AdAlta

next generation protein therapeutics

ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2024

ADALTA LTD
ABN 92 120 332 925

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DIRECTORS

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Dr Timothy Oldham

Dr Robert Peach

Dr David Fuller

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Mr Cameron Jones

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STOCK EXCHANGE LISTING

AdAlta Limited shares are listed
on the Australian Securities Exchange.

ASX CODE

1AD

WEBSITE

www.adalta.com.au

CHAIR'S LETTER

AdAlta's transformation to a multi-product company advanced significantly over the course of the Company's 2024 financial year. It saw AdAlta take significant steps towards realizing the value in its lead assets and the goal of expanding its clinical stage pipeline. This progress is consistent with AdAlta's goal of developing i-body®-enabled protein- and cell therapy-based product candidates, and forming commercial partnerships with biotechnology and biopharmaceutical companies to realise the value added to these products.

Dear fellow shareholder,

On behalf of AdAlta's Board of Directors, I am pleased to say that your Company has achieved much over the 12 months ended 30 June 2024 financial year (FY2024).

The year saw AdAlta complete the Phase I clinical development of its lead i-body®-enabled candidate, AD-214 with a successful Phase I extension study and, at the same time, progress partnering and financing initiatives central to our plans to advance AD-214 into Phase II clinical trials. All this while we also sought to develop a strategy to rapidly expand AdAlta's clinical stage pipeline behind AD-214, and further leverage the i-body® platform to advance new drug discovery programs.

The CEO and Managing Director Letter that follows this letter covers these key deliverables in a little more detail. Thanks to these achievements, we are now much closer to our aim of realising a return on the investment made by AdAlta to date.

As our FY2025 gets underway in earnest, the Company's strategy continues to have three distinct components.

The first component is our special purpose vehicle AdSolis which is taking a new approach to fibrotic disease. AdSolis has been created to advance AdAlta's lead asset, AD-214 into Phase II clinical trials for fibrotic diseases, specifically Idiopathic Pulmonary Fibrosis. AdSolis plans to realise this goal either by out-licensing AD-214 to larger pharma companies who will take over further clinical development; or by securing a small number of strategic and financial investors who will directly invest in AdSolis to fund Phase II clinical development without requiring further capital from AdAlta itself.

The second component is AdCella, another special purpose vehicle that has been created to provide focus to the Group's efforts to develop a clinical stage pipeline behind AD-214 at a faster pace than could be achieved purely by internal development. AdCella will in-license advanced cellular immunotherapy products for solid cancers and non-cancer indications from partners across Asia, and will then provide these assets with a pathway to Western-regulated clinical trials via Australia in return for a share of the economic value of these assets. Partners will also have access to AdAlta's i-body® platform to enhance their early stage pipelines.

The third and platform component of AdAlta's strategy is i-body® discovery and product development. This discovery business leverages the i-body® platform to discover new drug candidates against validated but challenging disease targets and advances these candidates through preclinical and manufacturing development. Discovery projects will continue to be undertaken by AdAlta's own in-house team of scientists, often in partnership with collaborators and partner companies who bring complementary skills, knowledge and technology to fully leverage the power of the i-body® platform. AdAlta also provides capital and human resources to its subsidiaries.

On behalf of the entire AdAlta Board, I would like to thank our management and staff for their commitment to our stated development strategy over the course of the Company's FY2024. I also want to take this opportunity to thank our loyal shareholders for their support, as AdAlta continues to successfully validate the inherent value in its medical platform. This support was clearly apparent in the capital raisings we undertook in FY2024. This additional funding provides your Company with the firepower needed to successfully commercialise its unique i-body® technology – be it through the creation of our own clinical products or licensing agreements with larger pharma groups.

Paul MacLeman
Non-executive Chair

CEO AND MANAGING DIRECTOR'S LETTER

AdAlta achieved key operational milestones in its FY2024. Completing Phase I clinical development for our lead i-body®-enabled candidate, AD-214, and progressing partnering and financing initiatives that form part of AdAlta's plans to advance AD-214 into Phase II clinical trials give us confidence in our ability to bring a new approach to IPF for the 500,000 patients around the world essentially living under a death sentence due to the absence of good therapies. Launching our "east to west" cellular immunotherapy strategy with the formation of AdCella provides clarity and focus for our plans to build our clinical stage pipeline beyond AD-214, leveraging the incredible innovation in Asia in this field with AdAlta and Australia's capabilities to offer new hope for solid cancer patients.

Dear fellow shareholder,

AdAlta realised material financial and operational milestones over the course of its FY2024 reporting period. They included a number of notable achievements in the Company's development strategy and successful capital raises that have given AdAlta the runway to further progress its stated growth strategy over the coming 12 months.

Just ahead of our FY2024 getting underway, we announced plans for an important clinical study that extended our prior AD-214 Phase I findings. This Phase I extension study was fully enrolled by September 2023, with final results reported in March 2024. The extension study crucially established safety and tolerability of the target Phase II dose, further supporting partnering.

In other exciting AD-214-related developments, our team established links between levels of receptor occupancy and inhibition of a model fibrotic process by AD-214, enabling identification of target dosing regimens with potential for clinical efficacy. They also identified the potential to deliver AD-214 by a more convenient and lower cost subcutaneous route of administration for lifecycle management. The establishment of the AdSolis subsidiary during the year enables partnering and asset financing discussions to facilitate advancing AD-214 into Phase II clinical trials independent of our other activities and diversifies the range of financing options open to us.

Our goal to build a pipeline of clinical stage assets behind AD-214 is now squarely focused on cellular immunotherapies. In April 2024 AdAlta entered a Memorandum of Understanding with SYNthesis BioVentures (SYNBV) to investigate the establishment of jointly owned subsidiary AdCella. This will provide a vehicle for both parties to execute an "east to west" cellular immunotherapy strategy that aims to in-license clinical trial ready innovative cellular immunotherapies for solid cancers originating in Asia and provide them with a pathway to enter Western-regulated markets. It will leverage AdAlta's skills and Australia's expertise in manufacturing and clinical trials in this field, and give partners access to AdAlta's i-body® technology to enhance their early stage pipelines.

In two other cellular immunotherapies-specific operational achievements over FY2024, we executed a Master Services Agreement with Cell Therapies Pty Ltd (CTPL) in May 2024, establishing them as AdCella's preferred manufacturer of cellular immunotherapies, and advanced due diligence on more than 10 assets to select an initial pipeline for AdCella.

AdAlta also successfully progressed its plans to further leverage the i-body® platform to advance new drug discovery programs. In collaboration with La Trobe University, the i-body® platform was used to identify i-bodies with high potency inhibition of malaria parasite invasion across multiple malaria parasite strains. This combination of high potency and pan-strain inhibition appears to be a world first discovery.

From a financial perspective, we took steps to maintain our balance sheet during FY2024. $6.6m was raised (before costs) over the year from placement and entitlement offers, the exercise of some of the Company's listed options and flexible institutional investment facilities from New Life Sciences Capital LLC (NLSC) and major shareholder the Meurs Group. In addition, AdAlta has access to up to $2.5m additional financing under the NLSC/Meurs Group investment facilities (subject to various elections by AdAlta, NLSC or both), and there is the potential for an up to $7.5m investment into AdCella if the objectives of the MoU with SYNBV are achieved.

CEO AND MANAGING DIRECTOR'S LETTER

This extra funding provides us with the runway to further progress our well-enunciated strategy over the coming 12 months. Over this time we are targeting:

- Execution of a non-dilutive financing or licensing transaction to enable AD-214 to progress to Phase II studies, with its timing dependent on several factors, including the pace and outcomes of partner technical due diligence and commercial negotiations.
- Completing the evaluation of, and licensing the initial cellular immunotherapy assets for AdCella as contemplated by SYNBV MoU, with timing also dependent on factors such as the outcomes of technical due diligence and commercial negotiations.
- Results of in vivo proof of concept studies of A-i-CAR-T cells with Carina and CXCR4 i-bodies with GPCR Therapeutics and the commencement of additional i-body discovery programs supporting AdCella.

I want to personally thank the entire AdAlta team for their hard work over the past year. Their unwavering commitment to delivering the Company's strategy ensured the development milestones I have outlined in this review were achieved - and many other targeted milestones progressed to the point that they too are near realisation. I also want to thank the Board of Directors and our loyal shareholders, particularly those who supported our capital raisings, for their ongoing support as AdAlta's team works towards development and commercialisation of the Company's unique platform.

I now look forward to updating shareholders on further value-enhancing developments over coming months that will unambiguously demonstrate the true value of our i-body® platform.

Tim Oldham

CEO & Managing Director

DIRECTORS' REPORT

The Directors of AdAlta Limited ("AdAlta" or "the Group") submit herewith the Annual Report of the Group for the financial year ended 30 June 2024. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information about the Directors

The names and particulars of the Directors of the Group during or since the end of the financial year are:

Dr Paul MacLeman

MBA, BVSc, Grad Dip Tech, Grad Cert Eng, FAICD, MATT

Chairman, joined the board 16 April 2015. Paul has over 25 years experience across all phases of the life sciences sector. With a career-spanning veterinary practice, pharmaceutical development and manufacturing, biotechnology, diagnostics and finance, Paul has expertise in capital management, business development, technology commercialisation and sales & marketing globally. Paul has launched products using both in-house and outsourced sales staff in Australia and the US. He has founded life sciences start-ups in the biologics area and worked in investment banking focusing on the analysis and financing of technology companies. Paul has previously served as Chairman, Director or Managing Director/CEO of several VC funded, ASX, NASDAQ, CSE and TSX listed companies and has driven a number of IPOs. Paul Chaired the Industry Review Committee for the Pharmaceutical Manufacturing National Training Package for the AISC for approximately 10 years prior to the establishment of the new Jobs and Skills Councils and advises the new formed Manufacturing Industry Skills Alliance. He is also an expert advisor to PharmaVentures plc. (Oxford, UK) and serves on a number of other NFP and government advisory groups. He currently Chairs or is a Non-Executive Director of a number of ASX listed, public unlisted and private companies. Paul is the Executive Chairman of Island Pharmaceuticals Limited (ASX:ILA).

Dr Timothy Oldham

BSc(Hons), LLB (Hons), PhD

Managing Director and CEO, joined the Board on 8 October 2019. Tim has more than 20 years of life sciences business development, alliance management, portfolio and product development, and commercialisation experience in Europe, Asia and Australia, with a particular focus on biologics, cell and gene therapies and pharmaceutical products. Tim was appointed CEO and MD in October 2019. Immediately prior to this, he was Executive Leader of Tijan Ventures, an advisory business focused on growing life sciences companies through strategic advisory and interim CEO, executive and non-executive leadership services, with a particular focus on biologics, cell and gene therapies and immunotherapy. Previous roles include CEO and Managing Director of Cell Therapies Pty Ltd, a leading contract manufacturer and distributor of cellular therapies in Asia Pacific, President of Asia Pacific for Hospira, Inc., and a variety of senior management roles with Mayne Pharma Ltd prior to its acquisition by Hospira. Prior to this, Tim was an engagement manager with McKinsey & Company. He currently serves as a Director of BioMelbourne Network Inc and as a Non-executive Director at Acrux Ltd (ASX:ACR).

Dr David Fuller

MBBS, BPharm(Hons)

Non-Executive Director, appointed 22 July 2020. David has over 30 years experience in pre-clinical, clinical development, medical and regulatory affairs with specialisations in early phase development and oncology. He has led five product approvals in the United States (US) and European Union (EU) for orphan and major market products, together with multiple Regulatory Agency (US/EU) interactions including Investigational New Drug (IND) applications. David has designed and executed multiple Phase I – III studies in US, EU and Asia across multiple therapeutic areas.

David is currently Chief Medical Officer for Dimerix Ltd (ASX:DXB). Previously David was Chair of EpiAxis Therapeutics, Chief Medical Officer at Aucentra Therapeutics and Race Oncology (ASX:RAC), Senior Vice President, Oncology, Syneos Health, a Non-Executive Director of Linear Clinical Research Ltd – a Perth based clinical trials facility – and a former Chair of Dimerix Ltd (ASX:DXB). David holds Bachelor of Medicine/Bachelor of Surgery and Bachelor of Pharmacy degrees from University of Sydney.

Dr Robert Peach

BSc, MSc, PhD

Non-Executive Director, appointed 14 November 2016. Robert has 30 years of drug discovery and development experience in the Pharmaceutical and Biotechnology industry. In 2009 he co-founded Receptos, becoming Chief Scientific Officer and raising US$59M in venture capital and US$800M in an IPO and three subsequent follow-on offerings. In August 2015 Receptos was acquired by Celgene for $7.8B. Robert held senior executive and scientific positions in other companies including Apoptos, Biogen Idec, IDEC and Bristol- Myers Squibb, supporting in-licensing, acquisition and venture investments. His extensive drug discovery and development experience in autoimmune and inflammatory diseases, and cancer has resulted in multiple drugs entering clinical trials and 4 registered drugs. He currently serves on the Board of Directors of Amplia Therapeutics (ASX:ATX), Rekover Therapeutics and is a Scientific Advisory Board member of Eclipse Bioinnovations. Robert is the co-author of 75 scientific publications and book chapters, and 17 patents. He was educated at the University of Canterbury and the University of Otago, New Zealand.

The above-named Directors held office during the whole of the financial year and since the end of the financial year, unless otherwise indicated.

Company Secretary

The name and particulars of the Company Secretary of the Group during or since the end of the financial year are:

Cameron Jones
B.Bus, CA,GIA(Cert)

Cameron is a finance executive and Chartered Accountant with experience as CFO and Company Secretary of ASX Listed and Venture Capital healthcare companies. Cameron has supported companies through IPOs, capital raising and M&A transactions. Cameron is the Managing Director of Bio101, a financial services firm providing transaction advisory, CFO, accounting, tax and company secretarial services specialising in the healthcare and life science sectors.

Directors' shareholdings as at the date of this report

The following table sets out each Director's relevant interest in shares, debentures and rights or options in shares or debentures of the Group as at the date of this report:

Directors	Fully paid ordinary shares	Unlisted Options
	(Number)	(Number)
Dr Paul MacLeman	472,970	5,855,000
Dr Timothy Oldham	1,601,750	11,729,060
Dr Robert Peach	1,453,126	2,950,000
Dr David Fuller	294,936	2,950,000

Dividends

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

Shares under option as at the date of this report

Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
400,000	Ordinary	$0.1744	15 March 2025
3,450,342	Ordinary	$0.2479	26 November 2025
1,478,718	Ordinary	$0.2482	26 November 2025
6,655,000	Ordinary	$0.0845	29 November 2025
450,000	Ordinary	$0.0757	28 February 2026
1,300,000	Ordinary	$0.0397	27 February 2027
100,000	Ordinary	$0.0200	25 August 2027
11,900,000	Ordinary	$0.0200	22 November 2027
1,325,000	Ordinary	$0.0200	26 February 2028

The holders of these options do not have the right to participate in any share issue of the Group without first exercising the options in accordance with the terms of any such share issue.

Indemnity and insurance of officers and auditors

During the financial year, the Group paid a premium in respect of a contract that insures the Directors of the Group (as named above), the company secretary and all executive officers of the Group and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Meetings of Directors

The number of meetings of the Group's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	Full Board		Remuneration and Nomination Committee[1]		Audit and Risk Committee[1]	
	Attended	Held	Attended	Held	Attended	Held
Dr Timothy Oldham	6	6	2	2	2	2
Dr Paul MacLeman	6	6	2	2	2	2
Dr Robert Peach	6	6	2	2	2	2
Dr David Fuller	6	6	2	2	2	2

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

[1] All non-executive directors are invited to attend all committee meetings regardless of committee membership. Only committee members are entitled to vote on resolutions of the committees.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

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.

Operating and financial review

1. Summary of principal activities and purpose

AdAlta Ltd (ASX:1AD) (AdAlta or the Company) is a clinical stage drug discovery and development company.

The principal business of AdAlta is the discovery and development of next generation protein and cell-based therapeutics. The Company's focus is to go where traditional antibodies cannot to deliver antibody-like precision in applications beyond the limits of traditional antibody formats. AdAlta creates value by:

- discovering new protein and cell therapeutics and diagnostics using its i-body® platform. i-bodies are a new class of small, targeted proteins that mimic the properties of the single domain antibodies found in the shark immune system: they are the first fully human, single domain antibody-like proteins. i-bodies are engineered so their unique properties (small size, stability and long, flexible binding domain) make them ideally suited for addressing drug targets considered challenging or 'undruggable' by traditional antibody therapies. They can also be coupled to diverse therapeutic or diagnostic 'cargoes', enabling these cargoes to be delivered to difficult to reach targets within the human body. This makes the i-body® platform a powerful drug discovery tool.
- selectively in-licensing or acquiring pre-clinical stage product candidates and further developing them or co-developing them through initial clinical studies. Amongst other factors, a key selection criteria for these product candidates will be the potential for a strategic collaboration with their original owner to utilize i-body® technology in other pipeline products.
- progressing or developing protein- and cell therapy-based product candidates through pre-clinical studies, product development and early-stage clinical trials.

This value is converted to revenue by:

- partnering with biotechnology and biopharmaceutical companies to co-develop i-body®-enabled products for targets identified by these partners or by AdAlta. In return, AdAlta receives combinations of research fees, development and commercialisation milestones, royalties and equity interests in these products.
- out-licensing products developed by AdAlta at various stages of discovery, preclinical or early clinical development to larger biopharmaceutical and biotechnology companies. In return, AdAlta receives upfront payments, further development and commercialisation milestones, and royalties.

The primary focus of the FY2024 year was to:

- complete the Phase I clinical development of the Company's lead i-body®-enabled candidate, AD-214, and progress partnering and financing to advance AD-214 into Phase II clinical trials and to realise a return on the investment made by AdAlta to date.
- develop a strategy to rapidly expand AdAlta's clinical stage pipeline behind AD-214.
- continue to leverage the i-body® platform to advance new drug discovery programs.

2. Key achievements in FY2024

AD-214/AdSolis

- Established links between levels of receptor occupancy and inhibition of a model fibrotic process by AD-214, enabling identification of target dosing regimens with potential for clinical efficacy.
- Completed Phase I extension study of AD-214, establishing safety and tolerability of target Phase II dose.
- Identified potential to deliver AD-214 by a more convenient and lower cost subcutaneous route of administration for lifecycle management.
- Established AdSolis subsidiary and advanced partnering and asset financing discussions to facilitate advancing AD-214 into Phase II clinical trials.

Cellular immunotherapies/AdCella

- Entered a Memorandum of Understanding with SYNthesis BioVentures (SYNBV) to investigate the establishment of jointly owned subsidiary AdCella to execute an "east to west" cellular immunotherapy strategy that aims to in-license clinical trial ready innovative cellular immunotherapies for solid cancers originating in Asia and provide them with a pathway to enter Western-regulated markets leveraging AdAlta's skills and Australia's expertise in manufacturing and clinical trials in this field. Partners will also gain access to AdAlta's i-body® technology to enhance their early stage pipelines.
- Executed a Master Services Agreement with Cell Therapies Pty Ltd (CTPL) establishing them as AdCella's preferred manufacturer of cellular immunotherapies.
- Advanced due diligence on more than 10 assets to select an initial pipeline for AdCella.

i-body® discovery

- In collaboration with La Trobe University, used the i-body® platform to identify i-bodies with high potency inhibition of malaria parasite invasion across multiple malaria parasite strains. This combination of high potency and pan-strain inhibition appears to be a world first discovery.

Financing

- Raised $6.62m from equity issues, exercise of 1ADOA listed options and flexible institutional investment facilities from New Life Sciences Capital LLC (NLSC) and major shareholder the Meurs Group.
- Access to up to $2.5m additional financing under the NLSC/Meurs Group investment facilities.
- Potential for up to $7.5m investment into AdCella if the objectives of the MoU with SYNBV are achieved.

3. Company strategy

AdAlta has three core strategies as illustrated in Figure 1:

1. **AdSolis: taking a new approach to fibrotic disease with AD-214**
   AdSolis is a special purpose vehicle created to advance the Group's lead asset, AD-214 into Phase II clinical trials for fibrotic diseases, specifically Idiopathic Pulmonary Fibrosis. AdSolis plans to realise this goal either by out-licensing AD-214 to larger pharma companies who will take over further clinical development; or by securing a small number of strategic and financial investors who will directly invest in AdSolis to fund Phase II clinical development without requiring further capital from AdAlta.

2. **AdCella: "east to west" cellular immunotherapies**
   AdCella was created to provide focus to the Group's efforts to develop a clinical stage pipeline behind AD-214 faster than could be achieved purely by internal development. AdCella will in-license advanced cellular immunotherapy products for solid cancers and non-cancer indications from partners across Asia, and will then provide these assets with a pathway to Western-regulated clinical trials via Australia in return for a share of the economic value of these assets. Partners will also have access to AdAlta's i-body® platform to enhance their early stage pipelines.

3. **AdAlta i-body® discovery and product development: going where antibodies cannot**
   The discovery business leverages the i-body® platform to discover new drug candidates against validated but challenging disease targets and advances these candidates through preclinical and manufacturing development. Discovery projects are undertaken by AdAlta's own in-house team of scientists, often in partnership with collaborators and partner companies who bring complementary skills, knowledge and technology to fully leverage the power of the i-body® platform. AdAlta also provides capital and human resources to operate its subsidiaries.

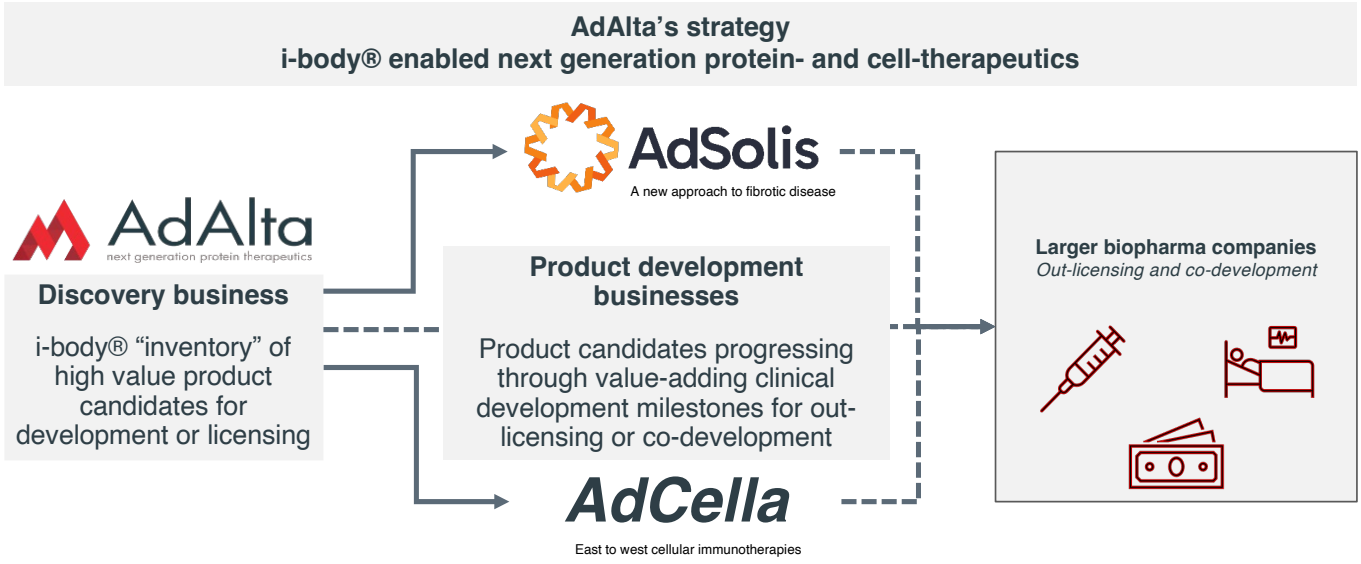

Figure 1: AdAlta's core business strategies

4. AdSolis – taking a new approach to fibrosis with AD-214

Fibrosis, or scarring, can affect almost every organ in the body and may be responsible for organ failure in up to 45% of deaths in the Western World alone. By way of example, 500,000 patients globally suffer from the rare degenerative disease, Idiopathic Pulmonary Fibrosis (IPF), and are living under a death sentence because there are simply no good therapies available and none that halt progression of this debilitating disease.

AdAlta's lead product candidate, AD-214, is taking a whole new approach to fibrotic disease. AD-214 is a first in class, next generation protein therapeutic targeting the G-Protein Coupled Receptor (GPCR) known as CXCR4. AD-214 has demonstrated efficacy in multiple animal models of fibrotic disease, particularly in lung and kidney fibrosis. Preclinical research is on-going in eye fibrosis (a leading cause of blindness in Western World countries) and in cancer (in collaboration with South Korean partner GPCR Therapeutics). These demonstrate the multiple indication potential of AD-214. This drug candidate has also been shown to be well tolerated when administered by intravenous infusion in two Phase I clinical trials. The bioavailability and activity (target engagement) of AD-214 supports AdAlta's target product profile of 10 mg/kg infusions every two weeks. Additional studies support the potential for an even more convenient and lower cost weekly subcutaneous format of the drug that could be used for lifecycle extension.

AD-214 is protected by composition of matter patents in all major pharmaceutical markets extending to 2036, with additional applications filed that if granted would further extend protection to 2043. AD-214 has been granted Orphan Drug Designation (ODD) for IPF by the US Food and Drug Administration (FDA) which confers regulatory and tax advantages for commercialisation partners and, if approved, AD-214 would attract 12 years of market exclusivity in the US and 10 years in EU.

AD-214 is the only antibody-like molecule moving into Phase II clinical trials and one of only three molecules targeting a novel pathway where there have not been prior clinical failures. AD-214's robust development strategy and its strong competitive position is summarised in Table 1.

Table 1: A$45m investment to date has built strong AD-214 value proposition

First in class molecule targeting established mode of action in fibrotic disease	• Competitively positioned as only antibody-like therapeutic entering late-stage development pipeline
Pre-clinical efficacy in multiple animal models of fibrotic disease - derisks clinical studies	• Led by Idiopathic Pulmonary Fibrosis (IPF): Total Addressable Market (TAM) US$4.3b • Multiple US$b indication potentional: kidney, eye, cancer
Phase I successfully completed	• Well tolerated, evidence of target binding
Clinically viable dosing regimen	• Intravenous (IV) every 2 weeks; subcutaneous (SC) every week • Bridge between preclinical efficacy and Phase I results
Strong intellectual property, regulatory position	• Patents protecting asset to 2036 and beyond • US FDA Orphan Drug Designation for IPF • 10-12 years market exclusivity - US, EU)

The markets for new antifibrotics are significant. The two existing therapies approved for IPF and the related family of Interstitial Lung Diseases (ILDs) generated sales of US$4.3 billion in 2022,[1] yet have limited efficacy and significant side effects that limit patient compliance. The demand for novel antifibrotics continues to be validated by strong partnering interest shown for AD-214, as well as recent peer transactions. In August 2022, Genentech licensed Phase II antifibrotic vixarelimab from Kiniksa Pharmaceuticals for US$80 million up front and US$620 million in potential milestones.[2] In October 2022, AbbVie purchased DJS Antibodies for US$225 million, primarily for a preclinical IPF product candidate.[3] The markets for kidney fibrosis and eye fibrosis could be as large as US$10 billion and US$15 billion respectively.[4]

AdAlta completed Phase I clinical trials in healthy volunteers showing intravenous (IV) AD-214 is well tolerated in single doses up to 20 mg/kg and multiple doses of 5 mg/kg in healthy volunteers. These studies also showed that AD-214 engages its target receptor, CXCR4 (a receptor protein that spans the outer membrane of cells and is involved in cell mobility as well as helping regulate various biochemical processes involved in fibrosis) and sustains higher levels of receptor occupancy for longer than anticipated.

In March 2024, AdAlta completed a Phase I extension clinical study of IV AD-214 to evaluate the safety and tolerability of multiple doses of IV AD-214 at 10 mg/kg, the anticipated target dose in upcoming Phase II clinical studies.[5] AD-214 was well tolerated at this higher dose, with no dose limiting toxicity, no need to interrupt doses, no requirement to administer medication to manage infusion reactions and no adverse events more serious than "mild". This establishes the safety profile necessary to advance this dose to Phase II clinical studies The availability, or pharmacokinetics (PK) of AD-214 was in line with expectations from prior studies and consistent across all doses. The activity, or pharmacodynamics (PD), of AD-214, as measured by white blood cell mobilization and target receptor occupancy, were also consistent across all doses and in line with both prior studies and dose simulation model predictions, supporting the potential efficacy of the Phase II dose level. Immune responses to AD-214, which are observed for most biologics, continue to be very low level and with no evidence of effect on PK or PD, despite the study being designed to test the effect of peak immune responses. This supports the claim that the low-level immune response is unlikely to detract from clinical efficacy or safety.

Pre-clinical studies have established a link between observable levels of target receptor occupancy and inhibition of cell migration, a surrogate model of the fibrotic process, enabling the efficacy of different AD-214 doses and dose intervals to be estimated and supporting the potential efficacy of IV delivery of 10 mg/kg of AD-214 every two weeks, the interval required for commercial viability. These studies also identified that delivery of AD-214 via subcutaneous administration is plausible.[6] Other preclinical studies continued to explore the potential efficacy of AD-214 in other fibrotic diseases and cancer. These studies enable improved design and significantly reduced risk of Phase II clinical studies of AD-214 and enhanced value through potential use in broader markets and more convenient formats. Partner feedback confirms that the potential for SC administration significantly improves commercial potential, adding significant value to the asset.

The Company is focused on preparing for Phase II clinical efficacy trials using intravenous (IV) delivery of AD-214 for lung and kidney fibrosis as the fastest and most cost-effective path to demonstrate efficacy in Phase II clinical studies in multiple indications. The development of the SC formulation and Phase I clinical testing could proceed in parallel, providing commercialization partners with multiple options for Phase III trial design (see Table 2).

[1] *Global Data, Idiopathic Pulmonary Fibrosis Competitive Landscape, April 2023*

[2] *https://investors.kiniksa.com/news-releases/news-release-details/kiniksa-pharmaceuticals-announces-global-license- agreement*

[3] *https://news.abbvie.com/news/press-releases/abbvie-acquires-djs-antibodies-further-strengthening-immunology-pipeline.htm*

[4] *GlobalData, disease analysis reports*

[5] *https://investorhub.adalta.com.au/announcements/6233083*

[6] *https://investorhub.adalta.com.au/announcements/4412522*

Table 2: AD-214 product development strategy

Target intravenous (IV) product profile
- IV administration in clinic
- Two weeks minimum between infusions
- Fastest, cheapest to clinical proof of concepts

Strategy: Progress to Phase II

Potential subcutaneous (SC) product profile
- Patient self-administration at home
- Weekly or daily injections
- Enhanced market share, reduced COGS

Strategy: Develop formulation, progress to Phase I

Choice of formulation to take through to Phase III

AdAlta has established a subsidiary company, AdSolis Pty Ltd, to pursue two parallel strategies to secure the necessary financing for Phase II clinical trials and to generate a return on its investment to date in AD-214:

1. Out-licensing of AD-214 to large biopharmaceutical companies who would then conduct Phase II and further studies; or
2. Co-developing AD-214 in AdSolis managed by AdAlta and financed by third party strategic or financial investors.

The Company is progressing multiple partnering discussions to progress both these strategies with the objective of executing a transaction in the near term. The results of the Phase I extension study were key to progressing these strategies and multiple interested parties have now received, and are evaluating, the results. In addition to progressing existing AdSolis pipeline discussions, AdAlta's marketing initiatives have also generated an additional surprising (and highly positive) outcome in the form of a number of high quality, in-bound enquiries from new licensing partner and investor prospects, including newly formed, venture-backed companies. These reflect the record levels of venture capital raised in the US during 2023 that is now needing to be deployed, and these new enquiries have added significant additional momentum and competitive tension to AdAlta's partnering discussions.

One example of these newly formed companies has a therapeutic focus on "lung-related fibrotic conditions, skin-related fibrosis and pulmonary arterial hypertension". They have seed funding from a venture capital firm that has backed the leadership team in the past and has committed to substantial funding on in-licensing the right assets. This company is actively seeking in-licensing and collaboration opportunities at pre-clinical, Investigational New Drug (IND)-ready, or early clinical stage and described AD-214 as fitting perfectly with its strategy.

A second example has already raised several hundred million dollars from blue chip life sciences investors and established a big data and artificial intelligence platform for drug target and candidate selection and optimisation, along with a discovery pipeline. To accelerate time to value creation, they are looking to in-license late-stage pre-clinical to early-stage clinical assets in "the inflammation and immunology space including a focus on fibrosis", precisely where AD-214 is positioned.

5. AdCella – "east to west" cellular immunotherapies

AdAlta announced the creation of AdCella Pty Ltd (AdCella) in April 2024, providing clarity and focus to AdAlta's strategy of building out its product development business and clinical stage pipeline by in-licensing assets that complement the i-body® platform. AdCella will focus on cellular immunotherapies (living drugs based on engineered human cells), a rapidly growing market that is transforming outcomes in blood cancer and is now poised to do so in solid cancers and non-cancer indications. Asia, and China in particular, is leading innovation in this field with around half of all companies and 60% of all clinical trials found in Asia. Australia has specific and globally recognised expertise in cellular immunotherapy manufacturing and clinical trials.

Harnessing the cells of the body's own immune system as a living drug is opening up new ways to fight cancer and other chronic diseases. A specific (and today the leading) example is Chimeric Antigen Receptor (CAR) cell therapies which involve modification of a patient's immune cells (T cells, NK cells, macrophages, etc.) so that they produce a CAR on the cell surface that enables the patient's immune system to recognise and kill diseased cells such as cancer.

CAR-T cell therapies have revolutionised treatment of blood cell cancers. There are now six USA FDA approved CAR-T cell therapies[7] which have been successfully used to treat patients who have failed multiple rounds of chemotherapy. The market for CAR cell therapies is projected to grow from US$1 billion in 2020 to more than US$20.3 billion by 2028,[8] with more than 50% of revenues to be derived from CAR-cell therapies against solid tumours by 2030.[9] In 2024 the first cellular immunotherapies for solid cancers have been approved by the FDA.[10]

i-bodies may offer particularly unique advantages in the field of CAR cell therapy. Until now, fragments of monoclonal antibodies called scFv's have been used to target CAR cells to tumours. The smaller size of i-bodies makes then suitable for the creation of combination CARs capable of targeting of multiple tumour antigens. Their unique targeting capability enable them to target novel and difficult to access tumour antigens. They are small enough to be made and secreted by immune cells to help overcome immune system suppression induced by tumours. These are significant advantages over scFv fragments, making i-bodies potentially part of the solution to extending the potential of these therapies to solid tumours.

More than half of all cellular immunotherapy clinical trials globally are now conducted in China.[11] Chinese (and also South Korean) companies are able to quickly and cost effectively design and optimize novel cellular immunotherapy products, including generating early clinical efficacy data. They often have extensive product pipelines but lack the financial and local market operational resources to make these products available in western regulated markets.

AdCella's objective is to be a force multiplier for Asian (and particularly China) innovators by providing a pathway for clinic ready assets to access Western-regulated markets. With AdCella as their bridge to the latter target markets, partner companies will gain unique access to:

- Australia's cellular immunotherapy clinical and manufacturing ecosystem.
- AdAlta's capabilities to conduct clinical trials acceptable to US FDA at lower cost than in the US.
- AdAlta's i-body® platform for the next generation of multi-functional cellular immunotherapy products in their pipeline.
- Access to both public and private sources of capital.

In addition, Australian patients may benefit from earlier access to these new therapies than would otherwise be possible without AdCella.

By licensing or acquiring global (outside Asia) commercialisation rights to these products in return for conducting initial clinical trials for Western-regulated markets in Australia, AdCella could add significant value to these assets for both AdCella and its licensing partners. AdCella's business model is illustrated in Figure 2. AdAlta's i-body® platform can also be made available to these partners to enhance their future pipelines.

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[7] *https://www.fda.gov/vaccines-blood-biologics/cellular-gene-therapy-products/approved-cellular-and-gene-therapy-products*

[8] *Grandview Research, "T-cell Therapy Market Size, Share & Trends Analysis" Feb 2021*

[9] *Polaris Market Research, "CAR-T Cell Therapy Market Share, Size Trends, Industry Analysis Report", June 2021*

[10] *https://www.fda.gov/news-events/press-announcements/fda-approves-first-cellular-therapy-treat-patients-unresectable-or-metastatic-melanoma and https://www.fda.gov/news-events/press-announcements/fda-approves-first-gene-therapy-treat-adults-metastatic-synovial-sarcoma*

[11] *GlobalData, Pharma Intelligence Center, (accessed 24 May 2023)*

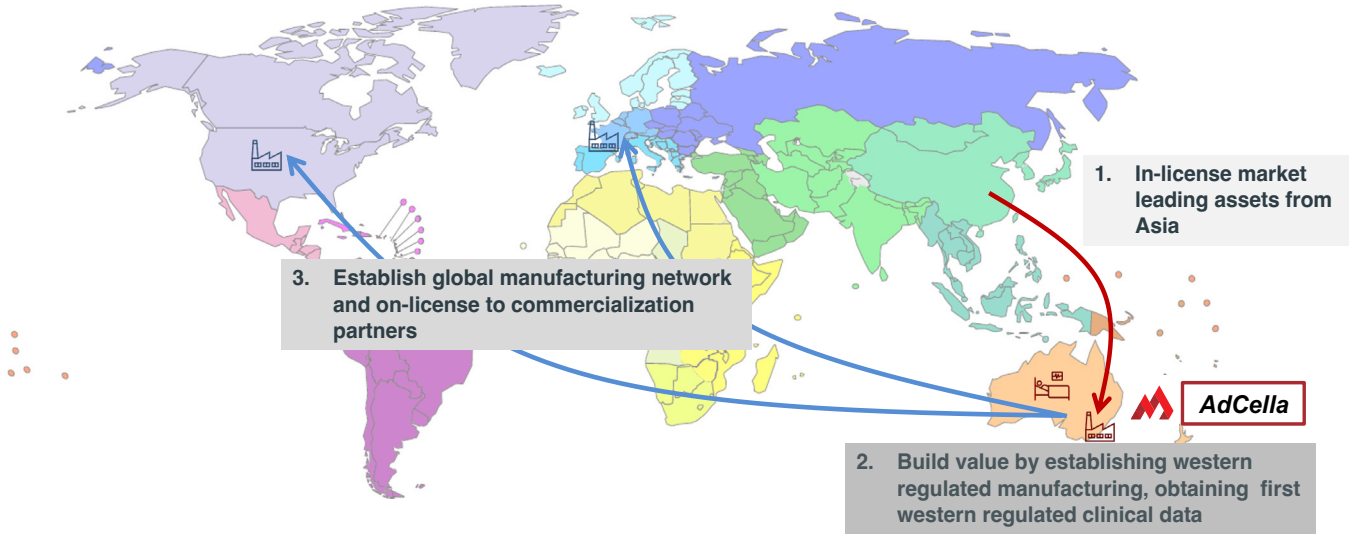


Figure 2: AdCella's business model

In this way, AdCella aims to develop a pipeline of novel, multi-functional cellular immunotherapy products addressing the challenges of trafficking, targeting and immune suppression in solid tumours and non-cancer indications.

In April 2024, AdAlta announced the execution of a Memorandum of Understanding (MoU) with SYNthesis BioVentures (SYNBV) to work towards creating AdCella. Successfully achieving the objectives of the MoU would result in SYNBV becoming an investor in and joint owner of AdCella. SYNBV's deep expertise in cross border transactions and access to alternative capital sources, especially with China, is highly complementary to AdAlta's operational and technology skills and enables AdAlta to accelerate execution of its strategy. SYNBV and AdAlta are collaborating over an initial term of six months (with option to extend a further six months) to complete due diligence on more than ten cellular immunotherapy assets with a view to selecting an initial portfolio for AdCella. Many of these candidates have already generated clinical data in their "home" markets, substantially reducing the risk of the initial clinical trials in Australia.

In May 2024, AdAlta further strengthened AdCella's execution capabilities by entering a Master Services Agreement (MSA) establishing Cell Therapies Pty Ltd (CTPL) as AdCella's preferred manufacturer of cellular immunotherapies. This collaboration provides AdCella with access to expertise in cellular immunotherapy process development, manufacturing and supply chain management. CTPL is Australia's leading commercial contract development and manufacturing company specialising in cell therapy, gene therapy, regenerative medicine, and cellular immunotherapy products. CTPL's expert team and world-class facilities have been developing and manufacturing cutting edge treatments for cancer and rare diseases on behalf of local and international clients for more than 20 years and have been approved for commercial CAR-T cell therapy supply to Australia (TGA) and Japan (PMDA).

The combination of AdAlta's i-body® platform, SYNBV and CTPL demonstrates AdCella's capability to execute its strategy and is being well received by both Asian partners and global investors, a clear forward indicator that AdCella will gain access to the products and capital required to underwrite its future growth.

6. i-bodies – going where traditional antibody therapeutics cannot

AdAlta's i-body® platform continues to enable early discovery and preclinical development programs across a range of drug formats and targets. AdAlta's discovery business includes:

- Ongoing immuno-oncology co-development programs with Carina Biotech (i-CAR-T), GE Healthcare (i-PET imaging) and GPCR Therapeutics (CXCR4 i-body® combination therapies).
- Internal discovery programs supporting AdCella.
- Potential applications of the new antimalarial i-body® discovered with La Trobe University.

Progress on internal discovery programs has been intentionally slowed to increase focus on AdSolis and AdCella partnering programs.

Immuno-oncology co-development programs

i-CAR cell therapies

In August 2021, AdAlta entered a collaboration agreement with Carina Biotech Pty Ltd (Carina), an Australian biotechnology company, to develop next generation i-body enabled CAR-T cell therapies (i-CAR-T's) for solid tumours.

Under the collaboration, Carina and AdAlta will combine Carina's advanced CAR-T cell therapy technology platform with AdAlta's i-body platform to develop CAR-T and dual or bi-specific CAR- T products for up to five different targets. The companies will share development costs to reach the value enhancing pre-clinical proof of concept stage, at which point they will jointly own the products created.

The collaboration has demonstrated that i-bodies can successfully be incorporated into CAR-T cells that meet required manufacturing specifications and kill cancer cells in vitro. This has enabled AdAlta to strategically position its i-body® technology at the forefront of next generation CAR cell therapies, providing evidence supporting the potential synergies between the i-body® platform and AdCella's in-licensing partners.

Carina is now evaluating i-CAR-T constructs against an undisclosed tumour target "A" in in vitro and in vivo efficacy studies. AdAlta has commenced discovery research for the next two tumour targets "B" and "C". These targets could be utilised in various gastrointestinal, gynecological and neurological cancers.

CXCR4 – cancer

AdAlta has a collaboration with GPCR Therapeutics Inc (South Korea) to evaluate AdAlta's CXCR4 inhibiting i-bodies as cancer therapeutics, using GPCR Therapeutics' proprietary combination inhibition approach. CXCR4 is overexpressed in more than 23 cancers and drugs targeting the CXCR4 pathway address a multibillion dollar opportunity. Initial results have replicated AdAlta's own laboratory findings about the activity of these i-bodies and provided encouraging indicators of synergies with GPCR Therapeutics' intellectual Property. Should GPCR Therapeutics Inc's in vitro and in vivo evaluation be positive, AdAlta will have a first option to license and further commercialise any resulting products for the treatment of cancer.

i-PET-imaging – immuno-oncology

In September 2019, AdAlta commenced a collaboration with GE Healthcare Technologies Inc (GEHC) to develop i-body enabled PET (i-PET) imaging agents for use in immuno-oncology. The aim of these i-PET imaging agents is to enable identification of patients who are not responding to immune checkpoint inhibitor therapy well before their tumours progress. Further updates on this program will be provided in consultation with GEHC and as milestones are achieved.

Internal i-body® discovery programs supporting AdCella

AdAlta is preparing i-body® discovery campaigns against two new targets that could be utilized in cellular immunotherapies. Importantly, these could become "catalogue products" for cellular immunotherapies that may assist in improving the potency and persistence of multiple products for AdCella and other partners and could be licensed multiple times.

Other i-body® discovery programs

In January 2023, the Company announced that its collaborators at University of Western Australia had published research suggesting the potential to use i-bodies binding to a cell membrane protein called RANKL as improved therapies for osteoporosis and other bone diseases. AdAlta is open to industry collaborations to advance this program.

In December 2023, AdAlta announced that its long term collaboration with La Trobe University had yielded an i-body® binding to a target on the malaria parasite that is believed to be the world's first antibody-like molecule capable of high potency inhibition of cell invasion at two life cycle stages by multiple strains of malaria parasites. There are still 247 million malaria cases each year and 647,000 deaths.[12] AdAlta and La Trobe University will seek grant financing to advance this discovery.

AdAlta has initiated i-body discovery projects against several other targets and is able to progress these should suitable partnerships be secured. The Company has received a number of requests for additional information in respect of one of these to enable such partnerships to be evaluated.

7. Pipeline summary

AdAlta's pipeline is summarized in Figure 3.

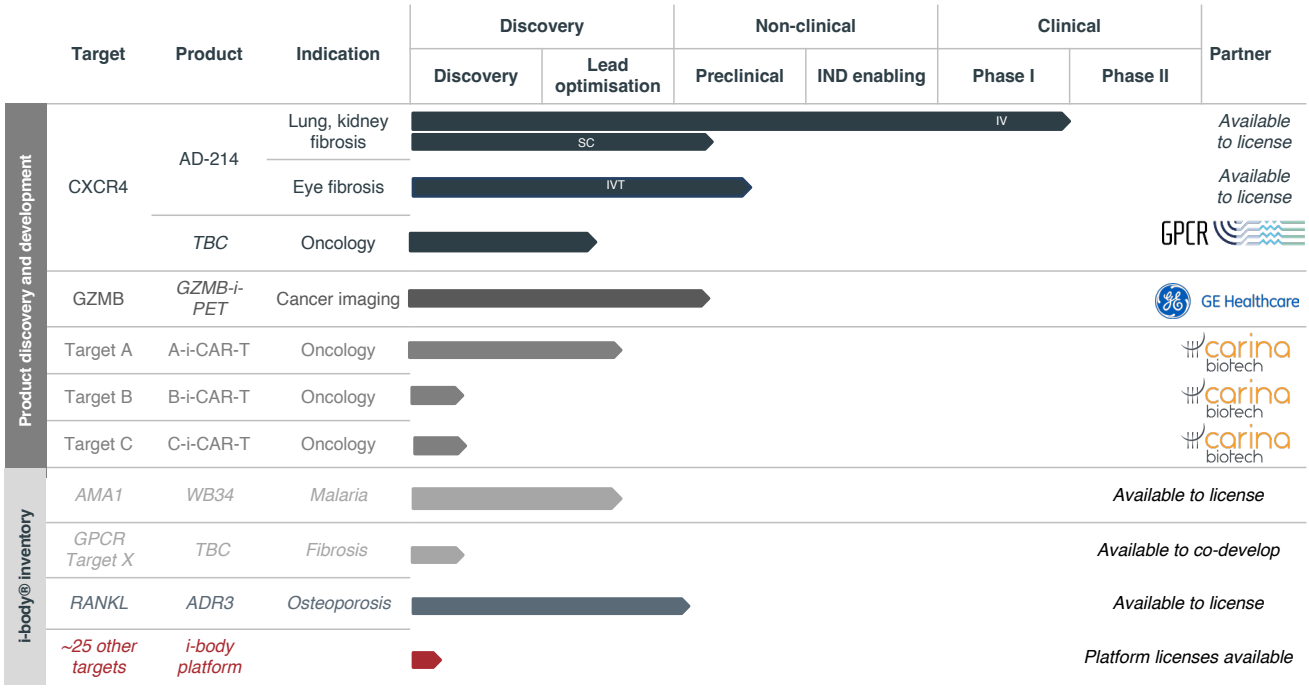


Figure 3: AdAlta pipeline

[12] *WHO, World Malaria Report 2023.*

8. Future milestones

Key milestones anticipated in the near term are:

- Execution of a non-dilutive financing or licensing transaction to enable AD-214 to progress to Phase II studies. Timing depends on the duration and outcomes of partner technical due diligence and commercial negotiations and the continued assessment of whether any transaction is in the best interests of shareholders.
- Progress evaluation of cellular immunotherapy assets with i-body® synergies and AdCella as contemplated by SYNBV MoU. Timing depends on the outcomes of technical due diligence, commercial negotiations and the continued assessment of whether any transaction is in the best interests of shareholders.
- Results of *in vivo* proof of concept studies of A-i-CAR-T cells with Carina and CXCR4 i-bodies with GPCR Therapeutics.
- The commencement of additional i-body® discovery programs.

9. Intellectual property

Robust intellectual property protection is important for maximization of the commercial potential of AdAlta's assets.

AdAlta is generally able to obtain additional patents protecting i-bodies with specific amino acid sequences that bind to specific targets.

AD-214 is protected by patents granted in Australia, USA, Europe, China, Japan, India, and Singapore, with applications pending in other markets. This enables protection in the 8 largest pharmaceutical markets in the world and the largest biosimilar manufacturing locations. These patents expire on 8 January 2036. New patent applications have been filed in relation to methods of treatment that if granted would offer additional protection to 2043.

Patent applications have also been lodged in relation to AdAlta's RANKL and AMA1 (malaria) binding i-bodies.

Trademark protection for the i-body® name has now been secured in Australia and is in the final stages of registration in Europe and US.

Financial results

The loss for the consolidated entity after providing for income tax amounted to $5,381,269 (30 June 2023: $4,851,187).

The year ended 30 June 2024 operating results included the following:

	Consolidated	
	2024	2023
	$	$
R&D tax incentive	1,737,798	2,883,125
Other revenue	-	586,054
Research and development expenses (external)	(2,991,706)	(3,646,375)
Research and development expenses (employee benefit expense)	(1,170,573)	(1,046,552)
Corporate administration expenses	(1,941,806)	(1,729,644)
Share based payment expenses	(205,571)	(218,452)
Employee benefit expense	(459,852)	(1,194,710)

Financial liquidity and capital resources

The Group began the year with $4.79 million cash at bank.

On 13 July 2023 the Group placed a Rights Offer shortfall, raising $1.87 million, resulting in the issue of 74,846,752 New Shares together with 37,423,362 New Options (ASX:1ADOA) to subscribers for the New Shares.

On 3 November 2023 the Group announced a placement to raising $1.20 million (before costs) resulting in the issue of 60,000,000 new shares together with 30,000,000 new options (ASX:1ADOA) to subscribers for the new shares. In addition, a further $460,000 was raised on the same terms, requiring shareholder approval at the Extraordinary General Meeting held on 14 December 2023, resulting in the issue of 23,000,000 new shares and 53,000,000 new options (ASX:1ADOA) for participants in the placement. In addition, 12,000,000 options (ASX:1ADOA) were issued to Peak Asset Management for corporate advisory services provided to the Group.

On 29 April 2024 the Group announced an institutional investment (under the "Investment Agreements") of up to $3.7 million, consisting of up to $3 million (the "NLSC Investment") to be invested by NewLife 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"). In May 2024, the initial investment raised $1.2 million for $1.31million worth of Placement Shares to be determined in accordance with the Investment Agreements.

The Group made 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. The Group also agreed to issue 2,000,000 Shares to NLSC and 466,667 to Meurs Group in satisfaction of a 2% fee in relation to the investment.

On 3 June 2024 the Group announced 62,542,776 listed options (ASX:1ADOA) had been exercised raising $1.9 million.

The Group ended the year with $3.13 million cash at bank on 30 June 2024.

Corporate updates

AdAlta employed 9 staff at the end of the reporting period with a peak of 11 during the year.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity. The strategic goals and objectives of the Company and set out in the Operating and Financial Review above.

Environment, social and governance statement

AdAlta recognises that good ESG practices protect the social and environmental assets that underpin the Company's success.

AdAlta is in an early phase of determining an appropriate strategy for identifying and managing its ESG footprint and risks, including a formal governance model. While a governance model is being developed, the Company's CEO is responsible for ensuring the Board has oversight of arising ESG matters.

Environmental

AdAlta's laboratories are located within the La Trobe Institute for Molecular Sciences, La Trobe University, Victoria, Australia and adopt the environmental policies and procedures of La Trobe University. The University has comprehensive sustainability and climate adaption plans in place and has set a target to become carbon neutral by 2029. Further details including targets and metrics can be found at https://www.latrobe.edu.au/sustainability

The Company's operations are not subject to significant environmental regulation under the Australian Commonwealth or State Law. La Trobe University's procedures and permits for OH&S and solid, liquid and hazardous materials and waste storage and disposal are applied to AdAlta and the Company laboratories are audited for environmental and OH&S compliance by La Trobe University.

Social

Pre-clinical and clinical trials: The Company conducts in vivo pre-clinical and clinical studies in compliance with Australian and relevant international regulatory and ethical guidelines and requirements. By strictly adhering to these guidelines, AdAlta ensures clinical trial participant safety and minimises negative impacts on animal welfare. The Company also rigorously evaluates each pre-clinical and clinical trial to ensure that it is designed to provide actionable data that cannot be obtained any other way and which minimizes the number of study subjects.

Diversity, inclusion and employee engagement: AdAlta proactively supports Science Technology Engineering and Mathematics (STEM) education by regularly sponsoring internships. These have led to the subsequent employment of interns in some instances.

The Company employed nine staff (22% female) at 30 June 2024, eight of whom were directly involved in the technical development of AdAlta's products and platforms. AdAlta's non-executive Board is presently 100% male, with one vacancy. The Company is committed to achieving gender, ethnic and background diversity pending succession opportunities and consistent with objective, merit-based performance assessment. Within each level of the organization, average female base remuneration is at least 98% of average male base remuneration. The Company offers one month paid maternity and paternity leave in addition to statutory entitlements.

The Company's Diversity Policy can be found on its website.

Scientific and clinical community and patient engagement: AdAlta considers La Trobe's graduate and postgraduate students a part of its direct community. The Company is pleased to provide access to its intellectual property and materials and consumables funding to support student research projects and training. This has, for example, resulted in the discovery of world first pan-species high potency i-body® inhibitors of malaria parasite invasion. During FY2024, AdAlta hosted two PhD candidates for six month internships.

The Company also supports patient advocates and clinical training in therapeutic areas related to its development programs as its means allow. During FY2024, AdAlta provided sponsorship (financial and media promotion) of Long Kayak for Lungs 2, an initiative of IPF survivor Bill van Nierop to raise awareness of and funding for IPF research.

Governance

The Company's Corporate Governance Statement and Policies can be found on its website at: adalta.com.au/investors/corporate-governance

AdAlta is committed to the highest standard of honesty and integrity in all its interactions, including interactions with health care professionals.

The Company's commitment to the highest ethical standards includes strict compliance with applicable anti-bribery and corruption laws in Australia and overseas. This commitment is reflected in the Company's Anti-Bribery, Corruption and Fraud Policy, which is published on the Company's website.

Business Risks

1.1 Risk factors specific to the Group

(a) Business risks

Shareholders should consider the various risks and difficulties frequently encountered by companies early in their commercialisation, particularly companies that develop and sell biopharmaceuticals. These risks include AdAlta's ability to: (a) implement and execute its business strategy; (b) develop its products; (c) identify and secure capable commercialisation partners on profitable terms; (d) obtain regulatory and reimbursement approval for its products (itself or through partners); (e) establish cost competitive and reliable supply chains for its products; (f) manage expanding operations; and (g) respond effectively to competitive pressures and developments.

In particular, to generate a return on its investment in research and development of its products, the intention of the Group is to secure agreements with other biopharmaceutical companies to further develop and commercialize its products. There is no guarantee that AdAlta will be able to secure such agreements or the terms on which they may be secured in which case the Group may need to secure ongoing development financing from other sources and delay or halt development of certain product development programs

(b) Costs of development program

The development program relies on numerous work items. The costs of these items cannot be confirmed until each item is requested from the supplier and the work scope and pricing agreed. There is a risk that the work items in the proposed development program may cost more than that budgeted for, or may require more drug substance than that budgeted for (and as a result the Group may need to manufacture additional drug substance at significant cost and delay) and as a result the Group may need to obtain additional funds to complete the program.

No assurance can be given that future funding will be available, or that it will be available on terms acceptable to the Group. As a result, the Group's ability to complete its development programs may be delayed or halted until such funds are raised (if at all), preventing the Group from commercialising its intellectual property and generating revenues.

(c) Regulatory risks

AdAlta's products are subject to various laws and regulations including but not limited to regulatory approval and quality compliance. Data obtained from pre-clinical and clinical activities are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval or clearance.

Before the Group or its commercialisation partners can undertake further clinical trials or market and sell its products, the products must be demonstrated to be safe and effective and of suitable quality and must obtain necessary approvals from regulatory authorities (for example, the Australian Therapeutic Goods Administration and the United States Food and Drug Administration). Such approval may take longer than anticipated, require additional trials to be undertaken or may not be provided at all.

As a result, the Group may require additional funding to secure the regulatory pathway. No assurance can be given that future funding will be available, or that it will be available on terms acceptable to the Group. As a result, the Group's ability to complete its development programs may be delayed or halted until such funds are raised (if at all), preventing the Group from commercialising its intellectual property and generating revenues.

There is no guarantee that compliance will be achieved to support the Group's commercialisation plans. Regular reviews by regulatory bodies are also a feature of the industry in which AdAlta, and its partners, contract service providers and suppliers, operates. Changes in laws and regulations (including interpretation and enforcement) could also adversely affect the Group's ability to meet compliance costs and to market, distribute and sell its biopharmaceutical products. It is not possible to predict the likelihood, nature or extent of changes in government regulation that may arise

(d) Australian Government R&D incentives may change

The Group's development program includes anticipated receipt of tax refunds based on the Group's actual research and development spending. Certain loan facilities are secured against these receipts. If the status of the Group or its connected entities should change, or the Australian Federal Government changes its R&D Tax Incentive (RDTI) program in a manner which adversely affects the amount of funds available or the timing of receipt of such funds, there is a risk that the Group may need to obtain additional funds to complete the program.

No assurance can be given that future funding will be available, or that it will be available on terms acceptable to the Group. As a result, the Group's ability to complete its development programs may be delayed or halted until such funds are raised (if at all), preventing the Group from commercialising its intellectual property and generating revenues.

(e) Clinical trial risk

Moving from discovery to development and subsequent commercialisation typically involves multiple and progressively larger clinical trials. Such trials can be expensive, time consuming, may be delayed or may fail. Clinical trial success can be impacted by a number of factors including obtaining ethics approval, incomplete or slower than expected recruitment of patients, failure to meet trial end points, lack of product effectiveness during the trial, safety issues and modifications to trial protocols or changes to regulatory requirements for trials. Clinical trial protocols routinely provide discretion to the principle investigator and safety management committee to modify dose escalation schedules, cohort sizes or other factors in response to observations during the trial. These factors can impact the size, cost and duration of a clinical trial. There is no guarantee that any current or future trials, including the clinical study of AD-214 planned, will demonstrate that the Group's products are successful.

Failure or material delay at any point of the clinical trial process will reduce the Group's ability to commercialize its intellectual property and generate revenues.

(f) Risk of product development and manufacturing

The Group's products, including AD-214, have not yet been produced on a scale sufficient for large scale clinical trials, multiple simultaneous trials or commercial production. The development of formulations and packaging for the Group's products, including AD-214, are not yet complete. If the Group is unable to manufacture products in sufficient quantities or in suitable formulations and presentations or at an appropriate cost level, it may not be able to conduct appropriate clinical tests to prove its product. Further, it may be unable to produce the products at a price point which is profitable or in a format sufficient convenient for patients and healthcare professionals to adopt in the context of commercial sales of the product. The Group's ability to implement its business plan and partner its assets would be significantly hindered such this failure and the Group may be unable to generate a profit, even if its drug development activity is successful.

(g) Discovery and pre-clinical development of other assets

The expansion of the Group's pipeline depends on its continued ability to be able to discover i-bodies that bind to desirable drug targets with appropriate affinity and inducing desired pharmacological and biological functions. The studies necessary to discover i-body enabled therapeutics, demonstrate pre-clinical (animal model) proof of efficacy and safety and to successfully manufacture such products at clinical and commercial scale may take longer or cost more than is projected, may not produce the expected or desired outcome and may not result in partnerable or clinic ready assets.

(h) Risk in drug development

The Group has limited history in drug development. Accordingly, the Group cannot guarantee that the i-body platform, its drug discovery, pre-clinical or clinical programs will result in the development of any products, or even if it does that the products will be approved or commercialized successfully. The Group's ability to generate revenues or profits, may therefore be adversely affected by this lack of experience.

The development and commercialisation of pharmaceutical products is subject to the inherent risk of failure, including the possibility that products may:

- be found to be unsafe or ineffective;
- fail to demonstrate any material benefit or advancement in safety and/or efficacy of an existing product;
- fail to receive necessary regulatory approvals;
- be difficult or impossible to manufacture on the necessary scale;
- be uneconomical to market or otherwise not commercially exploitable;
- fail to be developed prior to the successful marketing of a similar product by competitors;
- compete with products marketed by third parties that are superior; and
- fail to achieve the support or acceptance of physicians, patients or the medical community.

(i) Intellectual property

The Group's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

The Group relies on its ability to develop and commercialize intellectual property. A failure to protect its intellectual property successfully may lead to a loss of opportunities and adversely impact on AdAlta's operating results and financial position.

Although the Group will seek to protect its intellectual property, there can be no assurance that these measures will be sufficient. The Group gives no guarantee that further development of its intellectual property will be successful, that development milestones will be achieved, or that the intellectual property will be developed into further products that are commercially exploitable.

There can be no assurance that any patents the Group may own or control or licence now and, in the future, will afford the Group a competitive advantage, commercially significant protection of the intellectual property, or that any of the projects that may arise from the intellectual property will have commercial application. Any challenge to the Group's intellectual property position would divert the limited resources of the Group away from its primary development program and may result in the Group requiring additional funds to complete that program. It may also result in the Group being unable to fully utilise its intellectual property portfolio or being required to in-licence certain intellectual property in order to be able to conduct its development program in a manner which will allow commercialisation of its products, and which may reduce the profits available from such activities.

There is always a risk of third parties claiming involvement in technological and medical discoveries. The granting of a patent does not guarantee that the rights of others are not infringed or that a competitor will not develop competing intellectual property that circumvents such patents. The patent position of pharmaceutical companies can be highly uncertain and frequently involve complex legal and scientific evaluation. The breadth of claims allowed in pharmaceutical patents and their enforceability cannot be predicted.

(j) Reliance on key personnel

Due to the specialised nature of the Group's business and its size, its ability to commercialize its products and maintain its research program will depend in part on its ability to attract and retain suitably qualified management, scientists, research personnel and consultants. The Group also faces competition to employ and retain the services of such individuals.

There can be no assurance that the Group will be able to attract or retain sufficiently qualified scientific and management personnel or maintain its relationship with key scientific organisations and contractors.

The loss of key scientific and management personnel, and the associated corporate knowledge of those people could have a detrimental impact on the Group, and this may adversely affect the Group by impeding the achievement of its research, product development and commercialisation objectives.

(k) Competitive risk

There are a number of groups with drugs at various stages of development for the treatment of IPF and other fibrotic diseases.

There are also a number of companies developing biological platforms similar to those the Group is developing.

The Group's potential competitors may include companies with substantially greater resources and access to more markets. Therefore, competitors may succeed in developing products that are safe, more effective or otherwise commercially superior than those being developed by AdAlta or which could render the Group's products obsolete and/or otherwise uncompetitive. The Group's ability to implement its business plan would be significantly hindered by this and the Group may be unable to generate revenues or profits, even if its drug development activity is successful.

(l) Currency risk

Expenditure in overseas jurisdictions is subject to the risk of fluctuations in foreign exchange. The Group's payment obligations to many of its third-party service providers, including its manufacturer and certain pre-clinical testing are expected to be in foreign currency. The Group intends to forward purchase foreign currency against known near term contractual obligations to aid in financial planning. If there are adverse currency fluctuations against the Australian dollar, there is a risk that the work items in any proposed development program may cost more than that budgeted for and as a result the Group may need to obtain additional funds to complete the program.

No assurance can be given that future funding will be available, or that it will be available on terms acceptable to the Group. As a result, the Group's ability to complete its development programs may be delayed or halted until such funds are raised (if at all), preventing the Group from commercialising its intellectual property and generating revenues.

(m) Sufficiency of funding

AdAlta is currently not profitable and does not expect to become profitable until after achieving successful commercialisation of its products to allow sufficient sales revenue to fund on-going group operations. The Group does not have sufficient capital to fully commercialize its lead candidate and other programs using its platform technology. Accordingly, the Group will either have to raise additional capital through further offers or rely on securing grants or commercial transactions to further its development programs.

The Group's ability to raise further capital (equity or debt) or secure grants or a commercial (including licensing) transaction within an acceptable time, or a sufficient amount and on terms acceptable to it will vary according to a number of factors, including the success of current projects, the result of research and development and other cyclical factors affecting the Group and financial and share markets generally. No assurance can be given that future funding will be available, or that it will be available on terms acceptable to the Group. As a result, the Group's ability to complete its development programs may be delayed or halted until such funds are raised (if at all), preventing the Group from commercialising its intellectual property and generating revenues.

(n) Product liability risk

The process of securing marketing approval of a new product is both costly and time consuming. The intention of the Group is to out-license product candidates prior to completion of clinical trials and obtaining of marketing authorisations from relevant regulatory authorities. The conduct of clinical trials will expose the Group to product liability risks and future sales of its products may, and if the Group decides to develop a product candidate and take it to market directly will, expose the Group to product liability risks which are inherent in the research and development, manufacturing, marketing and use of its products.

The Group intends to obtain and maintain adequate levels of insurance to cover product liability risks. Despite this, there can be no guarantee that adequate insurance coverage will be available at an acceptable cost (or in adequate amounts), if at all, or that product liability or other claims will not materially and adversely affect the operations and condition of the Group. A product liability claim may give rise to significant liabilities as well as damage the Group's reputation.

(o) Third party service provider risk

The Group will conduct much of its development and manufacturing activities through a series of contractual relationships with third parties. All contracts, including those entered into by the Group, carry a risk that the respective parties will not adequately or fully comply with their respective contractual rights and obligations, or that these contractual relationships may be terminated. This may adversely affect the Group by impeding the achievement of its research, product development and commercialisation objectives.

(p) Healthcare insurers and reimbursement

In many markets, treatment volumes are likely to be influenced by the availability and amounts of reimbursement of patients' medical expenses by third party payer organisations including government agencies, private health care insurers and other health care payers. There is no assurance that reimbursement of any products or services developed and commercialized by the Group will be available to patients at all or without substantial delay. Even if such reimbursement is provided, the approved reimbursement amounts may not be sufficient to enable the Group or its commercialisation partners to sell products on a profitable basis.

Remuneration report (audited)

This remuneration report, which forms part of the Directors' report, sets out information about the remuneration of AdAlta Limited's key management personnel for the financial year ended 30 June 2024 in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and Group performance
- details of remuneration
- additional disclosures relating to key management personnel

Key management personnel

The Directors and other key management personnel of the Group during the financial year were:

Non-Executive Directors	Position
Dr Paul MacLeman	Non-Executive Chairman
Dr Robert Peach	Non-Executive Director
Dr David Fuller	Non-Executive Director

Executive Directors	Position
Dr Timothy Oldham	Chief Executive Officer and Managing Director

The named persons held their current position for the whole of the financial year and since the end of the financial year unless otherwise indicated.

Remuneration policy

The Remuneration and Nominations Committee is currently responsible for determining and reviewing compensation arrangements for key management personnel. All recommendations of the Remuneration and Nominations Committee require Board approval for adoption. The Group has a Remuneration Committee, which consists of Paul MacLeman (Chair of Remuneration Committee) and Robert Peach. The remuneration policy, which is set out below, is designed to promote superior performance and long-term commitment to the Group.

Non-Executive Director remuneration

Non-Executive Directors are remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity. Non-Executive Directors are also eligible to receive equity grants as a component of fees under share and option schemes generally made in accordance with thresholds and on terms set in plans approved by shareholders.

Shareholders' approval must be obtained in relation to the overall limit set for the Non-Executive Directors' fees. The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is $350,000 per annum. The Directors set the individual Non-Executive Director fees within the limit approved by shareholders. Non-executive Directors are not provided with retirement benefits.

Executive Director and Executive remuneration

Executive Directors and Executives receive a base remuneration, which is at market rates, and may be entitled to performance based remuneration, which is determined on an annual basis. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive and business conditions where it is in the interests of the Group and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance, relevant comparative information and expert advice.

The Board's remuneration policy reflects its obligation to align executive remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles are:

(a) remuneration reflects the competitive market in which the Group operates;

(b) individual remuneration should be linked to performance criteria if appropriate; and

(c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives consists of the following:

(a) Salary – executives receive a fixed sum payable monthly in cash plus superannuation at 11% of salary in FY2024 (increasing to 11.5% in FY2025) on salary up to the statutory maximum superannuation contribution base;

(b) Cash at risk component (short term incentive) – executives may receive a variable cash sum up to a maximum percentage of salary that is payable annually at the end of each financial year on the basis of performance against goals set at the beginning of each financial year (as assessed by the Board);

(c) Equity component (long term incentive) – executives may participate, at the discretion of the board, in share and option schemes generally made in accordance with thresholds and on terms set in plans approved by shareholders and otherwise at the discretion of the Board. In exceptional circumstances the Board may, subject to any necessary shareholder approval, issue shares and options to executives outside of approved schemes. Long term incentive awards are typically time limited and are made on a case by case basis having regard to the overall number, value and remaining term of unexpired incentive securities held by the executive, benchmarking and performance; and

(d) Other benefits – executives may, if deemed appropriate by the Board, be provided with a fully expensed mobile phone and other forms of remuneration.

The Board has not formally engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by Directors or other key management personnel during the financial year.

Relationship between the remuneration policy and Group performance

The Board considers that at this time, evaluation of the Group's financial performance using generally accepted measures such as profitability, total shareholder return or per Group comparison are not relevant due to the early stage of development of the Group's assets as outlined in the Directors' report. Remuneration is structured to align short term incentives with the achievement of operational objectives that meaningfully progress the development of the Group's assets each year and to align long term incentives with increasing shareholder value as a result of developing and increasing those assets over the mid-term.

Details of remuneration

Remuneration is reported as Earned Remuneration and Realised Remuneration.

Earned Remuneration is the accounting value of remuneration awarded in a period as recorded in the financial statements of the Group. This includes cash payments during the period plus the value of long term incentives awarded and expensed during the period which have an accounting value that may not be immediately realisable by the recipient, for example because options have an exercise price that is equal to or below the current share price.

Realised Remuneration value is the value of remuneration realised or becoming realisable by the recipient during the period. This includes cash payments during the period plus the value of long term incentive payments from the current or any prior period that have become immediately realisable by the recipient during the period. This will include, for example, the value of shares issued on the exercise of options less the exercise price (as measured at the time of exercise).

Key terms of employment contracts

Arrangements with Directors:

Position	Annual Salary
Non-Executive Chair	$75,000
Non-Executive Directors	$50,000

The Group has entered into consulting agreements with all Directors. These agreements can be terminated by either party by giving one month's notice. Further, continuation of appointment is subject to re-election at a forthcoming AGM.

Until 24 March 2023, Elizabeth McCall was appointed as the nominated Director of Yuuwa Capital LP, with James Williams as Ms McCall's Alternate Director. Director fees are not payable to Alternate Directors. The director fees in respect of Ms McCall were paid to Yuuwa Capital LP and not to the direct benefit of Ms McCall or Dr Williams.

No additional fees are payable to Directors for their involvement in Board committees.

On appointment to the Board, all Non-Executive Directors are required to sign a letter of appointment with the Group. The letter of appointment summarises the Board policies and terms, including compensation relevant to the office or Director.

The Board approved the Remuneration and Nominations Committee recommendation to increase Tim Oldham's salary effective 1 July 2023 from $318,552 plus statutory superannuation to $330,200 plus statutory superannuation, all other terms of employment remain consistent.

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits		Post-employment benefits	Total cash payments	Share-based payments	Total earned remuneration	Realised option value
	Cash salary and fees	Other[1]	Super-annuation		Equity-settled		
2024	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:							
Dr Paul MacLeman	67,565	-	7,435	75,000	29,918	104,918	-
Dr Robert Peach	50,000	-	-	50,000	15,340	65,340	-
Dr David Fuller	50,000	-	-	50,000	15,340	65,340	-
Executive Directors:							
Dr Timothy Oldham	330,200	29,058	27,399	386,657	36,590	423,247	-
	497,765	29,058	34,834	561,657	97,188	658,845	-

[1] Bonus accrued for in respect to achievement of short term incentives in the period ending 30 June 2024 of $29,058. Bonus to be remunerated by the issuance of performance rights, noting the issue is subject to shareholder approval.

	Short-term benefits		Post-employment benefits	Total cash payments	Share-based payments	Total earned remuneration	Realised option value
	Cash salary and fees	Other[3]	Super-annuation		Equity-settled		
2023	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors:							
Dr Paul MacLeman	67,872	-	7,128	75,000	63,661	138,661	-
Ms Elizabeth McCall[1]	48,076	-	-	48,076	-	48,076	-
Dr Robert Peach	50,000	-	-	50,000	25,006	75,006	-
Dr David Fuller	50,000	-	-	50,000	25,006	75,006	-
Executive Directors:							
Dr Timothy Oldham[2]	324,875	55,015	18,969	398,859	41,191	440,050	-
	540,823	55,015	26,097	621,935	154,864	776,799	-

[1] Liddy McCall was contracted under a service agreement with Yuuwa Capital LP. Fees are paid directly to Yuuwa Capital LP. Yuuwa Capital LP is a venture capital fund that is managed by its General Partner, Yuuwa Management LP/Yuuwa Capital Management Pty Ltd which is associated with James Williams and Liddy McCall. Alternate Directors do not receive a directors fee.

[2] $6,323 required to be paid as statutory superannuation was paid as salary as opted out of superannuation contribution due to combined employers' concessional super contribution exceeding the cap for FY23.

[3] Bonus accrued for in respect to achievement of short term incentives in the period ending 30 June 2023 of $55,015.

Additional disclosures relating to key management personnel

Fully paid ordinary shares of AdAlta Limited

	Balance at 1 July	Received on exercise of options	Balance held on resignation	Additions	Balance at 30 June
2024	**Number**	**Number**	**Number**	**Number**	**Number**
Dr Timothy Oldham	1,101,750	-	-	500,000	1,601,750
Dr Paul MacLeman	472,970	-	-	-	472,970
Dr Robert Peach	1,453,126	-	-	-	1,453,126
Dr David Fuller	294,936	-	-	-	294,936

	Balance at 1 July	Received on exercise of options	Balance held on resignation	Additions	Balance at 30 June
2023	**Number**	**Number**	**Number**	**Number**	**Number**
Dr Timothy Oldham	501,750	-	-	600,000	1,101,750
Dr Paul MacLeman	472,970	-	-	-	472,970
Dr James Williams (Alternate)	263,751	-	(263,751)	-	-
Ms Elizabeth McCall	166,668	-	(166,668)	-	-
Dr Robert Peach	1,453,126	-	-	-	1,453,126
Dr David Fuller	210,668	-	-	84,268	294,936

Share Options of AdAlta Limited

	Balance at 1 July	Granted as compen-sation	Cancelled/ Expired	Net other change[1]	Balance at 30 June	Vested and exercisable	Options vested during year
2024	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
Dr Timothy Oldham	6,429,060	5,600,000	(800,000)	500,000	11,729,060	6,629,060	600,000
Dr Paul MacLeman	3,055,000	2,800,000	-	-	5,855,000	3,055,000	1,527,500
Dr Robert Peach	1,200,000	1,750,000	-	-	2,950,000	1,200,000	600,000
Dr David Fuller	1,242,134	1,750,000	(42,134)	-	2,950,000	1,200,000	600,000

[1] Options issued as a result of participation in capital raises undertaken during the period.

	Balance at 1 July	Granted as compen-sation	Cancelled/ Expired	Net other change[1]	Balance at 30 June	Vested and exercisable	Options vested during year
2023	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
Dr Timothy Oldham	6,129,060	-	-	300,000	6,429,060	5,829,060	2,378,718
Dr Paul MacLeman	3,055,000	-	-	-	3,055,000	1,527,500	1,527,500
Dr James Williams (Alternate)	-	-	-	-	-	-	-
Ms Elizabeth McCall	-	-	-	-	-	-	-
Dr Robert Peach	1,200,000	-	-	-	1,200,000	600,000	600,000
Dr David Fuller	1,200,000	-	-	42,134	1,242,134	642,134	642,134

[1] Options issued as a result of participation in the Rights Offer undertaken during the period.

Voting and comments made at the Group's 2024 Annual General Meeting (AGM).

At the Group's 2024 Annual General Meeting (AGM), a resolution to adopt the 2023 Remuneration Report was put to the vote and greater than 75% of the votes cast were cast in favour of the resolution.

No comments were made at the AGM by shareholders in relation to the Remuneration Report.

This Directors' report, incorporating the remuneration report, is signed in accordance with a resolution made pursuant to s.298(2) of the Corporations Act 2001.

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Paul MacLeman
Chairman

28 August 2024
Melbourne

DRY KIRKNESS

AUDITOR'S INDEPENDENCE DECLARATION

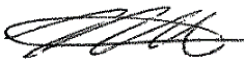
As lead auditor for the audit of AdAlta Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of AdAlta Limited and the entities it controlled during the year.

DRY KIRKNESS (AUDIT) PTY LTD



ROBERT HALL CA
Director

Perth
Date: 28 August 2024

Dry Kirkness (Audit) Pty Ltd
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RCA No. 289109

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated 2024	Consolidated 2023
		$	$
Revenue and other income			
Interest received		46,725	62,570
Other revenue	3	1,737,798	3,469,179
Total revenue and other income		1,784,523	3,531,749
Expenses			
Research and development expenses (external)		(2,991,706)	(3,646,375)
Research and development expenses (employee benefit expense)		(1,170,573)	(1,046,552)
Corporate administration expenses (external)		(1,941,806)	(1,729,644)
Corporate and administration (employee benefit expense)		(459,852)	(1,194,710)
Patent and legal costs		(229,883)	(474,773)
Finance costs		(114,999)	(123,751)
Share based payment expenses	17	(205,571)	(218,452)
Depreciation and amortisation expense	9,10	(62,969)	(29,922)
Net foreign exchange (loss) / gain		11,567	81,243
Total expenses		(7,165,792)	(8,382,936)
Loss before income tax expense		(5,381,269)	(4,851,187)
Income tax expense	4	-	-
Loss after income tax expense for the year attributable to the owners of AdAlta Limited		(5,381,269)	(4,851,187)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of AdAlta Limited		(5,381,269)	(4,851,187)
		Cents	Cents
Basic earnings per share	5	(1.09)	(1.52)
Diluted earnings per share	5	(1.09)	(1.52)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	Consolidated 2024	Consolidated 2023
		$	$
Assets			
Current assets			
Cash and cash equivalents	6	3,133,449	4,789,513
Trade and other receivables	7	1,951,186	2,695,440
Other current assets	8	206,282	212,127
Total current assets		5,290,917	7,697,080
Non-current assets			
Property, plant and equipment	9	76,543	36,009
Right-of-use asset	10	205,541	-
Total non-current assets		282,084	36,009
Total assets		5,573,001	7,733,089
Liabilities			
Current liabilities			
Trade and other payables	11	551,010	1,700,147
Borrowings	12	1,405,195	4,013,858
Lease liabilities	13	119,736	-
Provisions	14	144,685	94,188
Total current liabilities		2,220,626	5,808,193
Non-current liabilities			
Lease liabilities	13	90,340	-
Provisions	14	31,589	14,942
Financial liabilities	15	1,200,000	-
Total non-current liabilities		1,321,929	14,942
Total liabilities		3,542,555	5,823,135
Net assets		2,030,446	1,909,954
Equity			
Issued capital	16	47,399,255	42,175,065
Reserves	17	2,151,428	1,873,857
Accumulated losses		(47,520,237)	(42,138,968)
Total equity		2,030,446	1,909,954

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

Consolidated	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2022	41,010,888	1,655,405	(37,287,781)	5,378,512
Loss after income tax expense for the year	-	-	(4,851,187)	(4,851,187)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(4,851,187)	(4,851,187)
Transactions with owners in their capacity as owners:				
Share-based payments	-	218,452	-	218,452
Issue of ordinary shares	1,334,620	-	-	1,334,620
Share issue costs	(170,443)	-	-	(170,443)
Balance at 30 June 2023	42,175,065	1,873,857	(42,138,968)	1,909,954

Consolidated	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 year	-	-	(5,381,269)	(5,381,269)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(5,381,269)	(5,381,269)
Transactions with owners in their capacity as owners:				
Share-based payments	-	205,571	-	205,571
Exercise of options	1,876,583	-	-	1,876,583
Issue of ordinary shares	3,680,169	-	-	3,680,169
Share issue costs	(332,562)	72,000	-	(260,562)
Balance at 30 June 2024	47,399,255	2,151,428	(47,520,237)	2,030,446

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated 2024	Consolidated 2023
		$	$
Cash flows from operating activities			
Receipts from customers		-	684,659
Payments to suppliers and employees		(7,657,497)	(7,957,214)
R & D tax incentive		2,350,940	2,077,927
Interest received		46,725	62,570
Net cash used in operating activities	22	(5,259,832)	(5,132,058)
Cash flows from investing activities			
Payments for property, plant and equipment		(62,395)	(2,126)
Net cash used in investing activities		(62,395)	(2,126)
Cash flows from financing activities			
Proceeds from issue of shares		3,531,169	1,282,590
Payment of share issue costs		(286,089)	(70,917)
Proceeds from financial liabilities		1,200,000	-
Proceeds from exercise of options		1,876,583	-
Repayment of borrowings		(2,600,000)	-
Proceeds from other financing activities		(55,500)	55,500
Net cash from financing activities		3,666,163	1,267,173
Net decrease in cash and cash equivalents		(1,656,064)	(3,867,011)
Cash and cash equivalents at the beginning of the financial year		4,789,513	8,660,556
Effects of exchange rate changes on cash and cash equivalents		-	(4,032)
Cash and cash equivalents at the end of the financial year	6	3,133,449	4,789,513

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2024

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 financial year. The financial statements are presented in Australian dollars, which is AdAlta Limited's functional and presentation currency.

AdAlta Limited is a listed public Group 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

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 28 August 2024. The Directors have the power to amend and reissue the financial statements.

2. Material accounting policy information

The accounting policies that are material to the group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policy information relating to the preparation of the financial statements and presented below are consistent with prior reporting periods unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AdAlta Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. AdAlta Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' and / or "Group".

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 incurred losses of $5,381,269 (2023: $4,851,187) and the Group had net cash outflows from operating activities of $5,259,832 (2023: $5,132,058). As at balance date, the Group had net current assets of $3,070,291 (2023: $1,888,886).

The Group is required to repay the loan recorded at 30 June 2024 of $1.4 million with Treasury Corporation of Victoria (TCV) by 31 October 2024, coinciding with the receipt of the FY24 Research & Development (R&D) tax incentive refund. In the event the Group does not receive a refund in excess of the Loan facility the Group will be required to repay the loan with its cash reserves, noting that the estimated accrued R&D refund for FY24 is $1.74million.

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 an institutional investment facility of up to a further $2.5million and;
- The Group has a track record of raising capital as an ASX listed Company.

2. Material accounting policy information (continued)

- 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 realize 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.

Research and Development Tax Incentive

The Research and Development Tax Incentive is accounted for in accordance with AASB 120 Government Grants on an accruals basis when the following recognition criteria have been met:

(a) the entity reasonably expects it will comply with the conditions attaching to the grant; and

(b) the grant will be received.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Fair value measurement

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Property, plant and equipment

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation rate	Notes
Office equipment	100.00%	Assets acquired post 31 December 2016
Plant and Equipment	28.57%	

2. Material accounting policy information (continued)

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Financial Liability - Investment Agreement

The institutional investment (Investment Agreements) are treated as hybrid financial instruments and separated into the host liability and embedded derivative components based on the terms of the agreement. On issuance of the share subscription agreements, the host liability component is initially recognised at the residual value by deducting the fair value of the derivative liability from the amount of financial liabilities. The embedded derivative component is initially recognised at fair value. The host debt is carried at amortised cost using the effective interest method until extinguished on conversion or redemption.

Where borrowings feature share conversion clauses that entitle the investor to a variable number of shares, be this through an entitlement to settle interest through the conversion clause or through the terms specified in the conversion clause itself, an embedded derivative is separated from the underlying borrowing host contract only when the conversion clause is activated upon a movement in a market price at initial recognition. Thereafter the embedded derivative is revalued at each subsequent reporting date with changes taken to the profit or loss. The underlying host contract following initial recognition is recognized at amortized cost applying the effective interest rate method.

Embedded Derivative

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a similar way to a standalone derivative.

The embedded derivative is separate from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to economic characteristics and risks of the host contract. The embedded derivative is measured at fair value with changes in value being recorded in profit and loss.

Employee benefits

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates:

(i) Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the Directors understanding thereof. At the current stage of the Group's development and its current environmental impact the Directors believe such treatment is reasonable and appropriate.

2. Material accounting policy information (continued)

(ii) Taxation

Balances disclosed in the financial statements and the notes hereto, related to taxation are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income tax legislation and the Directors understanding thereof. No adjustment has been made for pending or future tax legislation. The current income tax position represents that Directors' best estimate, pending an assessment by the Australian Taxation Office.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all the newly issued accounting standards which are mandatory for the first time in the 2024 financial year.

AASB101 Presentation of Financial Statements has been revised for annual reporting periods beginning on or after 1 January 2023, to require the disclosure of material accounting policy information rather than significant accounting policies.

Accounting policy information which does not satisfy one of the following requirements has been removed from these financials statements.

- Changes in accounting policy.
- Documentation of choice in the accounting standards.
- An accounting policy developed in the absence of an explicit accounting standard requirement.
- Significant judgement or estimation.
- Complex transaction and accounting policy need to explain statement.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2024. The group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

3. Other revenue

	Consolidated	
	2024	2023
	$	$
R&D tax incentive	1,737,798	2,883,125
Other revenue	-	586,054
	1,737,798	3,469,179

4. Income tax benefit

	Consolidated	
	2024	**2023**
	$	**$**
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(5,381,269)	(4,851,187)
Tax at the statutory tax rate of 25%	(1,345,317)	(1,212,796)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income		
Non deductible expenses	1,083,838	1,437,281
Non assessable income	(434,450)	(720,781)
Temporary differences	73,308	(100,895)
Benefits of tax losses not brought into account	622,621	597,191
Income tax expense	-	-

The Group has revenue losses of approximately $13,019,957 for which no deferred tax asset has been recognised.

The Group has no franking credits currently available for future offset.

5. Loss per share

	Consolidated	
	2024	**2023**
	$	**$**
Loss after income tax attributable to the owners of AdAlta Limited	(5,381,269)	(4,851,187)

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	494,599,658	318,291,763
Weighted average number of ordinary shares used in calculating diluted earnings per share[1]	494,599,658	318,291,763

	Cents	**Cents**
Basic earnings per share	(1.09)	(1.52)
Diluted earnings per share	(1.09)	(1.52)

[1] The group had 13,734,060 options on issue as at 30 June 2024 (2023: 39,835,884) that are not considered to be dilutive due to the exercise price exceeding the current market price of the underlying ordinary shares.

6. Cash and cash equivalents

	Consolidated	
	2024	**2023**
	$	**$**
Cheque accounts	89,213	903,133
Cash reserve accounts	3,044,236	3,886,380
	3,133,449	4,789,513

7. Trade and other receivables

	Consolidated	
	2024	**2023**
	$	**$**
Goods and services tax	40,824	102,561
Prepaid expenses	135,832	205,207
R&D tax incentive	1,774,530	2,387,672
	1,951,186	2,695,440

8. Other current assets

	Consolidated	
	2024	**2023**
	$	**$**
Forward exchange contract	-	39,686
Security deposits	206,282	172,441
	206,282	212,127

On 20 January 2023 the group entered into a Forward Exchange contract to buy USD at a rate of 1AUD = 0.69USD maturing on 31 July 2023. The amount disclosed at 30 June 2023 was the unrealised gain on the forward exchange contract. This forward contract was subsequently fully utilised.

9. Property, plant and equipment

	Consolidated	
	2024	**2023**
	$	**$**
Plant and equipment - at cost	228,269	167,233
Less: Accumulated depreciation	(151,926)	(131,282)
	76,343	35,951
Office equipment - at cost	46,629	45,270
Less: Accumulated depreciation	(46,429)	(45,212)
	200	58
	76,543	36,009

Movements in the carrying amounts for each class of

	2024	**2023**
	$	**$**
Plant and equipment		
Balance at beginning of year	35,951	50,331
Additions	61,036	-
Disposals	-	-
Depreciation expense	(20,644)	(14,380)
Balance at end of year	76,343	35,951

	2024	**2023**
	$	**$**
Office equipment		
Balance at beginning of year	58	13,474
Additions	1,359	2,126
Depreciation	(1,217)	(15,542)
Balance at end of year	200	58

10. Right-of-use asset

	Consolidated	
	2024	2023
	$	$
Land and buildings - right-of-use	246,649	-
Less: Accumulated depreciation	(41,108)	-
	205,541	-

Additions to the right-of-use assets during the year were $246,649.

The above right-of-use asset (ROU) and lease liability relate to the office and laboratory lease entered into by the Group with La Trobe University. The lease has been accounted for in accordance with AASB 16.

The ROU asset is measured at the amount equal to the lease liability at initial recognition and then amortised over the life of the lease. During the prior year, the Group entered into a lease agreement for a period of 24 months from 1 March 2024. The lease liability and ROU asset at initial recognition for this new lease was $246,649.

The right-of-use asset is being depreciated over the lease term on a straight-line basis. Depreciation expense of $41,108 was included in depreciation and amortisation expense in the consolidated statement of profit or loss and other comprehensive income.

At initial recognition, the lease liability was measured as the present value of minimum lease payments using the Group's incremental borrowing rate of 11.56%. The incremental borrowing rate was based on the unsecured interest rate that would apply if finance was sought for an amount and time period equivalent to the lease requirements of the Group. Each lease payment is allocated between the liability and interest expense. The interest expense of $8,548 was included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

11. Trade and other payables

	Consolidated	
	2024	2023
	$	$
Trade payables	92,947	1,121,891
Accrued expenses	415,801	482,014
PAYG payable	35,412	40,742
Cash received pending approval to issue ordinary shares	-	55,500
Superannuation payable	6,850	-
	551,010	1,700,147

12. Borrowings

	Consolidated	
	2024	2023
	$	$
Current liabilities		
Loan – R&D advance	1,405,195	4,013,858

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 $4.0million. In September 2021 the Group received the first tranche of $2.4million. In February 2022 the Group received the second tranche of $1.6million. During FY2024 the Group repaid $2.6 million and extended repayment of the remaining balance to 31 October 2024 coinciding with the receipt of the FY24 Research & Development (R&D) tax incentive refund.

The TCV loan balance as at 30 June 2024 is $1,405,195.

Interest on Facility advances is variable at the "TCV 11am" loan interest rate (4.515% as of 30 June 2024). The security is the R&D tax incentive refund (for the financial year ended 30 June 2024). On 18 October 2023 the Group announced the extension of the R&D repayment terms. 50% ($2million) of the loan was repaid by 31 October 2023 and an additional 15% ($600,000) was repaid on 31 January 2024.

13. Lease liabilities

	Consolidated	
	2024	2023
	$	$
Current lease liabilities		
Lease liability	119,736	-

	Consolidated	
	2024	2023
	$	$
Non-current lease liabilities		
Lease liability	90,340	-

14. Provisions

	Consolidated	
	2024	2023
		$
Current provisions		
Annual leave	144,685	94,188

	Consolidated	
	2024	2023
		$
Non-current provisions		
Long service leave	31,589	14,942

15. Financial liabilities

	Consolidated	
	2024	2023
	$	$
Institutional Investment Agreement - debt component	1,089,363	-
Institutional Investment Agreement - embedded derivative component	110,637	-
	1,200,000	-

On 29 April 2024 the Group entered into an institutional investment via the Investment Agreements with New Life Sciences Capital, LLC ("NLSC") and the Meurs Group (Meurs Investment) for up to $3.7 million, a total of $1.2 million was received in May 2024, being the initial investment. The initial investment was recognised as a financial liability with a debt and embedded derivative component.

The Group has 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 Group does not exercise that right, the Group 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 Group 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 was equal to $0.06 initially, representing a premium of approximately 93.5% to the closing price of the Group'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 Group 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 Group, the Purchase Price will not be the subject of a cap.

The investment is unsecured, and no interest is payable under the Investment Agreements.

16. Issued capital

	2024	2023	2024	2023
	Shares	Shares	$	$
Ordinary shares - fully paid	595,623,520	366,679,546	47,399,255	42,175,065

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.

	2024	2023	2024	2023
	Shares	Shares	$	$
Balance at beginning of the reporting period	366,679,546	314,184,746	42,175,065	41,010,888
Issued for services in lieu of cash	2,277,779	1,191,181	75,000	52,030
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	-
Issue of ordinary shares	157,846,752	51,303,619	3,531,169	1,282,590
Capital raising costs	-	-	(332,562)	(170,443)
	595,623,520	366,679,546	47,399,255	42,175,065

17. Reserves

	Consolidated	
	2024	2023
	$	$
Share-based payments reserve	2,151,428	1,873,857

17. Reserves (continued)

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. 13,325,000 options were issued during the period.

	2024	2023
	$	$
At beginning of reporting period	1,873,857	1,655,405
Options issued to Directors and Employees	205,571	218,452
Options issued to Brokers	72,000	-
At end of reporting period	2,151,428	1,873,857

Expiry	Exercise	Balance at start of year	Granted in year	Exercised	Expired / cancelled	Balance at end of year
Date	Price	Number	Number	Number	Number	Number
26/11/2025	$0.2479	492,906	-	-	-	492,906
26/11/2025	$0.2479	1,478,718	-	-	-	1,478,718
26/11/2025	$0.2479	1,478,718	-	-	-	1,478,718
26/11/2025	$0.2479	1,478,718	-	-	-	1,478,718
15/03/2025	$0.1744	200,000	-	-	-	200,000
15/03/2025	$0.1744	200,000	-	-	-	200,000
29/11/2025	$0.0845	6,655,000	-	-	-	6,655,000
28/02/2026	$0.7570	600,000	-	-	(250,000)	350,000
27/02/2027	$0.0397	1,600,000	-	-	(200,000)	1,400,000
25/08/2027	$0.0200	-	100,000	-	-	100,000
22/11/2027	$0.0200	-	11,900,000	-	-	11,900,000
26/02/2028	$0.0200	-	1,325,000	-	-	1,325,000
		14,184,060	13,325,000	-	(450,000)	27,059,060

Weighted average exercise price at 30 June 2024 $0.0814 (30 June 2023: $0.1360).

17. Reserves (continued)

For the options granted during the current financial year, 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 rate
25/08/2023	25/08/2027	$0.023	$0.020	67.67%	0%	4.10%
22/11/2023	22/11/2027	$0.020	$0.020	79.74%	0%	4.35%
15/04/2024	26/02/2028	$0.027	$0.020	85.92%	0%	4.35%

18. Related party transactions

Related parties

The Group's main related parties are as follows:

Non-Executive Directors	Position
Dr Paul MacLeman	Non-Executive Chair
Dr Robert Peach	Non-Executive Director
Dr David Fuller	Non-Executive Director
Executive Directors	
Dr Timothy Oldham	Chief Executive Officer and Managing Director

Transactions with related parties

Aside from the amounts previously disclosed in the Remuneration Report, there were no other transactions with related parties during the current and previous financial year. The aggregate compensation made to Directors and other Key Management Personnel of the Group is set out below:

	Consolidated	
	2024	2023
	$	$
Short-term benefits (Including performance bonuses)	526,823	595,838
Post-employment benefits	34,834	26,097
Share based payments	97,188	154,864
	658,845	776,799

19. Contingent liabilities and contingent assets

The Directors are not aware of any matters or circumstances which may give rise to a contingent liability or asset.

20. Commitments

Capital commitments

The Group has no capital commitments.

Other commitments

The Group has no other commitments.

21. Financial risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Term, conditions and accounting policies

The Group's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the reporting date, are as follows:

21. Financial risk management (continued)

Term, conditions and accounting policies

The Group's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the reporting date, are as follows:

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
i) Financial assets			
Cheque account	6	Carried at face value.	The cheque account is at call with an interest rate of 0.00% (2023: 0.00%).
Cash reserve	6	Carried at face value.	The cash reserve account is at call with an interest rate of 1.35% (2023: 1.55%).
R & D tax incentive	7	Recognised on an accrual basis.	The incentive is claimed annually under an Australia Taxation Office mechanism which designed to promote research and development.
Trade receivables	7	Recognised on an accrual basis.	Normal invoice terms are 14-60 days.
Goods & services tax paid	7	Recognised on an accrual basis.	Business activity statements are lodged on a quarterly basis.
ii) Financial liabilities			
Trade and other creditors	11	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the group.	The majority of costs are invoiced on a quarterly basis and hence liabilities accrue for up to 90 days. Trade liabilities are normally settled on 14-30 day terms.
Other liabilities Other current assets	8	Carried at face value.	Forward exchange contract is entered into on specific terms as agreed by the Foreign Exchange intermediary and the Group.
Borrowings	12	Carried at face value.	2024 and 2023: The Loan is a Secured Loan, with a variable interest rate of the TCV interest rate. The Security is the R&D Tax Incentive refund for the financial year ending 30 June 2024 (Rate as at 30 June 2024 of 4.515%).
Financial liabilities	15	Carried at face value.	The institutional investment is recognised based on an external valuation.
iii) Equity			
Ordinary shares	16	Ordinary share capital is recognised at the fair value of the consideration received by the group.	Details of the shares issued and the terms and conditions of the options outstanding over ordinary shares at balance date are set out in note 16.

21. Financial risk management (continued)

Carrying value

The carrying value of financial assets and liabilities approximates their fair value.

Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

i) Market risk

The Group is not exposed to either equity securities price risk or commodity price risk.

The Group has an exposure to foreign currency risk because several contracts relating to cost of services are denominated in foreign currencies. When the service agreement is signed the Group seeks to lock-in a foreign exchange rate to minimise the risks associated with fluctuating currency markets.

ii) Credit risk

The maximum credit risk is total current assets of which the vast majority is either in the form of cash or amounts receivable from the Australian Taxation Office in the form of the Research and Development tax incentive and GST refundable.

iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term assets to enable the Group to settle its liabilities.

The contractual undiscounted cash flows of the Group's borrowing commitments is set out in the table below. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities	< 1 year	>1 year < 5 years	>5 years	Total	Carrying amount
Loan - R&D advance - 2024	1,405,195	-	-	1,405,195	1,405,195
Loan - R&D advance - 2023	4,013,858	-	-	4,013,858	4,013,858

iv) Interest Rate Risk

As at the reporting date the Group had the following variable rate bank accounts and borrowings:

	Weighted average	Balance	Fixed interest rate exposure	Variable interest rate exposure
	%	$	$	$
Cash and cash Equivalents - 2024	1.35%	3,133,449	3,044,236	89,213
Cash and cash Equivalents - 2023	1.26%	4,789,513	3,886,380	903,133
Borrowings - 2024	2.82%	1,405,195	-	1,405,195
Borrowings - 2023	4.43%	4,013,858	-	4,013,858

21. Financial risk management (continued)

v) Cash flow and fair value interest rate risk

The Group maintains a current cheque account balance sufficient to meet day to day expenses with the balance of cash held in accounts designed to maximise interest income.

vi) Foreign exchange risk

The Group has contracts denominated in foreign currencies, predominantly in US dollars , Euros and Great Britain Pounds and may enter into forward exchange contracts where appropriate in light of anticipated future purchases and sales, conditions in foreign markets, commitments with suppliers and customers and past experience and in accordance with Board-approved limits

22. Reconciliation of loss after income tax to net cash used in operating activities

Reconciliation of cash flow from operations with profit after income tax

	Consolidated	
	2024	2023
	$	$
Loss after income tax expense for the year	(5,381,269)	(4,851,187)
Adjustments for:		
Depreciation and amortisation	62,969	29,922
Share-based payments	205,571	218,452
Unrealised Foreign exchange differences	-	4,034
Amounts paid directly by issuance of shares	75,000	52,030
Change in operating assets and liabilities:		
(Increase) / decrease in receivables	744,252	(905,784)
(Increase) / decrease in current assets	(5,844)	(77,597)
Increase / (decrease) in payables	(1,036,318)	445,571
Increase / (decrease) in provisions	67,144	(58,404)
Increase / (decrease) in borrowings	8,663	10,905
Net cash used in operating activities	(5,259,832)	(5,132,058)

23. Dividends

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

24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Dry Kirkness (Audit) Pty Ltd, the auditor of the group:

	Consolidated	
	2024	2023
	$	$
Audit services - Dry Kirkness (Audit) Pty Ltd		
Audit and review of the financial statements	25,750	25,000

25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024	**2023**
	$	**$**
Loss after income tax	(5,381,269)	(4,851,187)
Total comprehensive income	(5,381,269)	(4,851,187)

Statement of financial position

	Parent	
	2024	**2023**
	$	**$**
Total current assets	5,290,917	7,697,080
Total assets	5,573,001	7,733,089
Total current liabilities	2,220,626	5,808,193
Total liabilities	3,542,555	5,823,135
Equity		
Issued capital	47,399,255	42,175,065
Share-based payments reserve	2,151,428	1,873,857
Accumulated losses	(47,520,237)	(42,138,968)
Total equity	2,030,446	1,909,954

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AS AT 30 JUNE 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
AdAlta Limited	Body Corporate	Australia	-	Australia
AdSolis Pty Ltd	Body Corporate	Australia	100.00%	Australia
AdCella Pty Ltd	Body Corporate	Australia	100.00%	Australia

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts

None of the entities noted above were trustees of trusts within.

DIRECTORS' DECLARATION

30 JUNE 2024

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2024 and of its performance for the financial 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.
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Paul MacLeman
Chairman

28 August 2024
Melbourne

DRY KIRKNESS

INDEPENDENT AUDITOR'S REPORT
To the Members of AdAlta Limited

Report on the audit of the annual financial report

Opinion

We have audited the financial report of AdAlta Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of AdAlta Limited, is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group 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 ethical requirements 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 Group, would be in the same terms if given to the directors as at the date of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the Group incurred a loss after tax of $5,381,269 (2023: $4,851,187) and had net cash outflows from operating activities of $5,259,832 (2023: $5,132,058) for the year ended 30 June 2024. As at 30 June 2024, the Group had net current assets of $3,070,291 (2023: $1,888,886).

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The Group is required to repay the loan recorded at 30 June 2024 of $1,405,195 with the Treasury Corporation of Victoria (TCV) by 31 October 2024, coincident with the receipt of the FY24 Research & Development (R&D) tax incentive refund. In the event the Group does not receive a refund in excess of the loan facility the Group will be required to repay the loan with its cash reserves, noting that the estimated accrued R&D refund for FY24 is $1,774,530.

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 Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Equity and Capital Structure *Refer notes 16 and 17* During the year, the Group successfully issued fully paid ordinary shares as well as various options of which some have been exercised**.**	Our audit procedures included an examination of each issue of fully paid ordinary shares during the year as disclosed in note 16 and an examination of the movements in the share option reserve as disclosed in note 17. We also assessed whether share-based payments should have been recognised in relation to the Employee Share Option Plan. Further, we reconciled the third-party share registry to information announced to the public.
Research and Development Tax Incentive *Refer notes 3 and 7* Management utilise key assumptions, judgements and estimates in determining the R&D Tax Incentive disclosed in note 3 and 7 which is material to the financial statements. Management have utilised the services of a tax expert to prepare the calculation for the Group's eligible R&D spend for inclusion in its submission to the ATO.	Our audit procedures included an evaluation of the assumptions, methodologies and conclusions utilised by management's expert in preparing the R&D Tax Incentive application. We also focused on the adequacy of financial report disclosures regarding these assumptions as disclosed at note 2.
Financial Liabilities *Refer note 15* The Group entered into a note institutional investment agreement where a total of $1.2 million was received in May 2024. The investment was recognised as a financial liability with a debt and embedded derivative component. Management utilise key assumptions, judgements and estimates in determining the value of the financial liability disclosed in note 15 which is material to the financial	Our audit procedures included an evaluation of the assumptions, methodologies and conclusions used by management's expert in determining the value of the financial liability as well as the accounting treatment. We also focused on the adequacy of financial report disclosures regarding the terms of the financial liability as disclosed at note 15.

statements. Management have utilised the services of an expert to determine the accounting treatment in accordance with Australian Accounting Standards and to value the financial liability.	

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial report

The directors of the Group are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001; and

c) for such internal control as the directors determine is necessary to enable the preparation of:

   i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

   ii) the consolidated entity disclosure statement that is true and correct and is free from misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included on pages 23 to 27 of the directors' report for the year ended 30 June 2024.

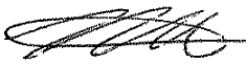
In our opinion, the Remuneration Report of AdAlta Limited, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DRY KIRKNESS (AUDIT) PTY LTD



ROBERT HALL CA
Director

Perth
Date: 28 August 2024

SHAREHOLDER INFORMATION

30 JUNE 2024

The shareholder information set out below was applicable as at 7 August 2024.

(a) Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Ordinary Shares	# of holders	# of units	% Issued share
1 to 1,000	46	5,495	-
1,001 to 5,000	113	380,075	0.06%
5,001 to 10,000	204	1,582,158	0.27%
10,001 to 100,000	642	25,781,643	4.33%
100,001 and over	426	567,874,275	95.34%
	1,431	595,623,520	

The number of shareholders holding less than a marketable parcel of shares are 590.

(b) Voting rights

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

SHAREHOLDER INFORMATION

30 JUNE 2024

The names of the twenty largest holders of quoted ordinary shares are:

Position	Holder name	Holding	IC
1	SACAVIC PTY LTD <MORRIS SUPER FUND A/C>	97,441,722	16.36%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	85,720,663	14.39%
3	YCLP PTY LTD <YCLP A/C>	27,029,924	4.54%
3	FLETCHER MEURS INVESTMENTS PTY LTD	27,029,924	4.54%
4	RADIATA FOUNDATION LTD	20,560,519	3.45%
5	MEURS HOLDINGS PTY LTD <P&M MEURS SUPERANNUATION A/C>	20,123,655	3.38%
6	SKIPTAN PTY LTD <P&M MEURS FAMILY A/C>	19,407,256	3.26%
7	MR TZU HSUAN TSENG	9,893,171	1.66%
8	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	7,058,296	1.19%
9	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	5,000,000	0.84%
9	SCINTILLA STRATEGIC INVESTMENTS LIMITED	5,000,000	0.84%
10	MR JOHN OKROGLIC	4,693,397	0.79%
11	CITYCASTLE PTY LTD	4,302,320	0.72%
12	AZZURRA INVESTMENTS PTY LTD	4,050,000	0.68%
13	MR ALISTAIR DAVID STRONG	4,000,000	0.67%
13	MR KEVIN JOHN CAIRNS & MRS CATHERINE VALERIE CAIRNS <CAIRNS FAMILY SUPER A/C>	4,000,000	0.67%
14	MR DAVID JOHN ROBINSON	3,833,000	0.64%
15	MRS GWEN MURRAY PFLEGER <PFLEGER FAMILY A/C>	3,600,000	0.60%
15	MR PEERA MAYTHA	3,600,000	0.60%
16	CASTLE MANOR PTY LTD <ARRENDENE HOLDINGS A/C>	3,503,904	0.59%
17	HUON PINE PTY LTD <HUON PINE INVESTMENT A/C>	3,250,000	0.55%
18	LA TROBE UNIVERSITY	3,041,330	0.51%
19	MR MICHAEL PETER HETRELEZIS <MIKE'S INVESTMENT A/C>	3,000,000	0.50%
19	MR KALPESH VARSANI & MRS RITA VARSANI <VARSANI FAMILY S/F A/C>	3,000,000	0.50%
20	ANDREW P O'BRIEN HOLDINGS PTY LTD <ANDREW P O'BRIEN A/C>	2,944,445	0.49%
	Totals	**375,083,526**	**62.97%**
	Total Issued Capital	**595,623,520**	**100.00%**

SHAREHOLDER INFORMATION

30 JUNE 2024

(c) Substantial shareholders

The names of substantial shareholders in accordance with section 671B of the Corporations Act 2001 are:

Position	Shareholder	Holding	% IC
1	SACAVIC PTY LTD <MORRIS SUPER FUND A/C>	97,441,722	16.36%
2	Platinum Investment Management Limited	87,863,759[1]	14.75%
3	Meurs Group	66,560,835	11.18%

[1]Number of shares held per last reported substantial interest notice holding notice.

(d) Unquoted securities

Details of substantial holders:

Number	Number of holders	Class	Holders of more than 20%
27,059,060	72	Options expiring various dates and various prices	Timothy Oldham 43.35% (11,729,060) Paul MacLeman 21.64% (5,855,000)