ASX Announcement | 30 April 2025
AdAlta Limited (ASX:1AD)

QUARTERLY ACTIVITIES REPORT – MARCH QUARTER 2025

Positive asset due diligence and licensing progress for “East-to-West” strategy

Key highlights

- Strategic review prioritised “East to West” cellular immunotherapy strategy as core growth priority for the company, re-affirms that AdAlta’s first in class antifibrotic molecule, AD-214, will continue to be advanced only via third party transactions
- Three CAR-T term sheets executed, technical diligence substantially completed, and first licensing agreement targeted for June quarter 2025
- Heads of Agreement with SYNthesis BioVentures (SYNBV) to invest $0.5 million initially and up to $2 million seed funding in “East to West” subsidiary, AdCella Pty Ltd (AdCella) - completion conditions not yet met
- Internal discovery R&D activities ceased and other cash management initiatives in place.
- Advisors engaged to evaluate a capital raise
- A first enquiry to partner AdAlta’s first in class anti-malarial i-body, WD-34, was received.

AdAlta Limited (ASX:1AD) (“AdAlta” or **“the Company”)**, developer of next generation protein and cell therapeutic products, announces its Appendix 4C cash flow report for the quarter ended 31 March 2025 (Q3 FY25), along with the following financial and operational update. The Company is focussed on executing existing transaction opportunities as well as reviewing other strategic options for the business.

Reflecting on the quarter, AdAlta’s CEO and Managing Director, Dr Tim Oldham commented:

“The March 2025 quarter was both positive and challenging. AdAlta made exciting and significant progress advancing our “East to West” cellular immunotherapy strategy. Successfully completing technical due diligenceon all three assets was an important milestone. While the business model continues to be well received, the financing environment remains challenging and became more challenging during the quarterdue to global financial market volatility. We have multiple ongoing and highly productive discussions with potential investors, however we have not yet been able to meet the conditions to receive SYNBV’s investment or to secure the capital to support licensing our first CAR-T asset. As a result we have implemented appropriate cost reduction measures and engaged capital market advisors to enable us to focus on executing transactions while reviewing other strategic options for the business and its assets.”

Summary

Technical and commercial aspects of the Company’s “East to West” cellular immunotherapy strategy progressed well during the quarter. Three terms sheets were executed in February 2025 securing exclusive negotiation and due diligence rights on three highly differentiated CAR-T products for solid cancers. Technical due diligence has been substantially completed on all three, including on site diligence in China. All three are ready to finalise definitive agreements subject to agreeing minor adjustments to original term sheets.

Out-licensing and third party financing opportunities for AD-214, AdAlta’s first in class anti-fibrotic drug candidate, also continued to be evaluated and a first enquiry to partner AdAlta’s first in class anti-malarial i-body, WD-34, was received. Internal discovery R&D activities ceased.

Financing discussions for across all assets have progressed more slowly than anticipated. A Heads of Agreement with SYNBV for an initial $0.5 million seed funding in AdCella was signed however closing conditions have not yet been met. We continue to work with SYNBV to achieve this closing and to accelerate other sources of financing.

2. AD-214 – a new approach to fibrotic disease

AdAlta's lead product, AD-214, is a first in class, next generation antibody therapeutic for the treatment of fibrotic diseases including lung fibrosis (specifically Idiopathic Pulmonary Fibrosis (IPF) and Interstitial Lung Disease (ILD)) and kidney fibrosis. The Company is focussed on securing third party partners or investors to finance progression of AD-214 into Phase II clinical studies in IPF or kidney fibrosis and development of a patient preferred subcutaneous format.

The value large pharma companies place on novel fibrosis assets was reinforced by the announcement on 10 January 2025 that Eli Lilly would pay Mediar Therapeutics US$99 million in upfront and near-term payments and up to US$687 million for IPF asset MTX-463 that is, like AD-214, poised to enter Phase II clinical trials.

During the quarter, the Company continued to engage in discussions with parties interested in licensing AD-214 or co-investing in its further development. Current interest is predominantly in the kidney fibrosis applications of AD-214.

3. Internal i-body discovery research ceased

On 6 February the Company announced that the decision to streamline and simplify the business by ceasing internal discovery R&D for new i-body drug candidates. 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 and other initiatives. 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.

Existing i-body® enabled assets, such as AD-214 and the anti-malaria i-body® WD-34 discovered with La Trobe University in 2023 will be advanced only with partners and external funding. First enquiries were received in relation to the WD-34 asset.

4. Near-term objectives

With sufficient financing, the Company anticipates it could be in a position to execute at least one in-licensing transaction for AdCella during the June 2025 quarter (with completion subject to initial financing of AdCella). For competitive and practical reasons, AdAlta is unable to forecast when, or even if, other specific partnership agreements and the transactions that flow from them may close.

Given the current cash resources available to the Company, the Board is focussing its available funds on exploring strategic options for the Company's existing assets.

B. Corporate and organization updates

1. Capital raising

The Company has engaged advisors to evaluate a capital raise. Additional details will be the subject of a separate announcement.

2. Cash management initiatives

The cessation of internal R&D activities referred to above resulted in a 45% reduction in direct employees (effective March 2025) and the exit of our laboratory lease at La Trobe University (effective end of February 2025). Excess laboratory equipment has been sold with payments of $0.1 million anticipated in May 2025.

The Company has also embarked on other initiatives to reduce fixed and overhead costs. Board fees have been suspended and the CEO is foregoing salary until the completion of a strategic transaction. The remaining staff will cease employment at the end of May 2025. Their expertise will be retained in the near term through consulting contracts. With the exception of CFO services, all retained services have been suspended or terminated so that all advisory services are provided only as needed and on a time spent basis.

3. Share register movements

During the quarter, 11,111,111 shares were issued to affiliates of New Life Sciences Capital, LLC ("NLSC") in accordance with previously announced investment agreements (see ASX announcement dated 29 April 2024). These shares were issued under the Company's rule 7.1 capacity.

During the quarter 900,000 options were issued to employees and 400,000 options were cancelled under the Omnibus Equity Plan.

C. Financial position

Q3 FY25 saw net operating cash outflows of $1,202,645, in line with operating outflows from the prior quarter. Operating cash outflows for Q3 FY25 included final salary and laboratory lease and consumables payments associated with internal discovery R&D activities that ceased during the quarter. Administrative and corporate costs reflected the costs of business development and due diligence conducted during the quarter. While technical due diligence on initial "East to West" cellular immunotherapy assets was essentially completed during the quarter, some payments will be made in the June 2025 quarter. Future cash requirements however are anticipated to continue to decline as a result of the completion of due diligence and the cash management actions outlined above.

Financing cash flows included $424,600 million R&D Tax Incentive (RDTI) advance loan facility with Radium capital mounting to 80% of the Company's accrued RDTI rebate to January 2025 and secured against the RDTI rebate in respect of FY25 that is anticipated in October 2025.

The cash balance at the end of the March 2025 quarter was $0.83 million (versus $1.63 million at the end of the previous quarter).

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C were $135,571, which include Director Fees plus the salary (including superannuation) for the CEO and Managing Director.

D. Summary

AdAlta's Q3 FY25 reporting period has seen the Company substantially advance its "East to West" cellular immunotherapy strategy in line with prior forecasts. Cash management initiatives have been implemented in response to a materially more challenging financing environment than at the beginning of the quarter.

For an opportunity to engage in a virtual discussion of this report see:
https://investorhub.adalta.com.au/link/7eX6kP

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

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For more information

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ADALTA LIMITED

ABN	**Quarter ended ("current quarter")**
92 120 332 925	31 March 2025

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(141)	(623)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(389)	(1,156)
	(f) administration and corporate costs	(669)	(2,011)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	18
1.5	Interest and other costs of finance paid	(7)	(51)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	1,775
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,203)**	**(2,049)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	-	-
2.6	**Net cash from / (used in) investing activities**	-	-

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	876
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	425	425
3.6	Repayment of borrowings	-	(1,400)
3.7	Transaction costs related to loans and borrowings	(1)	(1)
3.8	Dividends paid	-	-
3.9	Other – (provide details if material)		
	- Security deposit	-	(31)
	- Rental payments under AASB16 (interest expense of lease included in item 1.5 interest expense under AASB16)	(22)	(127)
3.10	**Net cash from / (used in) financing activities**	**402**	**(258)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,627	3,133
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,203)	(2,049)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	402	(258)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**826**	**826**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	201	149
5.2	Call deposits	625	1,478
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**826**	**1,627**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	136
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amount at 6.1 includes Director fees and CEO and Managing Director salary (including superannuation).

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	425	425
7.2	Credit standby arrangements		
7.3	Other (please specify)	113	113
7.4	**Total financing facilities**	**538**	**538**

7.5	**Unused financing facilities available at quarter end**	-

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

Loan facility in place as at 31 March 2025 is a non-dilutive funding facility with Radium Capital.

The table below outlines the terms of the Facility as announced to ASX on 5 March 2025 by AdAlta Limited. Full repayment of the facility is to be upon receipt of AdAlta's Research and Development Tax Incentive (RDTI) rebate in respect of FY2025.

	Endorsed term
Facility amount as at date of ASX announcement	$424,600
Repayment	By 30 November 2025*
Interest rate	15.00%
Security	FY25 R&D Refund

*To be repaid upon receipt of RDTI rebate in respect of FY2025 year

Hunter Premium Financing at Flat Rate of 5.22% of $112,749 as at 31 March 2025.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,203)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	826
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	826
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**0.7**

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company expects net operating cash flows to materially reduce.

During the quarter the Company ceased internal R&D activities and exited the laboratory lease at La Trobe University In addition, excess laboratory equipment was sold with payments of $0.1million anticipated in May 2025.

Post quarter end the Company implemented a cost minimisation strategy to reduce fixed and overhead costs with Board fees suspended, the CEO foregoing salary until the completion of a strategic transaction and remaining staff will cease employment at the end of May 2025.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: As outlined in the Quarterly Activities Report, advisors have been engaged to evaluate a capital raise.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, based on the information included in the above.

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.

30 April 2025

Date: .....

The Board

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.