

ASX Announcement | 29 April 2024 AdAlta Limited (ASX:1AD)

New institutional investment enables growth

AdAlta secures up to \$3.7 million to pursue strategic initiatives

Investment highlights

- An up to \$3 million institutional investment by New Life Sciences Capital LLC
- An up to \$0.7 million institutional investment by existing shareholder Meurs Group
- Provides strategic flexibility for AdAlta to draw down funding to accelerate the recently announced SYN BV Memorandum of Understanding in cellular immunotherapy and internal i-body® programs independent of timing of potential transactions related to AD-214

AdAlta Limited (ASX:1AD) (“AdAlta” or “the Company”) is pleased to announce an institutional investment of up to \$3.7 million, consisting of up to \$3 million (the “NLSC Investment”) to be invested by New Life Sciences Capital, LLC (“NLSC”) and up to \$0.7 million (the “Meurs Investment”) to be invested by an entity associated with an existing shareholder, the Meurs Group (together, “Investors”).

AdAlta CEO and Managing Director, Tim Oldham said: *"This financing provides important strategic flexibility for AdAlta. We continue to progress towards near term partnerships to finance Phase II clinical trials for AD-214, however additional financing was needed to accelerate other aspects of AdAlta's long-term strategy. Through the new support from New Life Sciences Capital and continued support from existing shareholder the Meurs Group, we are able to look beyond potential AD-214 transactions. We can now advance our cellular immunotherapy collaboration with SYNthesis BioVentures and our internal i-body® programs with greater certainty. The flexible nature of this investment means we only draw down what we need and can continue to maximise any non-dilutive financing that may come from transactions."*

The NLSC Investment

The NLSC Investment is comprised of up to four tranches, each by way of pre-payment for fully paid ordinary shares (“Shares”) in the Company (“Placement Shares”).

The initial investment (the “Initial NLSC Subscription”) will raise \$800,000 for \$872,000 worth of Placement Shares, and is expected to be received in the next week. Additionally, NLSC has granted the Company the right to require NLSC to make a second investment of up to \$1,400,000 for Placement Shares worth \$1,526,000 within the next twelve months, at the option of the Company, and this second investment will only occur if the Company exercises this option (and further, half of the second investment will be the subject of NLSC’s consent). Finally, a further investment raising up to \$800,000 for Placement Shares worth an equivalent amount may occur only by mutual consent of NLSC and the Company.

The Company will have the right to repay two thirds of the Initial NLSC Subscription (and the entire Initial NLSC Subscription with NLSC’s consent) in cash at 100% of its face value (and without a fee or penalty) within 120 days of its funding.

The Company will also have the right (but not an obligation) to opt to repay the subscription amount of each investment by making a payment to NLSC equal to the market value of the shares that would have otherwise been issued, instead of issuing shares to NLSC. If the Company does not exercise that right, the Company will issue Placement Shares when requested by NLSC, within 36 months of the date of the related

prepayment. The number of shares so issued by the Company will be determined by applying the Purchase Price (as set out below) to the subscription amount, but subject to the Floor Price (as set out below).

The Purchase Price of the Placement Shares will be equal to \$0.06 initially, representing a premium of approximately 93.5% to the closing price of the Company's shares on 26 April 2024. Subject to the Floor Price described below, after the initial month, the Purchase Price will reset to the average of the five daily volume-weighted average prices selected by NLSC during the 20 consecutive trading days immediately prior to the date of NLSC's notice to issue Placement Shares, less a 10% discount. The Purchase Price will, nevertheless, be the subject of the Floor Price of \$0.02. If the Purchase Price formula would result in a price that is less than the Floor Price, the Company may forego issuing shares and instead opt to repay the applicable subscription amount in cash (with a 12% premium), subject to NLSC's right to receive Placement Shares at the Floor Price in lieu of such cash repayment. For the benefit of the Company, the Purchase Price will not be the subject of a cap.

NLSC will not be obligated to provide the second investment, or may reduce the size of the second investment, if the market price of the Company's Shares is below \$0.015 and does not recover to above that level within three months after NLSC notifies the Company.

The Company will make an initial issuance of 3,800,000 Shares to NLSC at the time of the funding of the initial investment, towards the ultimate number of Placement Shares to be issued. Alternatively, in lieu of applying these Shares towards the aggregate number of the Placement Shares to be issued by the Company, NLSC may make a further payment to the Company equal to the value of these Shares determined using the Purchase Price at the time of the payment.

The proceeds from the second investment that are not the subject of the Investor's consent will not exceed 5% of the Company's market capitalisation, without the Investor's consent.

The Company has agreed to issue 2,000,000 Shares to NLSC in satisfaction of a 2% fee in relation to the investment.

The Meurs Investment

AdAlta has executed a binding term sheet with the Meurs Group for an investment on substantially the same terms as the NLSC Investment (except as described below). The term sheet provides for the execution of a definitive investment agreement on terms substantially the same as that executed with NLSC (except as described below).

The initial investment by the Meurs Group (the "Initial Meurs Subscription") will be in the amount of \$400,000 for \$436,000 worth of Placement Shares and is expected to be received in the next three weeks. Additionally, the Company will have the right to require the Meurs Group to make a second investment of up to \$300,000 for Placement Shares worth up to \$327,000 with such funding to be provided within one month from the Company making a request for such funding, and this second investment will only occur if the Company exercises this option.

The Company has agreed to issue 466,667 Shares to Meurs Group in satisfaction of a 2% fee in relation to the investment.

Under the terms of both investments, the Company has provided representations and warranties customary for an investment of this nature. If an event of default occurs in relation to the investment, the investors may call for the repayment of the subscription amount outstanding and will not be required to fund any future tranches that the Company might otherwise elect for them to fund as described below. The customary events of default include insolvency and material breaches of the investment agreements.

Proceeds from the above investments will be used primarily to:

- Accelerate progress of the recently announced cellular immunotherapy Memorandum of Understanding (“MoU”) with SYNthesis BioVentures (“SYNBV”)¹
- Progress internal i-body® programs independently of the availability of funding from ongoing partnering initiatives for lead asset AD-214

Basis of issuance

The Company utilised its existing and available placement capacity under Listing Rule 7.1 to agree the Initial NLSC Subscription and the Initial Meurs Subscription, and to issue the fee Shares to the Investors. Subsequent investments, should the Company elect to draw them down, will be undertaken only if placement capacity under Listing Rule 7.1 is available.

For a video summary of this release and opportunity to engage in a virtual discussion see:

<https://investorhub.adalta.com.au/link/aP32br>

This ASX announcement has been authorised for release by the Board of AdAlta Limited (ASX:1AD).

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About AdAlta Limited

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 enabled protein and cell 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 has completed Phase I clinical studies for its lead i-body candidate, AD-214, that 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 advancing partnering discussions to finance Phase II clinical studies, preparation for which is underway.

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

¹ ASX announcement 8 April 2024

development. It has entered a Memorandum of Understanding with SYNthesis BioVentures to investigate the formation of a jointly owned entity, to be called AdCella, that, once established, will provide innovative cellular immunotherapies originating in Asia with a pathway to western regulated markets via Australian clinical trials and further enhancement with AdAlta's i-body® technology.

AdAlta's strategy is to maximise the products developed using its next generation i-body® platform by 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.

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