

20 September 2021

ASX Announcement

A\$4.0 MILLION NON-DILUTIVE FINANCE FACILITY AGREEMENT WITH VICTORIAN GOVERNMENT

Key points:

- **AdAlta granted A\$4.0m non-dilutive R&D Rebate funding Facility with Invest Victoria.**
- **Facility is one of the first of its kind from Victorian Government.**
- **Facility relates to FY2022 R&D and is in addition to existing Radium facility and anticipated R&D incentive rebates for the FY2021 period**
- **Enables AdAlta to achieve near-term development milestones.**

MELBOURNE Australia, 20 September 2021: AdAlta Limited (ASX:1AD), the clinical stage drug discovery company developing novel therapeutic products from its i-body platform, advises that it has executed a A\$4.0 million non-dilutive funding facility (Facility) with Treasury Corporation of Victoria (TCV) as part of the Victorian Government's R&D Cash Flow Loan Initiative (Initiative). AdAlta's Facility is believed to be one of the first awarded under the Initiative.

The Facility will be received in two tranches: the first of A\$2.4 million is expected to be received by 30 September 2021; and the second of up to A\$1.6 million in the quarter ending 31 March 2022. The final amount of the second tranche will be capped so as not to exceed a total Facility draw down of 80% of AdAlta's forecast R&D Tax Incentive (RDTI) rebate for FY2022. The funds will be used to further progress development of an inhaled form of lead product AD-214 for clinical trials in idiopathic pulmonary fibrosis patients, and to commence discovery of i-bodies against targets in its internal pipeline and under AdAlta's new collaboration with Carina Biotech.

Managing Director and CEO, Dr Tim Oldham commented:

"AdAlta is extremely grateful to the Victorian Government for this initiative and the grant of the one of the first facilities to us. This is an important contribution to the Victorian biotechnology ecosystem, in which we are proud to be very active participants. Bringing forward funds from our R&D Tax Incentive rebate, and on attractive terms, enables us to materially extend our near-term cash runway to significantly progress value adding research projects and reach value-driving inflection points."

The Victorian Government's R&D Cash Flow Loan Initiative is administered by Invest Victoria. It is designed to support innovative Victorian small to medium enterprises (SMEs) who are investing in research and development activity to develop the products, services and technologies vital to the State's future economy. The Initiative offers low-interest loans of A\$0.25-4.0 million on up to 80% of an SME's forecasted RDTI rebate for the period ending 30 June 2022. Loans are for a period between 12-28 months. Interest on Facility advances is variable at the "TCV 11am" loan interest rate (currently 0.265%). Repayment of the Facility is timed to coincide with receipt of AdAlta's FY2023 RDTI refund, expected by 31 October 2023, but may be repaid earlier. The Facility is secured by the FY2022 and FY2023 RDTI refunds.

The Facility differs from, and is in addition to, the previously announced (24 June 2021) Radium Capital facility. The Facility attracts a much lower interest rate and is secured against R&D Tax Incentive (RDTI) rebates on future (FY2022) eligible R&D expenditure, as compared with the Radium facility which is secured against accrued RDTI rebates on already incurred (FY2021) R&D expenditure and is expected to be retired on receipt of FY2021 RDTI refund.

Authorised for lodgement by:

Tim Oldham

CEO and Managing Director

September 2021

Notes to Editors

About AdAlta

AdAlta Limited is a clinical stage drug development company headquartered in Melbourne, Australia. The Company is using its proprietary i-body technology platform to solve challenging drug targeting problems and generate a promising new class of single domain antibody protein therapeutics with the potential to treat some of today's most challenging medical conditions. The i-body technology mimics the shape and stability of a unique and versatile antigen-binding domain that was discovered initially in sharks and then developed as a human protein. The result is a range of unique proteins capable of interacting with high selectivity, specificity and affinity with previously difficult to access targets such as G-protein coupled receptors (GPCRs) that are implicated in many serious diseases. i-bodies are the first fully human single domain antibody scaffold and the first based on the shark motif to reach clinical trials.

AdAlta's strategy is to maximise the products developed using its next generation i-body platform by internally discovering and developing selected i-body enabled product candidates against GPCRs implicated in fibrosis, inflammation and cancer and partnering with other biopharmaceutical companies to develop product candidates against other classes of receptor, in other indications, and in other product formats.

AdAlta has advanced its lead i-body candidate, AD-214, into clinical studies. AD-214 is being developed for the treatment of Idiopathic Pulmonary Fibrosis (IPF) and other human fibrotic diseases, for which current therapies are sub-optimal and there is a high unmet medical need.

The Company is also entering collaborative partnerships to advance the development of its i-body platform. It has an agreement with GE Healthcare to co-develop i-bodies as diagnostic imaging agents against Granzyme B, a biomarker of response to immuno-oncology drugs, a program now in preclinical development. It also has an agreement with Carina Biotech to develop precision engineered, i-body enabled CAR-T cell therapies for cancer to bring new hope to patients with solid tumours.

Further information can be found at: <https://adalta.com.au>

For more information, please contact:

Investors

Tim Oldham, CEO & Managing Director

Tel: +61 403 446 665

E: t.oldham@adalta.com.au

Media

IR Department

Tel: +61 411 117 774

E: jane.lowe@irdepartment.com.au