AdAlta

next generation protein therapeutics

HALF YEAR REPORT

FOR THE PERIOD ENDING
31 DECEMBER 2024

ADALTA LIMITED AND CONTROLLED ENTITIES
ABN 92 120 332 925

AdAlta Limited and controlled entities
Appendix 4D
Half-year report

1. Company details

Name of entity:	AdAlta Limited
ABN:	92 120 332 925
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	67.1%	to	375,086
Loss from ordinary activities after tax attributable to the owners of AdAlta Limited	down	14.5%	to	(2,576,431)
Loss for the half-year attributable to the owners of AdAlta Limited	down	14.5%	to	(2,576,431)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $2,576,431 (31 December 2023: $3,014,638).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.02	0.50

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half year financial report.

10. Attachments

Details of attachments (if any):

The Half year financial report of AdAlta Limited for the half-year ended 31 December 2024 is attached.

11. Signed

Signed 

Date: 20 February 2025

Paul MacLeman
Chairman
Melbourne

AdAlta Limited and controlled entities

ABN 92 120 332 925

Half year financial report - 31 December 2024

AdAlta Limited and controlled entities
Corporate directory
31 December 2024

Directors	Dr Paul MacLeman Dr Timothy Oldham Dr David Fuller Ms Michelle Burke (Appointed 20 November 2024) Mr Iain Ross (Appointed 20 November 2024)
Company secretary	Mr Cameron Jones
Registered office	Room 204, LIMS2 La Trobe Institute for Molecular Science, Science Drive, La Trobe University, VIC 3086
Auditor	Dry Kirkness (Audit) Pty Ltd Ground Floor, 50 Colin Street West Perth, Western Australia 6005
Share Registry	Automic Registry Services Level 5 126 Phillip Street Sydney, NSW 2000 Tel: 1300 288 664
Stock exchange listing	AdAlta Limited shares are listed on the Australian Securities Exchange Ltd.
ASX Code	1AD
Website	www.adalta.com.au

AdAlta Limited and controlled entities
Contents
31 December 2024

The Directors of AdAlta Limited ("AdAlta" or "the Group") present their report, together with the financial statements, of the Group for the half-year ended 31 December 2024.

Directors

The following persons were Directors of the Group during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Dr Paul MacLeman	Non-Executive Chairman
Dr Timothy Oldham	Chief Executive Officer and Managing Director
Dr Robert Peach (Resigned 20 November 2024)	Non-Executive Director
Dr David Fuller	Non-Executive Director
Ms Michelle Burke (Appointed 20 November 2024)	Non-Executive Director
Mr Iain Ross (Appointed 20 November 2024)	Non-Executive Director

Review of operations

Highlights of half-year to Dec 2024

"East to West" cellular immunotherapies

- "East to West" cellular immunotherapy strategy confirmed as key driver of future pipeline growth and value creation following strategic review and is core growth priority for the company*
- AdAlta will in-license highly differentiated cell therapies for solid cancers from Asian originators and build value by conducting first Phase I clinical trials in Australia.
- Strategy provides a pathway for "Eastern" innovation to reach "Western" regulated markets and patients and aligns with a key driver of the global biopharma industry
- Three non-binding term sheets now executed following a disciplined asset selection process, triggering 90-120 day exclusive negotiation and confirmatory due diligence process*
- Consultant CMO, additional advisors appointed

AD-214

- Strategic review re-affirms that AdAlta's first in class antifibrotic molecule, AD-214, will continue to be advanced only via third party transactions
- Clinical Advisory Board and Consultant CMO appointed to support preparation for further clinical studies of AD-214 by partners
- New data from continuous manufacturing improvement program supports partnering

Discovery activity

- Internal discovery R&D activities to cease in order to focus resources on the "East to West" growth strategy*

Corporate

- New AdAlta Board members appointed
- Cash inflows of $2.65m from RDTI rebate and previously announced investment agreements strengthen cash position and improve balance sheet

* Results of strategic review prioritising "East to West" cellular immunotherapy strategy, additional term sheets executed and confirming monetisation of AD-214 through external partnerships announced post half year end

Overview

AdAlta is a clinical stage biotechnology business focused on the discovery and development of next generation cell and protein-based therapeutics. Current programs address the need for effective cellular immunotherapies for the treatment of solid cancers and the need for more effective therapies for fibrotic diseases such as Idiopathic Pulmonary Fibrosis.

Through its "East to West" strategy, the Company is integrating Asia's prowess in T cell therapy development with the efficiency and quality of Australia's clinical and manufacturing ecosystem to create a pathway connecting "Eastern" innovation in cellular immunotherapies with "Western" regulated markets and patients. This strategy is the key growth driver for the Company.

AdAlta in-licenses products from Asian originators and invests (utilising external, asset level financing) to establish US FDA regulated manufacturing and conduct Phase I clinical studies with potential to position each product for on-licensing at a significant increase in value to larger biopharmaceutical companies for potential registrational studies and commercialization. AdAlta's management of these products creates value by "Westernising" innovative assets, generating confirmatory clinical data and eliminating transactional and execution complexity for Western partners. This value is shared with the Company's in-licensing partners enabling them to realise higher value than they could achieve on their own.

AdAlta implements a disciplined approach to asset selection focused on highly differentiated T cell therapy products supported by clinical data in solid cancers. The company adopts a capital efficient business model delivering a rapid return on investment in each project that is replicable and provides opportunities to scale across multiple products.

Solid tumours account for 90% of cancers yet remain underserved by current cellular immunotherapies. AdAlta aims to dominate this high-growth segment. The cellular immunotherapy market is projected to grow at a compound annual growth rate of 34% to reach US$20.3 billion by 2028.

AdAlta's first in class fusion protein, AD-214, takes a whole new approach to fibrotic diseases of the lung and kidney, such as the degenerative and fatal Idiopathic Pulmonary Fibrosis. Following demonstration of efficacy in multiple animal models of disease and two successful Phase I clinical studies, AD-214 is available for partnering, with partnering transactions intended to crystallise the value that previous R&D investment in this unique asset has created.

Strategic review
Post the end of the first half of FY2025, AdAlta completed a strategic review of its portfolio and growth opportunities. Execution of three term sheets to secure exclusive negotiation rights on cell therapies for solid cancers combined with industry validation of the interest in innovation emerging from Asia validated the Company's previously announced "East to West" cellular immunotherapy strategy which was confirmed as the key priority for clinical pipeline growth and future value creation. This growing opportunity pipeline is expected to quickly re-shape AdAlta into a leader in cellular immunotherapy for solid cancer patients, enhancing the Company's value creation opportunities. This strategy is aligned with a global biopharma trend: biopharma innovation emerging from China and Asia is reshaping the global biopharma landscape. [1]

The strategic review also confirmed the previously communicated strategy to realise the value created by R&D investment to date in first in class anti-fibrotic product, AD-214, by advancing it into further clinical trials only via third party transactions.

To simplify the business and focus resources on the "East to West" cellular immunotherapy strategy, the Company determined that it would cease internal discovery R&D.

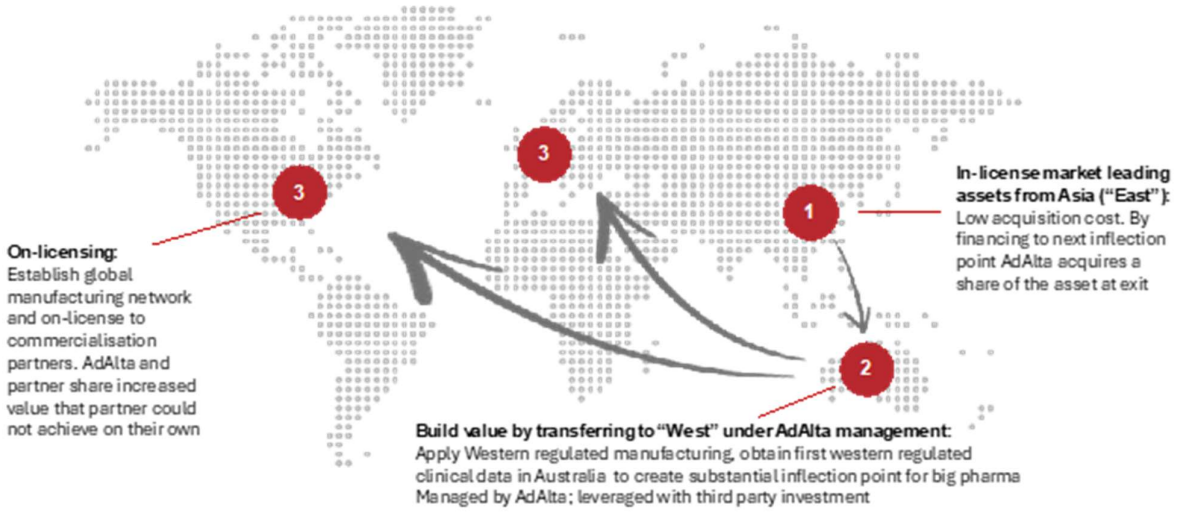
"East to West" cellular immunotherapies strategy to drive clinical pipeline growth and value creation
Cellular immunotherapies are a new class of highly innovative therapeutics that involve collection of a patient's own immune cells, modification of those immune cells in a laboratory to enable them to find and fight cancer, and returning them to the patient. These highly specialised, precision medicine products offer potential cures for cancer in a single or limited number of doses.

AdAlta's "East to West" cellular immunotherapy strategy is to in-license clinical stage, highly differentiated cellular immunotherapies for solid cancers from the "East" (Asia) and provide a pathway for these groundbreaking products to access "Western" markets by establishing manufacturing and conducting first clinical trials under a USA FDA IND in Australia. This then prepares these products for on-licensing to larger biopharmaceutical companies at substantially enhanced valuations. AdAlta acts as a force multiplier for Asian innovators. The business model is illustrated in Figure 1.
This strategy leverages the rich innovation in Asia in biotechnology generally and cellular therapies in particular. Global efforts to tap this innovation was a key theme at the 2025 JPM Morgan Healthcare Week. [2] 41% of global cellular immunotherapy developers and 61% of all clinical trials are located in Asia. [3] Making this innovation available to Western patients remains challenging: large biopharma companies resist the opportunity costs and complexity of transacting with Asia and want clinical data in more diverse populations, and many Asian companies lack the financial and operational skills to deliver this.

[1] BioCentury, commenting on JPMorgan Healthcare Week 2025 when promoting the 4th East-West Biopharma Summit 2025
[2] A series of linked conferences held in San Francisco, USA 13-16 January 2025
[3] Alliance for Regenerative Medicine, Developer Data Report Q3 2023. Includes all companies developing gene modified cell therapies and cell-based immuno-oncology products by headquarter region; GlobalData, Pharma Intelligence Centre, Clinical Trials Database (accessed 5 April 2024). Includes all adoptive cell therapies (T cell immunotherapies, NK cell immunotherapies and tumour infiltrating lymphocytes. Includes all ongoing clinical trials. Multinational trials are included in each country in which they are conducted

AdAlta's "East to West" strategy aims to provide a pathway across this gap, leveraging Australia's specific advantages in cell therapy manufacturing and clinical translation and utilising AdAlta's clinical translation skills and a unique business model. Conducting a single clinical trial, if successful, makes each asset substantially more attractive to larger biopharmaceutical companies, thereby creating significant value for both AdAlta and our Asian partners.

Figure 1: *Valuation upside from becoming a force multiplier for Asian partners*



AdAlta's "East to West" cellular immunotherapy strategy seeks to bring the transformative outcomes that cellular immunotherapies have brought to blood cancers to patients with solid tumors. Using a disciplined asset selection process, AdAlta is identifying highly differentiated T cell immunotherapies designed to overcome the challenges of accessing and treating solid cancers and with potential to be significantly better than current best in class treatments. The solid cancer market is larger and less competitive than the blood cancer market.

Importantly, the "East to West" strategy provides AdAlta with a clear pathway to more effectively create a clinical pipeline via a growing catalogue of in-licensing agreements. These will see the creation of multiple capital efficient, short investment horizon assets, all with frequent clinical milestones. The Company believes that the valuation upside potential for each asset is substantial.

The "East to West" strategy is highly scalable, with the deep opportunity pipeline available providing a runway for AdAlta to evolve into a powerhouse in cellular immunotherapy through replicating product licensing by becoming a force multiplier for Asian partners. Interest from international investors indicates that AdAlta can own and manage these assets while leveraging significant third party capital to finance value creation.

AdAlta's "East to West" to West" cellular immunotherapy strategy was launched in the second quarter of calendar year 2024, when AdAlta announced collaborations with SYNthesis BioVentures (SYBV) and Cell Therapies Pty Ltd (CTPL). [4] A Chief Medical Officer and specialist advisors, Dark Horse Consulting, were appointed during the half year and the three non-binding term sheets have now been executed (one during the half year and two announced post the half year end). [5] The Company is now in exclusive negotiations and confirmatory due diligence to license three clinical stage CAR-T cell therapy assets. Figure 2 summarises AdAlta's progress to date and target deliverables in the near term.

[4] See ASX announcements dated 8 April 2024 and 13 May 2024
[5] See ASX announcement dated 6 February

The drug candidates covered in these three term sheets were all developed in China and are:

- Term sheet 1: Armored CAR-T for lung, mesothelioma, ovarian, pancreatic and colorectal cancers, with clinical data from 32 patients showing efficacy substantially superior to current second line care and a rapid, non-viral vector manufacturing process;
- Term sheet 2: First-in-class CAR-T for advanced colorectal, lung and gastric cancers, with clinical data from 9 heavily pre-treated colorectal cancer patients including two cases of completely resolved malignant ascites, a safety "kill" switch and potential for multi-dosing without lymphodepletion;
- Term sheet 3: first-in-class CAR-T for gastric and gynaecological cancers with clinical data from ten patients suggesting superiority over current third line care.

Figure 2: *"East to West" strategy – progress and potential*

Under these term sheets, AdAlta has between 90-120 days of exclusivity to complete confirmatory due diligence and negotiate definitive licensing agreements. Under definitive agreements, AdAlta will typically make upfront and milestone payments to partners of US$2-6.5 million, such payments to include supply of viral vectors and other raw materials and in some cases payment for further clinical studies in Asia. AdAlta will be responsible for completing technology transfer to Cell Therapies Pty Ltd or another suitable contract manufacturing organisation, securing a US IND approval and conducting a Phase I clinical trial, most likely in Australia, to prepare each asset for Phase II studies (which could support regulatory approval depending on the results and indication). AdAlta will receive between 45-60% of the economic proceeds of a licensing transaction at the end of this Phase I study and will have the option to progress development itself or in co-operation with its partners. Each term sheet may or may not result in a definitive license agreement and terms may vary materially as a result of due diligence findings. Full details about each asset, including licensing terms, will be communicated when definitive agreements are executed.

AdAlta anticipates that further term sheets will be executed. The Company's aspirational targets are for three assets to be secured by the end of calendar year 2025, the first to commence technology transfer in the second half of 2025 and for one new asset to progress into clinical trials each year from calendar year 2026.

AD-214 - fibrosis - safety profile and Phase II dose selection reinforced, de-risking Phase II and supporting partnering
AdAlta's lead product candidate, AD-214, targets the G-Protein Coupled Receptor (GPCR) known as CXCR4 and is being developed as a 'first-in-class' therapeutic for fibrotic diseases. AD-214 will continue to be advanced into Phase II clinical trials through external partnerships and financing. The Company is working with a range of strategic and financial investors interested in investing in the AD-214 asset.

AD-214 has been shown to be safe in Phase I clinical studies, effective in multiple animal and laboratory models of lung fibrosis (IPF, ILD) and kidney fibrosis (eg FSGS, lupus nephritis, Alport Syndrome) and has patent and market exclusivity protection beyond 2036. The next phase of the development program will prioritise completing development of a market preferred subcutaneous formulation of AD-214 and generating clinical efficacy data in patients. The Company continues to advance licensing discussions with regional and global biopharmaceutical companies for both lung and kidney indications as well as with financial investors in a potential spin-out company. While these discussions are progressing more slowly than hoped, the Company notes that interest in fibrosis assets remains high, as evidenced by Eli Lilly's license of MTX-463 (entering Phase II for IPF) from Mediar Therapeutics for US$99 million in upfront and near-term payments and up to US$687 million in contingent milestones (announced January 2025). [6] The Company also notes that Pliant Therapeutics' Phase III study of its IPF candidate was paused on the advice of its Drug Safety Management Committee in February 2025. [7]

During the half year, AdAlta established an internationally recognised Clinical Advisory Board and US based Chief Medical Officer to support partner preparations for Phase II clinical studies. New experiments as part of the Company's AD-214 continuous manufacturing improvement program provided strong support for a step change in yield, adding further value to the asset.

Internal discovery R&D to cease, existing i-body® inventory to be advanced opportunistically through partnerships
A further outcome of the Company's strategic review was the decision to streamline and simplify the business by ceasing internal R&D. This frees A$0.7-0.85 million per year of cash operating costs that can be directed towards the Company's "East to West" cell therapy strategy from April 2025. AdAlta believes that it can develop the diverse clinical stage pipeline that is important for shareholder value creation much faster and more efficiently with our "East to West" strategy. Other existing external partnerships will continue until expiry and do not require material AdAlta resources. Other existing i-body® enabled assets, such as the anti-malaria i-body® discovered with La Trobe University in 2023 will be advanced opportunistically and only with partners and external funding.

Future milestones
AdAlta is working towards the following near-term milestones:

- Completion of due diligence and execution of definitive licensing negotiations with at least one and up to three of the "East to West" cellular immunotherapy assets under existing term sheets (mid-2025)
- Announcement of third party, asset level financing arrangements to commence "Westernising" these assets (mid-2025)
- Commence technology transfer of at least one "East to West" cellular immunotherapy asset to an Australian contract manufacturing organisation (second half of 2025)
- Commence first "East to West" cellular immunotherapy clinical trial (mid-2026)
- Out-licensing or asset financing of AD-214 (timing not forecast)

The timing of "East to West" cellular immunotherapy milestones will be updated dependent on the outcome of definitive license negotiations.

[6] 10 January 2025 https://www.mediartx.com/wp-content/uploads/2025/01/MediarTx-PRESS-RELEASE_1-10-25.pdf
[7] 7 February 2025 https://ir.pliantrx.com/news-releases/news-release-details/pliant-therapeutics-provides-update-beacon-ipf-phase-2b3-trial

Financial results

The loss for the Group after providing for income tax amounted to $2,576,431 (31 December 2023: $3,014,638).

The half-year ended 31 December 2024 operating results included the following:

- Research and development expenditure of $495,350 (31 December 2023: $2,027,634);
- Corporate and administration expenses of $1,484,400 (31 December 2023: $1,023,326);
- Share based payment expense of $45,356 (31 December 2023: $67,106); and
- Net foreign exchange loss of $7,773 (31 December 2023: $3,613 gain)

During the period the Group received the Research and Development Tax Incentive (RDTI) cash refund of $1,774,530 for the 2023/2024 financial year (31 December 2023: $2,350,940) and repaid in full the outstanding $1,400,000 balance of the Victorian Government R&D Tax Incentive Loan Advance Facility.

During the period the Group received second investments totalling $875,895 from New Life Sciences Capital LLC (NLSC) and the Meurs Group under the Investment Agreements announced in April 2024. NLSC have the right but not the obligation to make a further investment of up to $700,000 prior to April 2025.

The cash position as at 31 December 2024 was $1,627,036 (31 December 2023: $3,682,259 and 30 June 2024: $3,133,449).

Corporate developments

The Company's 2024 Annual General Meeting was held on 20 November 2024. All resolutions were passed, including approval of the remuneration report, re-election of Paul MacLeman as a Director, approval of STI and LTI to Tim Oldham, approval of proportional takeover provisions and approval of 10% placement capacity under ASX listing rule 7.1A. All resolutions were carried with support of more than 97% of shares voted.

Non-executive Directors Michelle Burke and Iain Ross were appointed after the Annual General Meeting and following the retirement of Non-executive Director Dr Robert Peach.
During the period the Company issued 35,834,536 shares at the request of NLSC and the Meurs Group in respect of the first investments made under the Investment Agreements referred to above.

Matters subsequent to the end of the financial half-year

After the period end, the Company announced the results of its strategic review prioritising its "East to West" cellular immunotherapy strategy for growth, continuing its strategy of monetising AD-214 through external partnerships and ceasing internal discovery. Cash restructuring costs are not material and none will affect our cash balance post March 2025. There will be a reduction in the balance sheet value of capitalised lease holdings and a small write down of carrying value of laboratory equipment which will have an immaterial affect on net assets. There are no intangible assets to be impaired.

There are no milestone or other payment obligations under the three "East to West" cellular immunotherapy term sheets. The Company is using existing working capital and is in discussions with a strategic investor to progress due diligence on these assets and the Company presently intends to use external, asset level financing to advance any successfully concluded negotiations.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Paul MacLeman
Chairman

20 February 2025

DRY KIRKNESS

AUDITOR'S INDEPENDENCE DECLARATION

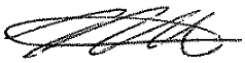
As lead auditor for the review of AdAlta Limited for the half year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of AdAlta Limited and the entities it controlled during the half year ended 31 December 2024.

DRY KIRKNESS (AUDIT) PTY LTD



ROBERT HALL CA
Director

Perth
Date: 20 February 2025

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DRY KIRKNESS

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ADALTA LIMITED

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of AdAlta Limited ("the Company") and its controlled entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of material accounting policy information and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of AdAlta Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half year ended on that date; and

b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations* 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Consolidated Entity had a net asset position of $99,391 as at 31 Dec 2024, incurred a loss after tax of $2,645,737 and had net cash outflows from operating activities of $982,308 for the half-year ended 31 December 2024. As stated in Note 2, these conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by 'the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of financial report* sections of our report. We are independent of the Company 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* (*including Independence Standards*) (*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 review report.

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Directors' Responsibility for the Half Year Financial Report

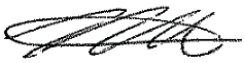
The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's consolidated financial position as at 31 December 2023 and its consolidated financial performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DRY KIRKNESS (AUDIT) PTY LTD



ROBERT HALL CA
Director

Perth
Date: 20 February 2025

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Paul MacLeman
Chairman

20 February 2025

AdAlta Limited and controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	31 Dec 2024 $	31 Dec 2023 $
Revenue	4	375,086	1,139,864
Expenses			
Corporate administration expenses (external)		(1,484,400)	(1,023,326)
Corporate and administration (Employee benefit expenses)		(327,321)	(200,970)
Depreciation and amortisation expense		(70,570)	(9,978)
Finance costs		(29,420)	(72,953)
Net foreign exchange (loss) / gain		(7,773)	3,613
Patent and legal costs		(99,396)	(117,436)
Research and development expenses		(495,350)	(2,027,634)
Research and development expenses (Employee benefit expenses)		(391,931)	(638,712)
Share based payment expenses		(45,356)	(67,106)
Total expenses		(2,951,517)	(4,154,502)
Loss before income tax expense		(2,576,431)	(3,014,638)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of AdAlta Limited		(2,576,431)	(3,014,638)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of AdAlta Limited		(2,576,431)	(3,014,638)
		Cents	**Cents**
Basic earnings per share	5	(0.42)	(0.66)
Diluted earnings per share	5	(0.42)	(0.66)

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

AdAlta Limited and controlled entities
Consolidated statement of financial position
As at 31 December 2024

	Note	31 Dec 2024 $	30 Jun 2024 $
Assets			
Current assets			
Cash and cash equivalents		1,627,036	3,133,449
Trade and other receivables and prepayments		469,789	1,951,186
Other current assets		30,764	206,282
Total current assets		2,127,589	5,290,917
Non-current assets			
Property, plant and equipment		67,636	76,543
Right-of-use assets		143,879	205,541
Total non-current assets		211,515	282,084
Total assets		2,339,104	5,573,001
Liabilities			
Current liabilities			
Trade and other payables		461,735	551,010
Borrowings	6	-	1,405,195
Lease liabilities		129,277	119,736
Provisions		103,211	144,685
Total current liabilities		694,223	2,220,626
Non-current liabilities			
Lease liabilities		23,239	90,340
Provisions		46,376	31,589
Financial liabilities	7	1,475,895	1,200,000
Total non-current liabilities		1,545,510	1,321,929
Total liabilities		2,239,733	3,542,555
Net assets		99,371	2,030,446
Equity			
Issued capital	8	47,999,255	47,399,255
Reserves	9	2,196,784	2,151,428
Accumulated losses		(50,096,668)	(47,520,237)
Total equity		99,371	2,030,446

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

AdAlta Limited and controlled entities
Consolidated statement of changes in equity
For the half-year ended 31 December 2024

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2023	42,175,065	1,873,857	(42,138,968)	1,909,954
Loss after income tax expense for the half-year	-	-	(3,014,638)	(3,014,638)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(3,014,638)	(3,014,638)
Transactions with owners in their capacity as owners:				
Share-based payments	-	67,106	-	67,106
Issue of ordinary shares	3,576,194	-	-	3,576,194
Share issue costs	(189,164)	72,000	-	(117,164)
Balance at 31 December 2023	45,562,095	2,012,963	(45,153,606)	2,421,452

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2024	47,399,255	2,151,428	(47,520,237)	2,030,446
Loss after income tax expense for the half-year	-	-	(2,576,431)	(2,576,431)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,576,431)	(2,576,431)
Transactions with owners in their capacity as owners:				
Share-based payments	-	45,356	-	45,356
Issue of ordinary shares on conversion of investment agreement	600,000	-	-	600,000
Balance at 31 December 2024	47,999,255	2,196,784	(50,096,668)	99,371

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

AdAlta Limited and controlled entities
Consolidated statement of cash flows
For the half-year ended 31 December 2024

	Note	31 Dec 2024 $	31 Dec 2023 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,771,281)	(4,688,147)
R & D tax incentive		1,774,530	2,350,940
Interest received		14,443	33,345
Net cash used in operating activities		(982,308)	(2,303,862)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(62,395)
Net cash used in investing activities		-	(62,395)
Cash flows from financing activities			
Proceeds from issue of shares	8	-	3,475,694
Payment of share issue costs	8	-	(216,691)
Repayment of borrowings		(1,400,000)	(2,000,000)
Proceeds from financial liabilities	7	875,895	-
Net cash from/(used in) financing activities		(524,105)	1,259,003
Net decrease in cash and cash equivalents		(1,506,413)	(1,107,254)
Cash and cash equivalents at the beginning of the financial half-year		3,133,449	4,789,513
Cash and cash equivalents at the end of the financial half-year		1,627,036	3,682,259

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

1. General information

The financial statements cover AdAlta Limited as a Consolidated Entity consisting of AdAlta Limited. and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is AdAlta Limited's functional and presentation currency.

AdAlta Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Room 204, LIMS2
La Trobe Institute for Molecular Science,
Science Drive, La Trobe University, VIC 3086
Australia

A description of the nature of the group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 20 February 2025.

2. Material accounting policy information

Statement of compliance
These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation
These general purpose financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

Going concern
The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.
As disclosed in the financial statements, the Group had a net asset position of $99,371 as at 31 Dec 2024, the Group incurred a loss after tax of $2,576,431 and had net cash outflows from operating activities of $982,308 for the half-year ended 31 Dec 2024.

Although the above are indicative of a material uncertainty relevant to the going concern consideration, the directors consider that the Group can pay its debts as and when they fall due at the date of this report. In actively considering and managing the Group's cashflow forecast, the directors consider that:

- The Group can scale down its operations sufficiently (and narrow the scope of its planned project activities) as required;
- The Group has a track record of raising capital as an ASX listed Company;
- The Group is in active discussions to license/partner its technology (in the ordinary course of executing its business plan); and
- The Group has historically been successful in receiving Research & Development tax incentive refunds from the ATO.

In the unlikely event that the activities referred to above result in a negative outcome, then the going concern basis of accounting may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different to that stated within the financial report.

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

2. Material accounting policy information (continued)

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Parent entity as at 31 December 2024 and the results of all subsidiaries for the half year then ended. The Parent entity and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns, its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transactions provide evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Research and Development Rebate
With the successful track record of the consolidated entity in obtaining the Research and Development rebate form the ATO, an estimated rebate of $360,643 has been accrued as income for the half-year ended 31 December 2024 (30 Jun 2024: $1,737,798).

The company is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claims lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and clawback those prior claims, potentially with penalties. Such a finding may occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.

New or amended Accounting Standards and Interpretations adopted
The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

3. Operating segments

Identification of reportable operating segments
The Group has one operating segment. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Group is domiciled and conducts its operations in Australia.

4. Revenue

	31 Dec 2024 $	31 Dec 2023 $
Interest revenue	14,443	33,345
R&D tax rebate accrued	360,643	1,106,519
Revenue	375,086	1,139,864

4. Revenue (continued)

As at 30 June 2024 the Company accrued for $1,737,798 as its estimated R&D refund for the period ending 30 June 2024. During the period ending 31 December 2024 the Company received its 2024FY R&D refund of $1,774,530, resulting in an under accrual of $36,732. As at 31 December 2024 the Group has accrued $360,643 in relation to the estimated FY2025 R&D refund.

5. Loss per share

	31 Dec 2024 $	31 Dec 2023 $
Loss after income tax attributable to the owners of AdAlta Limited	(2,576,431)	(3,014,638)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	610,254,609	454,199,675
Weighted average number of ordinary shares used in calculating diluted earnings per share	610,254,609	454,199,675
	Cents	**Cents**
Basic earnings per share	(0.42)	(0.66)
Diluted earnings per share	(0.42)	(0.66)

6. Borrowings

	31 Dec 2024 $	30 Jun 2024 $
Current liabilities		
Loan – R&D Advance[1]	-	1,405,195

[1]During FY2022 the Group executed a funding facility (Facility) with Treasury Corporation of Victoria (TCV) as part of the Victorian Government's R&D Cash Flow Loan Initiative (Initiative) of up to $4.0 million. In September 2021 the Group received the first tranche of $2.4 million. In February 2022 the Group received the second tranche of $1.6 million. During FY2024 the Group repaid $2.6 million with the remaining $1.4 million balance repaid upon the receipt of the FY24 Research & Development (R&D) tax incentive refund in October 2024.

7. Financial liabilities

	31 Dec 2024 $	30 Jun 2024 $
Institutional Investment agreement	1,475,895	1,200,000

	31 Dec 2024 $	30 Jun 2024 $
Balance at the beginning of the period	1,200,000	-
Investment received	875,895	1,200,000
Settlement on conversion and issue of shares	(600,000)	-
	1,475,895	1,200,000

8. Issued capital

	31 Dec 2024 Shares	30 Jun 2024 Shares	31 Dec 2024 $	30 Jun 2024 $
Ordinary shares - fully paid	631,458,056	595,623,520	47,999,255	47,399,255

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Incremental costs directly attributable to the issue of the new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	31 Dec 2024 Number	30 June 2024 Number	31 Dec 2024 $	30 June 2024 $
Balance at beginning of the reporting period	595,623,520	366,679,546	47,399,255	42,175,065
Issued for services in lieu of cash	-	2,277,779	-	75,000
Issue of institutional investment fee shares	-	2,466,667	-	74,000
Issue of unpaid shares under Investment Agreements	-	3,800,000	-	-
Issued on exercise of options	-	62,552,776	-	1,876,583
Investment Agreement conversion	35,834,536	157,846,752	600,000	3,531,169
Capital raising costs	-	-	-	(332,562)
	631,458,056	595,623,520	47,999,255	47,399,255

Options and Performance Rights on issue

Expiry date	Number of options	Exercise price
15 March 2025	400,000	$0.1744
26 November 2025	4,929,060	$0.2479
29 November 2025	6,655,000	$0.0845
28 February 2026	450,000	$0.0757
27 February 2027	1,300,000	$0.0397
25 August 2027	100,000	$0.0200
22 November 2027	11,900,000	$0.0200
26 February 2028	1,325,000	$0.0200
20 November 2028	757,195	$0.0190
4 December 2028	1,396,999	$0.0000
6 December 2028	1,695,381	$0.0000

Options issued during the period

No. of Options	Grant date	Expiry date	Grant date fair value	Vesting date	Exercise price
378,598	20/11/2024	20/11/2028	$0.0110	20/11/2025	$0.0190
378,598	20/11/2024	20/11/2028	$0.0110	20/11/2026	$0.0190

For the options, the valuation model inputs used to determine the fair value at the grant date are as follows:

8. Issued capital (continued)

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility %	Dividend yield %	Risk-free interest rate %
20/11/2024	20/11/2028	$0.0190	$0.0190	73.32%	-	4.35%

Performance rights issued during the period

No. of Performance Rights	Grant date	Expiry date	Grant date fair value	Vesting date	Exercise price
1,396,999	25/11/2024	04/12/2028	$0.0180	25/11/2024	N/A
1,695,381	25/11/2024	06/12/2028	$0.0180	25/11/2024	N/A

For the performance rights, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility %	Dividend yield %	Risk-free interest rate %
25/11/2024	04/12/2028	$0.0180	N/A	73.71%	-	4.35%
25/11/2024	06/12/2028	$0.0180	N/A	73.71%	-	4.35%

9. Reserves

	31 Dec 2024 $	30 Jun 2024 $
Share-based payments reserve	2,196,784	2,151,428

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services. No options were issued in the period under review and no change to inputs on option valuation.

	31 Dec 2024 $	30 Jun 2024 $
At beginning of reporting period	2,151,428	1,873,857
Recognised during the period	45,356	277,571
At end of reporting period	2,196,784	2,151,428

10. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

11. Key management personnel disclosures

Remuneration arrangements of key management personnel are disclosed in the annual financial report at 30 June 2024.

11. Key management personnel disclosures (continued)

Key management personnel continue to receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

12. Commitments and contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report. As at 31 December 2024, the Group has no significant commitments.

13. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 31 Dec 2024 %	Ownership interest 30 Jun 2024 %
ADSOLIS PTY LTD	Australia	100.00%	100.00%
ADCELLA PTY LTD	Australia	100.00%	100.00%

14. Events after the reporting period

After the period end, the Company announced the results of its strategic review prioritising its “East to West” cellular immunotherapy strategy for growth, continuing its strategy of monetising AD-214 through external partnerships and ceasing internal discovery. Cash restructuring costs are not material and none will affect our cash balance post March 2025. There will be a reduction in the balance sheet value of capitalised lease holdings and a small write down of carrying value of laboratory equipment which will have an immaterial affect on net assets. There are no intangible assets to be impaired.

There are no milestone or other payment obligations under the three “East to West” cellular immunotherapy term sheets. The Company is using existing working capital and is in discussions with a strategic investor to progress due diligence on these assets and the Company presently intends to use external, asset level financing to advance any successfully concluded negotiations.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.