ASX Announcement | 30 January 2026

AdAlta Limited (ASX:1AD)

QUARTERLY ACTIVITIES REPORT – DECEMBER QUARTER 2025

"East-to-West" strategy launched; balance sheet further strengthened

Key highlights

- BZDS1901, a groundbreaking CAR-T product for mesothelioma and other solid cancers to be co-developed with Shanghai Cell Therapy Group Co Ltd ("**SHcell**"), formally launching AdCella's "East to West" cellular immunotherapy operations
- $2.8 million raised via private placements (includes $1.2 million raised post period end)
- $0.93 million R&D Tax Incentive ("**RDTI**") refund (includes $0.15 million post period end); Radium RDTI advance loan repaid in full
- Remaining balance of New Life Sciences Capital ("**NLSC**") investment repaid in cash; no further shares to be issued under either NLSC or Meurs Group Investment Agreements

AdAlta Limited (ASX:1AD) ("AdAlta" or **"the Company")**, developer of next generation cell and protein therapeutics, announces its Appendix 4C cash flow report for the quarter ended 31 December 2025 (Q2 FY26), along with the following financial and operational update. The Company formally launched its AdCella subsidiary's "East to West" cellular immunotherapy operations by entering a collaboration with Shanghai Cell Therapy Group Co Ltd ("**SHcell**") to co-develop the groundbreaking CAR-T cancer therapy, BZDS1901, for global markets and materially strengthened its balance sheet and capital structure. The cash balance at the end of the Q2FY26 was $1.58 million ($0.55 million at the end of Q1FY26).

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

"Launching AdCella operations was clearly the highlight of the quarter and a milestone we have been working diligently towards through 2025. BZDS1901 exemplifies many features we believe are important for successfully bringing the potential of CAR-T cell therapy to solid cancer patients: established target, armoring to overcome immune suppression and a lower cost and short manufacturing process. We are delighted to be collaborating with Shanghai Cell Therapy Gorup and that Australian patients will be the first outside China to be able to access BZDS1901, particularly those with advanced mesothelioma for which there are very limited treatment options today. This is what our "East to West" cell therapy strategy was established to do.

We are also grateful for the support of new sophisticated and professional investors, led by 62Capital, for their belief in and support for our strategy."

A. Operational updates

1. "East to West" cellular immunotherapies operations launched

AdAlta announced its "East to West" cellular immunotherapy strategy in April 2024 (see ASX announcement dated 8 April 2024). Cellular immunotherapies (living drugs based on engineered human cells) are a rapidly growing market that is transforming outcomes in haematological (blood) cancers, now expanding into the much larger market for solid cancers. Asia, and China in particular, is leading innovation in this field with around 40% of all companies and 60% of all cellular immunotherapy clinical trials found in Asia. Australia has specific and globally recognised expertise in cellular immunotherapy manufacturing and clinical trials. AdAlta will be a force multiplier for Asian innovators by providing a pathway for clinic ready products to access Western-regulated markets.

Co-development of BZDS1901: anti-PD1 armoured MSLN CAR-T for mesothelioma

AdAlta, and its cellular immunotherapy subsidiary, AdCella Pty Ltd ("**AdCella**") signed a major development agreement with Shanghai Cell Therapy Group Co Ltd **("SHcell")** to bring an innovative cancer treatment, BZDS1901, to markets outside China (announced 2 January 2026). This partnership marked the official operational launch of AdCella's "East to West" strategy, leveraging Chinese innovation and Australian expertise to accelerate global access to next-generation cell therapies.

BZDS1901 is a highly differentiated clinical stage, first-in-class armored CAR-T product targeting mesothelin ("**MSLN**") with demonstrated complete responses in difficult to treat advanced mesothelioma patients and a low cost, scalable manufacturing process.

Special features of BZDS1901 include:

- **Well established target for high unmet need cancers:** MSLN's high expression on cancer cells and low expression elsewhere makes it an ideal target for CAR-T cell therapies and it is a well-established target for personalized or targeted cancer therapies.[1] More than 35,000 new cases of mesothelioma are diagnosed each year, more than 29,000 deaths and 20,000 relapsed or treatment refractory patients.[2] There are limited treatment options once chemotherapy fails. 85-90% of patients have high levels of MSLN expression. The global market for mesothelioma-related drugs alone is forecast to reach $12.2 billion by 2034The market for therapies for mesothelioma is forecast to reach US$12.2b by 2034.

- **Armoured for success where other products have failed:** Unlike conventional CAR-T therapies, BZDS1901 is "armoured" to block PD1, a checkpoint inhibitor that tumours use to shut down immune responses.[3] BZDS1901 CAR-T cells not only target the tumour but also secrete a PD1 blocker, so they don't get switched off by the tumour. This is the first time this armouring strategy has been used and could make BZDS1901 far more effective in solid tumours where other CAR-Ts and treatments have struggled.

- **Proven promise in clinical studies:** BZDS1901 has already demonstrated significant clinical promise in 36 patients with advanced mesothelioma and other solid cancers across three investigator-initiated trials ("**IITs**") in China. An early version of BZDS1901 demonstrated an overall response rate ("**ORR**") of 63.5% in advanced mesothelioma patients, including one complete response ("**CR**").[4] 73% of these (8 out of 11 patients) survived beyond 12 months. This compares with current second line standard of care that achieves just 11-29% ORR and 8.4-8.7 month median overall survival ("**mOS**").[5] The current version of BZDS1901 has already demonstrated responses, including complete responses, at substantially lower doses and without complete dose optimization. Complete responses in this patient population are a significant achievement.

- **Faster, cheaper manufacturing:** BZDS1901 can be produced in under two days, compared to 9-10 days for most CAR-T therapies, using a proprietary mRNA delivered enzyme to introduce the CAR modifications thus avoids expensive viral vectors. This makes the process cost-efficient and well down the path to scalability, a critical requirement for CAR-T therapies that are made specifically for each individual patient.

The total budget for development of BZDS1901 to the end of Phase 1 clinical studies is US$14-19 million over four years, inclusive of payments to SHcell. AdCella has paid the first instalment of US$0.5 million (~A$0.75 million) towards the first milestone due to SHcell. The payment was made using funds invested by AdAlta Ltd in return for an anticipated increased share of AdCella. AdCella is financing the remainder of

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[1] Z Tang *et al*, The role of mesothelin in tumour progression and targeted therapy, *Anticancer Agents Med Chem* (2013) 13(2), 276
[2] GlobalData, Mesothelioma Epidemiology and Market Size (2023); Ferlay *et al*, *Global Cancer Observatory: Cancer Today* (2024)
[3] The immune system uses "brakes" to avoid attacking healthy cells. One of these brakes is a protein called **PD1** on immune cells. Cancer cells exploit this by sending signals that press the PD1 brake, shutting down immune attack. Blocking PD1 is like cutting the brake cable, enabling immune cells to stay active and can keep fighting the cancer.
[4] A complete response (CR) describes a response to treatment where there is no longer any measurable disease presence; a partial response (PR) describes a response to treatment where tumours volumes shrink by 30% or more; stable disease (SD) describes a response to treatment where tumour volumes shrink or grow by less than 30%; progressive disease (PD) describes an absence of response to treatment where tumour volumes expand by more than 30%; overall response rate (ORR) is the sum of CRs and PRs.
[5] A Scherpereel *et al*, Nivolumab or nivolumab plus ipilimumab in patients with relapsed malignant pleural mesothelioma (IFCT-1501 MAPS2): a multicentre, open-label, randomised, non-comparative, phase 2 trial, *Lancet* (2019) 20(2) 239; NCT02716272

BZDS1901 development outside greater China via third party investors (AdAlta retains the option to co-invest, the model is analogous to join venture asset financing) and will be responsible for establishing a manufacturing platform and conducting a Phase 1 clinical trial in mesothelioma and other solid cancers in Australia.

AdCella will acquire a 60% share of the proceeds of any commercialization event at the completion of Phase 1 clinical trials.

FDA endorses flexible approach to manufacturing that underpins AdCella strategy

The US FDA has announced increased flexibility on manufacturing and control requirements for cell and gene therapies throughout their lifecycle.[6] Reducing burdens like full cGMP compliance prior to Phase 2 and 3 clincial trials, employing more adaptable product specification expectations and streamlining process validation requirements will, in AdCella's opinion, provide greater flexibility to introduce continuous process improvement over time and reduce the cost and time to transition from Phase 1 to Phase 2 studies. This will in turn reduce the cost of and accelerate AdCella's manufacturing proof of concept work, enhancing the commercial viability and partnerability of its pipeline.

2. Monetising i-body® enabled assets

AdAlta's most advanced internally developed product, AD-214, is a first in class, next generation antibody therapeutic for the treatment of fibrotic diseases including lung fibrosis (specifically Idiopathic Pulmonary Fibrosis (IPF) and Interstitial Lung Disease (ILD)) and kidney fibrosis. The Company is focussed on securing third party partners or investors to finance progression of AD-214 into Phase II clinical studies in IPF or kidney fibrosis and development of a patient preferred subcutaneous format. The majority of recent enquiries have focussed on application of AD-214 in kidney fibrosis, a reflection of the growing focus on diabetes and metabolic diseases and the damage these cause to the kidneys.

Opportunities to secure non-dilutive funding to advance AdAlta's first in class anti-malarial i-body®, WD-34, continued. La Trobe University and another interested party are working with AdAlta to finance additional pre-clinical proof of concept studies for WD-34. A number of grant applications are progressing and discussions to form a new company (similar to AdCella) to attract equity investment are advancing. WD-34 was discovered with La Trobe University in 2023 and is the first antibody-like molecule to inhibit multiple strains of malaria at multiple life-cycle stages. The potential for a single dose, long acting prophylaxis for malaria would transform deployed personnel and traveller care as well as seasonal treatment for children.

3. Near-term objectives

Significant AdCella goals over the next 9-12 months include:

- Securing additional financing via direct third party investment into AdCella;
- Completing a pre-IND meeting with FDA to confirm the technology transfer program and the content of the IND submission;
- Treating a further 2-7 patients with BZDS1901 under an ongoing IIT in China;
- Commencing remaining non-clinical IND-enabling studies;
- Securing an Australian contract manufacturing organisation and commencing technology transfer of BZDS1901; and
- Advancing discussions to in-license a second product for AdCella's pipeline.

B. Corporate and organization updates

1. Capital raising

The Company raised $1.6 million in new funds via private placements during Q2FY26, and announced a further $1.2 million placement on 13 January 2026.

On 13 October 2025, the Company announced a private placement to raise up to $0.5 million before costs. Under the placement, shares issued at 0.3c per share ($0.003), a 20% premium to closing price on 10

[6] https://www.fda.gov/news-events/press-announcements/fda-increases-flexibility-requirements-cell-and-gene-therapies-advance-innovation and https://www.fda.gov/vaccines-blood-biologics/cellular-gene-therapy-products/flexible-requirements-cell-and-gene-therapies-advance-innovation

October, plus one listed option (ASX:1ADO) ("**Attaching Option**") for every two shares issued on the same terms as the June 2025 fully subscribed Entitlement Offer. 166,666,667 Subscription Shares and 83,333,334 Attaching Options were issued under the Company's available capacity under Listing Rule 7.1A and pursuant to shareholder approval at the Annual General Meeting on 26 November, 2025. There were no material costs of the placement and no broker fees were payable.

On 20 October 2025, the Company announced it had received firm commitments to raise up to $1.1 million before costs, also on the same terms as the June 2025 Entitlement Offer. Under the placement, shares issued at 0.3c per share ($0.003), equal to closing price on 17 October, plus one Attaching Option for every two shares issued on the same terms as the recent fully subscribed Entitlement Offer. The Company issued approximately 366,666,667 new fully paid ordinary shares and 183,333,333 Attaching Options pursuant to shareholder approval at the Annual General Meeting on 26 November, 2025. The placement was facilitated by 62 Capital Pty Ltd and shareholders also approved the issue of additional shares and Attaching Options as payment of the 6% Lead Manager fee.

Post period end, on 13 January 2026, the Company announced it had received firm commitments to raise $1.2 million before costs. Under the placement, shares will issue at 0.5c per share ($0.005), a 67% premium to the Q2FY26 placements and a 17% discount to the closing price on 12 January 2026. On settlement (anticipated approximately 30 January 2026), the Company will issue 240,000,000 new fully paid ordinary shares and 120,000,000 new ASX:1ADO Attaching Options. 62 Capital Pty Ltd again acted as Lead Manager for the Placement and are entitled to a fee of 6% of the gross proceeds raised, to be settled in shares and options on the same terms as the Placement (ex GST). In addition, 62 Capital will be issued 75,000,000 Lead Manager Options exercisable at A$0.01, with expiry date of 3 June 2028 (ASX:1ADO) issued at A$0.000001. Shares will be issued utilizing the Company's existing placement capacity under Listing Rule 7.1A (in respect of 229,526,904 Ordinary Shares) and Listing Rule 7.1 (in respect of 202,200,000 1ADO options and 24,873,096 Ordinary Shares).

The proceeds of these placements will be used to advance and accelerate AdCella's "East to West" cellular immunotherapy strategy; advance other transaction opportunities in parallel; extend or expand intellectual property associated with its existing i-body-enabled assets and general working capital. To date, AdAlta has invested a further A$0.5 million to increase its share of AdCella and enable a first instalment of a milestone payment due to SHcell to be made.

2. Retiring investment agreements

During Q2FY26, the Company completed its obligations under previously announced investment agreements with NLSC and Meurs Group. On 24 October 2025, the Company announced that it had used $405,132 of these new funds to exercise its right to repay the remaining balance of the subscription amount under the NLSC Investment Agreement announced in April 2024. No further shares are required to be issued under the NLSC Investment Agreement. On 20 October 2025, the Company announced that it had received a Settlement Notice from long term shareholder, the Meurs Group, in respect of the remaining $363,000 balance of the subscription amount under the Meurs Group Investment Agreement announced in May 2024. Following the issue of approximately 201,666,666 shares under the Settlement Notice, no further shares are required to be issued under the Meurs Group Investment Agreement.

3. Cash management initiatives

The Company has previously announced initiatives to reduce fixed and overhead costs. Cash operating costs for the Q2FY26 quarter were $517,410, down 3% on the Q1FY26 quarter of $513,374 (after excluding the effects of one-time costs associated with maintaining AD-214 intellectual property and development planning costs for cellular immunotherapy assets in the prior quarter). During the quarter a partial repayment of the CEO's forgone salary was made. Further payment of Board Fees and CEO salary remain subject to review at each Board meeting.

4. Annual General Meeting

The Annual General Meeting of the Company was held on 26 November, 2025. All resolutions were passed with greater than 98% support.

C. Financial position

Cash operating costs for the Q2FY26 quarter were $517,410, down 31% on the Q1FY26 quarter of $754,406.

A Research & Development Tax Incentive refund of $781,841 was received in the Q2FY26 quarter in relation to the FY25 financial year. After retirement of the Radium RDTI Loan Advance, net proceeds were $307,363. (A further refund of refund of approximately $151,000 was received in January 2026 following grant of an advance overseas finding in respect of offshore expenditure in the FY25 year).

Cash inflows from placements of $1,606,840 after costs were offset by payments of $405,132 to finalise trhe NLSC Investment Agreement.

The cash balance at the end of the Q2FY26 quarter was $1.58 million (versus $0.55 million at the end of the previous quarter). This excludes the effects of the $1.2 million placement, $0.15 million additional RDTI refund and the payment of $0.75m to SHcell reported in January 2026.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C were $56,994, which was a partial payment of previously foregone salary for the CEO and Managing Director.

D. Summary

AdAlta's Q2FY26 reporting period has seen the Company launch its "East to West" cellular immunotherapy operations with a major collaboration with Shanghai Cell Therapy Group to co-develop a groundbreaking armoured CAR-T for mesothelioma, and raise significant additional capital and settle the final subscription amounts under the NLSC and Meurs Group Investment Agreements yo significantly strengthen its balance sheet. Near term goals related to the execution of the "East to West" strategy will continue to demonstrate momentu.

For an opportunity to engage in a virtual discussion of this report see:
https://investorhub.adalta.com.au/link/P4xQqP

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

For further information, please contact:

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Appendix 4C

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

Name of entity	
ADALTA LIMITED	
ABN	**Quarter ended ("current quarter")**
92 120 332 925	31 December 2025

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(102)	(441)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(57)	(131)
	(f) administration and corporate costs	(310)	(650)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	(50)	(53)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	782	782
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**264**	**(491)**

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

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,607	1,607
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(9)	(9)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(425)	(425)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – (provide details if material) - Repayment in respect to Investment Agreement	(405)	(405)
3.10	**Net cash from / (used in) financing activities**	**768**	**768**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	551	1,306
4.2	Net cash from / (used in) operating activities (item 1.9 above)	264	(491)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	768	768
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,583**	**1,583**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	40	55
5.2	Call deposits	1,543	496
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,583**	**551**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	57
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

The amount at 6.1 includes CEO and Managing Director salary for the period.

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

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

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

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	264
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,583
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,583
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**N/A**

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

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

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

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

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

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

30 January 2026

Date: .....

The Board

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

Notes

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

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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

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