arising from share-based payment transactions as a result of vesting of unlisted options to executives, employees and contractors recognised during the year ended 30 June 2024 was \$228,463 (2023: \$326,546).

Further information about share-based payments is set out in note 18.

16.2 Foreign currency translation reserve

	2024	2023
	\$	\$
Balance at beginning of year	4,724	4,724
Exchange differences arising on translating the foreign operations	-	-
Balance at end of year	4,724	4,724

Exchange differences relating to the translation of results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

17. Financial instruments

17.1 Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Group's approach to capital management during the year.

Financial instruments (cont'd)

17.2 Categories of financial instruments

	2024	2023
	\$	\$
Financial assets		
Cash and cash equivalents	6,205,418	16,167,356
Trade and other receivables	113,184	367,082
	6,318,602	16,534,438
Financial liabilities		
Trade and other payables	950,627	2,067,391
	950,627	2,067,391
Net financial assets	5,367,975	14,467,047

The fair value of the above financial instruments approximates their carrying values.

17.3 Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the

objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

17.4 Market risk

Market risk for the Group arises from the use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see 17.5 below).

17.5 Interest rate risk management

Interest rate risk arises on cash and cash equivalents and receivables from related parties. The Group does not enter into any derivative instruments to mitigate this risk. As this is not considered a significant risk for the Group, no policies are in place to formally mitigate this risk.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end on the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2024 would (decrease)/increase by \$62,054 (2023: \$161,674)

17.6 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. At 30 June 2024, the Company had cash denominated in US dollars US\$211,770 (2023: US\$2,054,236). The A\$ equivalent at 30 June 2024 is \$317,651 (2023: \$3,086,797). A 5% movement in foreign exchange rates would increase or (decrease) the Group's loss before tax by approximately \$15,883 (2023: \$154,340). Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. As at 30 June 2024, the Group has not entered in any forward foreign exchange contracts.

17.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate,

as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

17.8 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Contractual cash flows

	Carrying Amount	Less than 1 month	1-3 months	3-12 months	1 year to 5 years	Total contractual cash flows
	\$	\$	\$	\$	\$	\$
2024						
Trade and other payables	950,627	950,627	-	-	-	950,627
2023						
Trade and other payables	2,067,391	2,067,391	-	-	-	2,067,391

18. Share-based payments

18.1 Employee Option Acquisition Plan

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 dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence at balance date (30 June 2024):

Option series	Number	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
CYPAO	1,100,000 ⁱ	19 Aug 2020	\$0.415	\$0.970	18 Aug 2024	Various
CYPAQ	100,000 ⁱⁱ	14 Sept 2020	\$0.388	\$1.280	13 Sept 2024	Various
CYPAB	4,500,000 ⁱⁱⁱ	24 Nov 2020	\$0.493	\$0.970	29 Nov 2025	Various
CYPAD	1,000,000 ^{iv}	11 Oct 2021	\$0.156	\$0.890	11 Oct 2025	Various
CYPAR	300,000 ^v	22 Nov 2022	\$0.135	\$0.510	23 Nov 2027	Various
CYPOA	18,177,637 ^{vi}	1 Jun 2023	n/a	\$0.300	1 Apr 2025	Vested
CYPAS	2,033,333 ^{vii}	30 Jun 2023	n/a	\$0.176	30 Jun 2028	Various
CYPAE	1,910,000 ^{viii}	13 Nov 2023	n/a	\$0.185	20 Nov 2028	Various
CYPAF	975,000 ^{ix}	16 Jan 2024	\$0.084	\$0.195	16 Jan 2029	Various
CYPAT	1,800,000 ^x	17 Apr 2024	\$0.144	\$0.290	17 Apr 2029	Various

i Unlisted options issued to Dr Kelly (1,000,000), Dr Lipe (100,000), Dr Atley (50,000) and another employee of the Company (100,000) pursuant to an Employee Option Acquisition Plan. Dr Lipe resigned on 3 January 2023 and Dr Atley resigned on 4 Nov 2022 and as a result, 150,000 options were cancelled during the year ended 30 June 2023.

ii Unlisted options issued to an employee of the Company pursuant to an Employee Option Acquisition Plan.

iii Unlisted options issued to Dr Brooke (2,000,000), Dr Macdonald (1,500,000), Dr Washer (300,000), Dr Wotton (300,000), Dr Maher (300,000) and Mr Webse (100,000) pursuant to an Employee Option Acquisition Plan.

iv Unlisted options issued to Dr Airey pursuant to an Employee Option Acquisition Plan. Dr Airey was appointed as Chief Medical Officer of the Company on 11 October 2021.

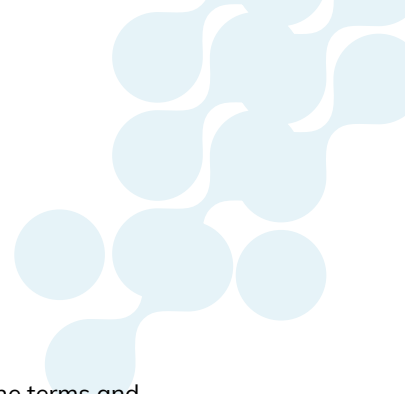
v Unlisted options issued to Ms Rolfe pursuant to the terms of her appointment as non-executive director. Ms Rolfe was appointed on 1 September 2022.

vi Free attaching listed options issued pursuant to a Placement and a Share Purchase Plan during the year ended 30 June 2023.

vii Unlisted options issued to Dr Kelly (2,000,000) pursuant to the terms of his appointment as Managing Director & CEO following the retirement of Dr Macdonald. Dr Kelly was appointed on 1 July 2023. Dr Kelly was previously the Chief Operating Officer of Cynata. Dr Atkins resigned on 13 November 2023 and as a result, 266,667 options were cancelled during the year ended 30 June 2024.

viii Unlisted options issued to Dr Brooke (500,000), Dr Kelly (750,000), Dr Maher (220,000), Ms Rolfe (220,000) and Dr Wotton (220,000) to ensure alignment with shareholders' interests and to maximise Company value. The Company sought and obtained shareholders' approval on 13 November 2023 at the Annual General Meeting.

ix Unlisted options issued to Dr Airey (500,000), Mr Webse (125,000) and other employees of the Company (350,000) pursuant to an Employee Option Acquisition Plan.



- x Unlisted options issued to Dr Kroll pursuant to an Employee Option Acquisition Plan. Dr Kroll is an employee of Cynata and was appointed on 14 April 2024 as Chief Business Officer.

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

18.2 Fair value of share options

Options were priced using the Black-Scholes pricing model. Expected volatility is based on the historical share price volatility over the past 12 months from grant date.

Where relevant, the fair value of the options has been adjusted based on management's best estimate for the effects of non-transferability of the options.

The weighted average exercise price of options granted during the year is \$0.227 (2023: \$0.289).

The inputs to the Black-Scholes pricing model were as follows:

Inputs	CYPAE	CYPAF	CYPAT
Number of options	1,910,000	975,000	1,800,000
Grant date	13 Nov 2023	16 Jan 2024	17 Apr 2024
Grant date fair value	\$0.079	\$0.084	\$0.144
Exercise price	\$0.185	\$0.195	\$0.290
Expected volatility	80%	85%	94%
Implied option life (years)	5.0	5.0	5.0
Expected dividend yield	n/a	n/a	n/a
Risk-free rate	4.25%	3.80%	3.92%

18.3 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No.	\$	No.	\$
Balance at beginning of the year	27,777,637	0.471	7,150,000	1.011
Granted during the year	4,685,000	0.227	20,777,637	0.289
Forfeited during the year	-	-	(150,000)	0.970
Exercised during the year	-	-	-	-
Expired during the year	(566,667)	1.200	-	-
Balance at end of year	31,895,970	0.423	27,777,637	0.471
Exercisable at end of year	7,648,960	0.990	24,283,094	0.481

18.4 Share options exercised during the year

No share options were exercised during the year (2023: nil).

18.5 Share options outstanding at the end of the year

Share options outstanding at the end of the year had a weighted average exercise price of \$0.423 (2023: \$0.471) and a weighted average remaining contractual life of 597 days (2023: 783 days).

19. Key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2024	2023
	\$	\$
Short-term employee benefits	1,151,231	1,443,501
Post-employment benefits	122,948	74,892
Share-based payments	172,114	385,608
	1,446,293	1,904,001

Short-term employee benefits

These amounts include fees paid to non-executive directors, accrued bonuses, salary and paid leave benefits awarded to executive directors and key management personnel and fees paid to entities controlled by the directors.

Post-employment benefits

These amounts are superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefit schemes as measured by the fair value of the options granted on grant date.

Further information in relation to key management personnel remuneration can be found in the remuneration report contained in the directors' report.

20. Related party transactions

20.1 Entities under the control of the Group

The Group consists of the parent entity, Cynata Therapeutics Limited and its wholly-owned Ireland-based subsidiary Cynata Therapeutics Ireland Limited and US-based subsidiary Cynata Incorporated, which in turn controls 100% of Cynata Australia Pty Ltd, the non-operating entity of Cynata Incorporated.

Balances and transactions between the parent entity and its subsidiaries, which are related parties of the entity, have been eliminated on consolidation and are not disclosed in this note.

20.2 Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the remuneration report contained in the directors' report, note 18 and note 19.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

21. Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2024	2023
	\$	\$
Cash and bank balances	6,205,418	16,167,356

21.1 Reconciliation of loss for the year to net cash flows from operating activities

	2024	2023
	\$	\$
Cash flow from operating activities		
Loss for the year	(9,744,709)	(14,277,495)
Adjustments for:		
Share-based payments	228,463	326,546
Amortisation expenses	280,732	279,965
Effects of exchange rate changes	1,377	72,306
Movements in working capital		
Decrease/(increase) in trade and other receivables and prepayments	362,807	(356,392)
(Decrease) in trade and other payables	(1,116,766)	(259,977)
Increase/(decrease) in annual leave provisions	27,535	(67,682)
Net cash outflows from operating activities	(9,960,561)	(14,282,729)

22. Contingent liabilities and contingent assets

The directors are not aware of any significant contingencies at balance date other than a requirement for the payment of royalties pursuant to certain license agreements should future revenues exceed predetermined thresholds.

23. Commitments for expenditure

The Group has entered into a number of agreements related to research and development activities. As at 30 June 2024, under these agreements, the Company

is committed to making payments over future periods, as follows:

	\$
During the period 1 July 2024 – 30 June 2025	4,110,633
During the period 1 July 2025 – 30 June 2026	2,866,009
During the period 1 July 2026 – 30 June 2027	1,283,178

Where commitments are denominated in foreign currencies, the amounts have been converted to Australian dollars based on exchange rates prevailing as at 30 June 2024. The Company has the right to terminate the relevant agreements with notice periods that vary between agreements. The committed payments listed above could be materially reduced if the Company chooses to terminate some or all of the relevant agreements.

24. Remuneration of auditors

Auditor of the Group	2024	2023
	\$	\$
Audit and review of the financial statements	56,036	51,162

The auditor of the Group is Stantons.

25. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

Refer to note 3 for a summary of significant accounting policies relating to the Group.

Financial position	2024	2023
	\$	\$
Assets		
Current assets	6,536,422	16,861,165
Total assets	6,536,422	16,861,165
Liabilities		
Current liabilities	950,627	2,067,391
Provisions	220,428	192,894
Total liabilities	1,171,055	2,260,285
Net assets	5,365,367	14,600,880
Equity		
Issued capital	81,624,596	81,624,596
Reserves	7,906,430	7,677,967
Accumulated losses	(84,165,659)	(74,701,683)
Total equity	5,365,367	14,600,880
Financial performance		
Loss for the year	(9,463,976)	(13,997,529)

Commitments and contingencies

There were no material commitments or contingencies at the reporting date for the parent company except for those mentioned in note 22 and note 23 above.

26. Events after the reporting period

On 1 July 2024, the Company entered into an agreement with TekCyte Limited (TekCyte) to acquire wound dressing technology developed by TekCyte. This technology is a core component of Cynata's Cymerus iPSC-derived MSC topical wound dressing product candidate, CYP-006TK, currently being investigated in an ongoing clinical trial in patients with DFU. On 31 July 2024, Cynata issued 916,335 fully paid ordinary shares at a deemed issue price of \$0.251 per share pursuant to the Deed of Assignment of intellectual property rights between Cynata and TekCyte.

27. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 29 August 2024.

On 19 July 2024, the Company issued 3,150 fully paid ordinary shares following the exercise of 3,150 unlisted options at \$0.30 each.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

Consolidated Entity Disclosure Statement

Entity name	Entity type	Country of incorporation	Ownership interest	Tax residency
Cynata Incorporated	Body Corporate	United States of America	100%	United States of America
Cynata Therapeutics Ireland Limited	Body Corporate	Ireland	100%	Ireland
Cynata Australia Pty Ltd	Body Corporate	Australia	100%	Australia

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ASX Additional Information

As at 19 August 2024

Substantial Shareholders

The names of the substantial shareholders disclosed to the Company in substantial shareholder notices as at 19 August 2024 are:

Name	Shares Held	Issued Capital
	No.	%
Phillip Asset Management Ltd atf BioScience Managers Translation Fund I	23,588,040	13.13
FIL Investment Management (Hong Kong) Limited	9,506,625	10.00

Distribution of Ordinary Shares

Category	Holders	Ordinary Shares	Issued Capital
	No.	No.	%
1 – 1,000	640	360,680	0.20
1,001 – 5,000	973	2,692,636	1.49
5,001 – 10,000	419	3,318,473	1.84
10,001 – 100,000	890	31,754,125	17.59
100,001 and over	213	142,425,357	78.88
	3,135	180,551,271	100.00

Distribution of Listed Options

Category	Holders No.	Listed Options No.	Issued Capital %
1 – 1,000	3	4	0.00
1,001 – 5,000	21	66,150	0.36
5,001 – 10,000	30	235,939	1.30
10,001 – 100,000	101	5,308,773	29.21
100,001 and over	16	12,563,621	69.13
	171	18,174,487	100.00

Voting Rights

- at meetings of members each member entitled to vote may vote in person or by proxy or attorney;
- on a show of hands each person present who is a member has one vote, and on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held; and
- no voting rights attach to listed and unlisted options.

Number of Holders of Unlisted Options

- 100,000 unlisted employee share option acquisition plan Options exercisable at \$1.28 and expiring on 13/09/2024 held by 1 holder; and
- 4,500,000 unlisted Options exercisable at \$0.97 and expiring 29/11/2025 held by 6 holders. Holders holding more than 20% being 2,000,000 held in the name of Dr Geoffrey Brooke (44.4%) and 1,500,000 held in the name of Dr Ross Macdonald (33.33%).
- 1,000,000 unlisted employee share option acquisition plan Options exercisable at \$0.89 Options and expiring 11/10/2025 held by 1 holder.
- 300,000 unlisted Options exercisable at \$0.51 and expiring 23/11/2027 held by 1 holder, Ms Janine Rolfe.
- 2,033,333 unlisted Options exercisable at \$0.176 and expiring 30/06/2028, held by 2 holders. Holder holding more than 20% being 2,000,000 in the name of Dr Kilian Kelly (98.36%).
- 1,910,000 unlisted Options exercisable at \$0.185 and expiring 20/11/2028 held by 6 holders. Holders holding more than 20% being 750,000 held in the name of Mrs Tamara Kelly (39.27%) and 500,000 being held in the name of Dalhigh Pty Ltd <Dalhigh Investments A/C> (26.18%).
- 975,000 unlisted employee share option acquisition plan Options exercisable at \$0.195 Options and expiring 16/01/2029 held by 5 holders.
- 1,800,000 unlisted employee share option acquisition plan Options exercisable at \$0.29 Options and expiring 17/04/2029 held by 1 holder.

ASX Additional Information (cont'd)

20 Largest Shareholders

Name	Shares Held	Issued Capital
	No.	%
Phillip Asset Management Limited <Bioscience MTF1 A/C>	23,588,040	13.06
HSBC Custody Nominees (Australia) Limited	14,731,445	8.16
Fujifilm Corporation	8,088,403	4.48
Citicorp Nominees Pty Limited	6,591,672	3.65
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	4,323,767	2.39
Kenneth Adrian Raymond Wilson	3,549,905	1.97
BNP Paribas Nominees Pty Ltd <Clearstream>	3,039,266	1.68
Mrs Aily Lamb	2,360,000	1.31
J P Morgan Nominees Australia Pty Limited	2,025,850	1.12
Dr Ross Alexander Macdonald	2,000,000	1.11
National Nominees Limited	1,780,000	0.99
Mr Craig Lawrence Darby	1,729,477	0.96
BNP Paribas Noms Pty Ltd	1,684,988	0.93
Mal Washer Nominees Pty Ltd <Mal Washer Family A/C>	1,559,534	0.86
Mr Pawel Rej & Mrs Mirosława Rej	1,543,036	0.85
Crosswind Trustee Company Limited <Crosswind A/C>	1,513,000	0.84
Mr Patrick Anthony Walsh	1,341,790	0.74
Souttar Superannuation Pty Ltd <Greenslade Super Fund A/C>	1,330,000	0.74
Mr Jon Nicolai Bjarnason & Mrs Rina Eghoje Bjarnason <Jarck Super Fund A/C>	1,311,034	0.73
Dr Maksym Vodyanyk	1,191,658	0.66
	85,282,865	47.23

20 Largest Listed Option Holders

Name	Options Held	Issued Capital
	No.	%
Phillip Asset Management Limited <Bioscience MTF1 A/C>	4,651,163	25.59
Merrill Lynch (Australia) Nominees Pty Limited	3,488,372	19.19
HSBC Custody Nominees (Australia) Limited	710,549	3.91
Citicorp Nominees Pty Limited	679,529	3.74
BNP Paribas Nominees Pty Ltd ACF <Clearstream>	456,102	2.51
HSBC Custody Nominees (Australia) Limited - A/C 2	418,604	2.30
LFT CO 2018 Pty Ltd <Lenz Family A/C>	400,000	2.20
Mr Andrew Tate	300,000	1.65
Scintilla Strategic Investments Limited	250,000	1.38
Calama Holdings Pty Ltd <Mambat Super Fund A/C>	212,989	1.17
Mr David Ian Jenkinson	200,000	1.10
Ms Kylie Lynette Nuske & Mr Matthew James Cook <Vision Splendid Super A/C>	177,631	0.98
Zashrosa Pty Limited	168,883	0.93
Maxwell3000 Pty Ltd <Maxwell Family A/C>	164,920	0.91
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	163,759	0.90
BNP Paribas Noms Pty Ltd	121,120	0.67
Mr Thanh Hiep Nguyen	94,483	0.52
Crosswind Trustee Company Limited <Crosswind A/C>	94,483	0.52
Mr Peter Graham South	94,483	0.52
Mrs Kristin Eileen Franco	94,483	0.52
	12,941,553	71.21

Restricted Securities

There are no ASX restricted securities on issue.

On-Market Buy-Back

There is no current on-market buy back.

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel is 1,395.

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