



ASX ANNOUNCEMENT

23 January 2017

Cynata Successfully Completes Capital Raising

Melbourne, Australia; 23 January 2017: Australian stem cell and regenerative medicine company, Cynata Therapeutics Limited (ASX: CYP), has successfully completed a placement of approximately 9.23 million fully-paid ordinary shares at a price of \$0.65, for gross proceeds of A\$6.0 million before costs ("Placement"). The Placement was made to existing and new sophisticated and institutional investors. Settlement of the Placement, which was heavily over-subscribed, is expected to occur on or about 27 January 2017 with the shares to be issued on 30 January 2017. The Placement shares will be issued under Cynata's existing placement capacity under Listing Rules 7.1 and 7.1A, and accordingly will not require shareholder approval.

The Company intends to use the proceeds of the Placement and FUJIFILM investment to accelerate and expand the development of the Company's proprietary Cymerus™ therapeutic mesenchymal stem cell (MSC) technology, specifically to build on the existing data supporting the potential utility of Cymerus MSCs in developing cellular therapies to treat respiratory disease, cardiovascular disease and a number of other serious conditions.

As announced on 19 January 2017, the Company has entered into a strategic partnership with FUJIFILM Corporation of Japan for the development and commercialisation of certain Cynata technology, including Cynata's lead induced pluripotent stem cell (iPSC)-derived therapeutic mesenchymal stem cell (MSC) product, CYP-001. Consistent with the term sheet announced on 5 September 2016, and pursuant to the definitive agreement, Cynata expects to receive approximately A\$4.0 million on or around 25 January 2017 through the issue to FUJIFILM of 8,088,403 ordinary shares in Cynata. The rights granted to FUJIFILM under that partnership are: (i) an option to an exclusive worldwide licence to manufacture, market and sell Cynata's lead MSC product, CYP-001, in the field of prevention and treatment of graft-versus-host disease (GvHD); (ii) an option to negotiate a licence for manufacturing CYP-001 product if FUJIFILM chooses not to exercise the option in point (i); and (iii) certain rights to Cynata's proprietary Cymerus technology for the prevention and treatment of other diseases. If FUJIFILM exercises the option in point (i), an upfront fee of US\$3 million is payable which, together with other potential future milestones, totals over A\$60 million in potential one-time payments, plus double-digit royalties on net sales of CYP-001 product. Further fees are payable if FUJIFILM exercises any of the rights in points (ii) and (iii).

The Placement was jointly managed by Shaw and Partners Limited and CPS Capital Group Pty Ltd.

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About Cynata Therapeutics (ASX: CYP)

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

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