

**29 April 2019**

**ASX Announcement**

**QUARTERLY CASH FLOW STATEMENT**

**Quarter highlights**

- Manufacturing development results ahead of expectations, with cell-line yield at 3 grams per litre (3g/L)
- Collaborative partnership with UK-based Excellerate Bioscience, to advance the development of AdAlta's i-body pipeline
- Major shareholder, Yuuwa Capital, confirms support as fund expiry extended to 2022
- Special investor/analyst briefing held in Melbourne
- Cash position of \$3.05m as at 31 March 2019, and the Company expects an R&D tax refund of approximately ~\$3m in the September 2019 quarter based on the 2019 R&D expenditure

**Summary of key operating developments**

During the quarter, AdAlta reported manufacturing results that were in line with expectations. Cell-line yield for the Company's lead fibrosis candidate AD-214 was above previously reported expression levels, at 3 grams per litre (3g/L) - up from the 1g/L reported in October 2018.

The improved results mean AdAlta remains on track with the development of the manufacturing process for AD-214. It is on target to deliver materials for its four-week non-human primate toxicology study, which is expected to commence in July 2019 and be completed in the second half of 2019.

The Company is also on track to deliver Good Manufacturing Practice (GMP) materials for its Phase 1 human study which is expected to commence in January 2020.

In February, AdAlta formed a collaborative partnership with UK-based research organisation, Excellerate Bioscience, to advance the development of its i-body pipeline.

Through the partnership, the two companies will identify i-bodies with unique efficacy, safety and duration and determine which ones are best-in-class for binding to drug targets, specifically G protein-coupled receptors (GPCRs).

GPCRs are involved in a wide array of diseases including diabetes and obesity but many remain difficult to target by small molecule and traditional antibody therapeutics. Of the top 200 selling pharmaceuticals, 25% target a GPCR, with this approach totalling drug sales worth \$82 billion in 2016.

AdAlta will screen its novel i-body library on a target of commercial interest. Excellerate Bioscience will evaluate the leads identified by AdAlta, profile the distinct pharmacology and enable the selection of superior drug candidates. AdAlta will then commercialise the outcomes of the project.

Also during the quarter, AdAlta's major shareholder, Yuuwa Capital, confirmed extension of its fund for an additional three years as well as its ongoing support for AdAlta.

Yuuwa Capital is a Perth-based venture capital firm and is AdAlta's largest shareholder with a holding of 45.97%.

The original end date for Yuuwa's fund was late 2019. Under the fund extension, approved by its Limited Partners, the life of the Yuuwa Capital fund has been extended until late 2022.

### **Investor and Shareholder engagement**

AdAlta conducted several investor and shareholder engagement activities during the March quarter.

In January, the Company held a special investor/analyst briefing in Melbourne, which was well attended.

The briefing, entitled "Pathway to the Clinic" – included perspectives from AdAlta's Scientific Advisory Board members, an IPF clinician, an IPF patient and an update from AdAlta CEO Sam Cobb.

Presentation materials for the event were lodged with the ASX and can be viewed here: [http://1ad.live.irmau.com/irm/PDF/1441\\_0/Investorandanalystbriefingpresentation](http://1ad.live.irmau.com/irm/PDF/1441_0/Investorandanalystbriefingpresentation)

The event was also covered by journalist Tim Boreham in his *Dr Boreham's Crucible* column in *Stockhead* and *Biotech Daily*. The *Biotech Daily* article can be viewed here: [http://1ad.live.irmau.com/irm/PDF/1448\\_0/BiotechDailyDrBorehamsCrucible](http://1ad.live.irmau.com/irm/PDF/1448_0/BiotechDailyDrBorehamsCrucible)

### **Financial update**

As at 31 March 2019, AdAlta's cash position was \$3.05m. Cash outflows for the period were ~\$2.3m, up from the previous quarter cash outflows for the period of ~\$0.21m, but in line with expectations. The Company expects to have negative operating cash flows, consistent with Company operations and history, with total cash outflows over the June quarter to be \$2.9m, as it completes the development of the manufacturing process of AD-214 with KBI Biopharma and manufactures materials for its four-week toxicology study.

AdAlta continues to expect an R&D tax refund for the 2019 financial year of approximately \$3m, in excess of last year's refund (2018: \$2.02m).

In line with prior statements and given the activities required to progress AD-214 to the clinic, the Company anticipates the need to secure further sources of funding. The Board is currently considering its options in this regard and the Company expects to be able to continue its operations and meet its business objectives on this basis.

**Sam Cobb**  
**CEO and Managing Director**  
**April 2019**

Copies of presentations and media are all available via the Company's website at [www.adalta.com.au](http://www.adalta.com.au).

# Appendix 4C

## Quarterly report for entities subject to Listing Rule 4.7B

+Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

|                       |
|-----------------------|
| <b>ADALTA LIMITED</b> |
|-----------------------|

**ABN**

|                       |
|-----------------------|
| <b>92 120 332 925</b> |
|-----------------------|

**Quarter ended ("current quarter")**

|                   |
|-------------------|
| <b>31/03/2019</b> |
|-------------------|

| Consolidated statement of cash flows                      | Current quarter \$A'000 | Year to date<br>(9 months) \$A'000 |
|---|-------------------------|------------------------------------|
| <b>1.0 Cash flows from operating activities</b>           |                         |                                    |
| 1.1 Receipts from customers                               |                         |                                    |
| 1.2 Payments for  |                         |                                    |
| (a) research and development                              | (1,885)                 | (4,134)                            |
| (b) product manufacturing and operating costs             |                         |                                    |
| (c) advertising and marketing                             |                         |                                    |
| (d) leased assets   |                         |                                    |
| (e) staff costs   | (158)                   | (566)                              |
| (f) administration and corporate costs                    | (329)                   | (918)                              |
| 1.3 Dividends received (see note 3)                       |                         |                                    |
| 1.4 Interest received                                     | 14                      | 45                                 |
| 1.5 Interest and other costs of finance paid              |                         |                                    |
| 1.6 Income taxes paid                                     |                         |                                    |
| 1.7 Government grants and tax incentives                  |                         | 2,020                              |
| 1.8 Other (provide details if material)                   | 44                      | 44                                 |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(2,314)</b>          | <b>(3,509)</b>                     |

|   |   |       |
|---|---|-------|
| <b>2.0 Cash flows from investing activities</b> |   |       |
| 2.1 Payments to acquire:                        |   |       |
| (a) property, plant and equipment               | - | (170) |
| (b) businesses (see item 10)                    |   |       |
| (c) investments                                 |   |       |
| (d) intellectual property                       |   |       |
| (e) other non-current assets                    |   |       |
| 2.2 Proceeds from disposal of:                  |   |       |
| (a) property, plant and equipment               |   |       |
| (b) businesses (see item 10)                    |   |       |
| (c) investments                                 |   |       |
| (d) intellectual property                       |   |       |
| (e) other non-current assets                    |   |       |

|            |   |          |              |
|------------|---|----------|--------------|
| 2.3        | Cash flows from loans to other entities               |          |              |
| 2.4        | Dividends received (see note 3)                       |          |              |
| 2.5        | Other (provide details if material)                   |          |              |
| <b>2.6</b> | <b>Net cash from / (used in) investing activities</b> | <b>-</b> | <b>(170)</b> |

|             |   |          |              |
|-------------|---|----------|--------------|
| <b>3.0</b>  | <b>Cash flows from financing activities</b>   |          |              |
| 3.1         | Proceeds from issues of shares  | -        | 4,728        |
| 3.2         | Proceeds from issue of convertible notes  |          |              |
| 3.3         | Proceeds from exercise of share options   | -        | -            |
| 3.4         | Transaction costs related to issues of shares, convertible notes or options                                   | -        | (310)        |
| 3.5         | Proceeds from borrowings  |          |              |
| 3.6         | Repayment of borrowings   |          |              |
| 3.7         | Transaction costs related to loans and borrowings   |          |              |
| 3.8         | Dividends paid  |          |              |
| 3.9         | Other (Director participation in capital raise subject to shareholder approval at the Annual General Meeting) | -        | -            |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>   | <b>-</b> | <b>4,418</b> |

|            |  |              |              |
|------------|--|--------------|--------------|
| <b>4.0</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |              |              |
| 4.1        | Cash and cash equivalents at beginning of quarter/year to date               | 5,359        | 2,306        |
| 4.2        | Net cash from / (used in) operating activities (item 1.9 above)              | (2,314)      | (3,509)      |
| 4.3        | Net cash from / (used in) investing activities (item 2.6 above)              | -            | (170)        |
| 4.4        | Net cash from / (used in) financing activities (item 3.10 above)             | -            | 4,418        |
| 4.5        | Effect of movement in exchange rates on cash held                            |              |              |
| <b>4.6</b> | <b>Cash and cash equivalents at end of quarter</b>                           | <b>3,045</b> | <b>3,045</b> |

| <b>5.0</b> | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter</b><br><br><b>\$A'000</b> | <b>Previous quarter</b><br><br><b>\$A'000</b> |
|------------|---|--|---|
| 5.1        | Bank balances   | 9  | 19  |
| 5.2        | Call deposits   | 3,036  | 5,340   |
| 5.3        | Bank overdrafts   |  |   |
| 5.4        | Other (provide details)   |  |   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>3,045</b>                                 | <b>5,359</b>                                  |

**6.0 Payments to directors of the entity and their associates****Current quarter  
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

127

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors fees paid (including Managing Director &amp; CEO Samantha Cobb)

**7.0 Payments to related entities of the entity and their associates****Current quarter \$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**8.0 Financing facilities available***Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

**Total facility amount at  
quarter end****\$A'000****Amount drawn at  
quarter end****\$A'000**

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

**9.0 Estimated cash outflows for next quarter****\$A'000**

9.1 Research and development

2,635

9.2 Product manufacturing and operating costs

-

9.3 Advertising and marketing

-

9.4 Leased assets

-

9.5 Staff costs

151

9.6 Administration and corporate costs

122

9.7 Other

-

**9.8 Total estimated cash outflows**

2,908

| 10.0 | Acquisitions and disposals of business entities<br>(items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|------|--|--------------|-----------|
| 10.1 | Name of entity   |              |           |
| 10.2 | Place of incorporation or registration   |              |           |
| 10.3 | Consideration for acquisition or disposal  |              |           |
| 10.4 | Total net assets   |              |           |
| 10.5 | Nature of business   |              |           |

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date:

29/04/2019

Print name:

Cameron Jones

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.