AdAlta

next generation protein therapeutics

HALF YEAR REPORT

FOR THE PERIOD ENDING
31 DECEMBER 2025

ADALTA LIMITED AND CONTROLLED ENTITIES
ABN 92 120 332 925

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

1. Company details

Name of entity:	AdAlta Limited
ABN:	92 120 332 925
Reporting period:	For the half-year ended 31 December 2025
Previous period:	For the half-year ended 31 December 2024

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	18.4%	to	306,150
Loss from ordinary activities after tax attributable to the owners of AdAlta Limited	down	5.4%	to	(2,437,141)
Loss for the half-year attributable to the owners of AdAlta Limited	down	5.4%	to	(2,437,141)

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

Comments
The loss for the Group after providing for income tax amounted to $2,437,141 (31 December 2024: $2,576,431).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(0.01)	0.02

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

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

Not applicable.

9. Audit qualification or review

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

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

10. Attachments

Details of attachments (if any):

The Half year financial report of AdAlta Limited for the half-year ended 31 December 2025 is attached.

11. Signed

Signed 

Date: 19 February 2026

Paul MacLeman
Chairman
Melbourne

AdAlta Limited and controlled entities
Corporate directory
31 December 2025

Directors	Dr Paul MacLeman Dr Timothy Oldham Dr David Fuller Ms Michelle Burke
Company secretary	Mr Cameron Jones
Registered office	Level 1, Suite 1, 117 Camberwell Road Hawthorn East, VIC 3123 Australia
Auditor	Dry Kirkness (Audit) Pty Ltd Ground Floor, 50 Colin Street West Perth, Western Australia 6005
Share Registry	Automic Registry Services Level 5 126 Phillip Street Sydney, NSW 2000 Tel: 1300 288 664
Stock exchange listing	AdAlta Limited shares are listed on the Australian Securities Exchange Ltd.
ASX Code	1AD and listed options under ASX:1ADO
Website	www.adalta.com.au

AdAlta Limited and controlled entities
Contents
31 December 2025

The Directors of AdAlta Limited ("AdAlta" or "the Group") present their report, together with the financial statements, of the Group for the half-year ended 31 December 2025.

Directors

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

Dr Paul MacLeman	Non-Executive Chairman
Dr Timothy Oldham	Chief Executive Officer and Managing Director
Dr David Fuller	Non-Executive Director
Ms Michelle Burke	Non-Executive Director

Review of operations

1. Company strategy, principal activities and purpose

AdAlta is a clinical stage biotechnology company focused on the discovery and development of next generation cell and protein-based therapeutics. Its uses its translational and early clinical development platform, capital efficient operating model and third party program financing to add value to, and monetise early clinical stage assets. Current programs address the need for effective cellular immunotherapies for the treatment of solid cancers, the need for more effective therapies for fibrotic diseases such as Idiopathic Pulmonary Fibrosis (“IPF”) and the opportunity to transform malaria prophylaxis.

Through its 'East to West' cellular immunotherapy strategy, the Company’s subsidiary, AdCella Pty Ltd, is integrating Asia's prowess in T cell therapy development with the efficiency and quality of Australia's clinical and manufacturing ecosystem to create a pathway connecting 'Eastern' innovation in cellular immunotherapies with 'Western' regulated markets and patients. AdCella in-licenses clinical stage T cell immunotherapies, establishes manufacturing and completes initial US FDA compliant clinical trials in Australia, then on-licenses to larger biopharmaceutical companies, sharing the value created with AdCella’s in-licensing partners. This strategy is the key growth driver for AdAlta.

AdAlta has previously developed assets using its proprietary i-body® technology for which it is now seeking partnerships to crystallise the value that previous R&D investment has created. AD-214, a phase II ready, first in class i-body-fusion protein, takes a whole new approach to fibrotic diseases of the lung (such as IPF) and kidney. WD-34 is a discovery stage i-body® that AdAlta believes is the first antibody-like molecule showing both high potency against malaria parasite invasion and activity against multiple strains of malaria.

The Company aims to convert this value to revenue by out-licensing product candidates after Phase 1 clinical trials to larger biopharmaceutical companies in return for upfront payments, development and commercialisation milestone payments, royalties and in some cases equity in partner companies. In the case of cell therapy programs, revenue is shared with in-licensing partners. The primary focus of the H1 FY26 period was to formally launch AdCella's 'East to West' cellular immunotherapy operations through execution of a major collaboration to co-develop a groundbreaking Chimeric Antigen Receptor-T cell (“CAR-T”) therapy for mesothelioma and other solid cancers, strengthen the Company's balance sheet, and advance partnering opportunities for AD-214 and WD-34.

2. Key H1 FY26 results

'East to West' cellular immunotherapy operations launched

- Executed a Development and Collaboration Agreement with Shanghai Cell Therapy Group Co Ltd ('SHcell') to co-develop BZDS1901, a first-in-class PD1 armoured MSLN CAR-T for mesothelioma and other solid cancers (announced 2 January 2026)
  - BZDS1901 has demonstrated complete responses in difficult to treat advanced mesothelioma patients with overall response rates substantially in excess of current standard of care
  - BZDS1901 is armoured to overcome tumour immune suppression and features rapid (<2 day), low-cost, non-viral vector manufacturing process, positioning it well for scalability
  - AdCella made first milestone payment of US$1.0 million (~A$1.5 million) to SHcell
- New US FDA manufacturing requirements align with AdCella's manufacturing scalability and automation strategy

Financing

- Raised $2.8 million via placements including $1.6 million at market pricing during the December 2025 quarter and $1.2 million post period end in January 2026 at a 67% higher price.
- Received $0.93 million R&D Tax Incentive ("RDTI") refund in respect of FY25, including $0.78 million during the period and $0.15 million received post period end following a favourable first Advance Overseas Finding for offshore CAR-T development expenses
- Improved balance sheet:
  - Repaid Radium RDTI advance loan facility in full
  - Completed obligations under NLSC and Meurs Group investment agreements; remaining NLSC subscription amount repaid in cash; no further shares to be issued under these agreements
- Reduced quarterly cash operating costs by 31% (Q2 FY26 vs Q1 FY26) reflecting continued cost management initiatives

3. AdCella: 'East to West' cellular immunotherapies
Cellular immunotherapies are living drugs that involve engineering a patient's own immune cells to find and fight cancer. These highly specialised products offer potential cures for cancer in a single or limited number of doses. AdAlta's 'East to West' strategy seeks to bring the transformative outcomes that cellular immunotherapies have brought to blood cancers to patients with solid tumours which represent 90% of all cancers.

AdAlta's subsidiary, AdCella, sources clinically validated cellular immunotherapies developed in Asia (approximately 40% of all companies and 60% of all clinical trials are located in Asia), and co-develops these assets through Western (US FDA) regulatory pathways using Australian clinical trial and manufacturing infrastructure. The model is designed to:

- Reduce early-stage discovery risk;
- Shorten development timelines;
- Materially lower development capital intensity; and
- improve probability of successful commercialisation and strategic transaction outcomes.

AdCella acts as a force multiplier, creating value for larger biopharmaceutical companies by 'Westernising' these innovative assets and generating confirmatory clinical data, with this value shared with in-licensing partners. This platform-based structure enables AdCella to scale a multi-asset pipeline while preserving capital efficiency and minimising balance sheet risk.

Co-development of BZDS1901 with Shanghai Cell Therapy Group launches AdCella operations
AdCella operations were officially launched at the end of the period (announced 2 January 2026) by entering a Development and Collaboration Agreement with Shanghai Cell Therapy Group Co Ltd ('SHcell') to co-develop BZDS1901, a next-generation, armoured CAR-T therapy targeting mesothelin (MSLN), for markets outside greater China.

BZDS1901 is a highly differentiated, first in class, CAR-T therapy incorporating an anti-PD1 armouring mechanism designed to overcome tumour immune suppression within the solid tumour microenvironment. The therapy has demonstrated meaningful clinical responses, including complete responses, in investigator-initiated clinical studies in patients with advanced and refractory solid tumours, including mesothelioma.

Key features of BZDS1901 include

- **A well established target:** MSLN is highly expressed in mesothelioma (35,000+ new cases and 29,000+ deaths annually, forecast market of $12.2 billion by 2034) and other solid cancers including lung, ovarian and pancreatic cancers.
- **Armoured design:** BZDS1901 secretes a PD1 blocker (checkpoint inhibitor) to prevent tumours from shutting down immune responses, a first-in-class approach that could make it far more effective in solid tumours.
- **Clinical promise:** An early version demonstrated 63.5% overall response rate (vs 11-29% for current standard of care) with 25-26 month median survival (vs 8-9 months for standard of care) in advanced mesothelioma patients. The current version, still undergoing dose optimisation, has achieved response rates double that achieved with standard of care just 10% of the dose of the earlier version, including multiple complete responses which is a significant achievement in this patient population. These early studies have also enabled optimisation of protocols to manage and improve the safety of BZDS1901.
- **Scalable manufacturing:** Produced in under two days using proprietary non-viral technology at substantially lower cost, compared to 9-10 days for most CAR-T therapies.

Under the Agreement, AdCella receives an exclusive license to develop and commercialize BZDS1901 outside greater China. AdCella will establish manufacturing, secure a US FDA IND and conduct a Phase 1 clinical trial in up to 18 patients. The total development budget to end of Phase 1 is US$14-19 million over four years inclusive of milestone payments to SHcell. AdCella will acquire a 60% share of proceeds from any commercialization event. AdCella is financing development via third party investors, with AdAlta expected to retain majority ownership after initial financing. In addition to its founding shareholding, AdAlta has invested US$1.0 million in AdCella to finance initial milestone payments to SHcell and will provide management services to AdCella on an ongoing basis.

FDA regulatory developments support AdCella strategy
On 11 January 2026, the US FDA announced increased flexibility on manufacturing requirements for cell and gene therapies, reducing quality burdens, employing more adaptable product specification expectations and streamlining process validation. This will reduce the cost and time to transition from Phase 1 to Phase 2 studies and enable more extensive process improvement, enhancing the commercial viability of AdCella's pipeline.

4. i-body® enabled assets
AD-214 – fibrotic diseases: AD-214 is a first in class, next generation protein therapeutic for fibrotic diseases including lung fibrosis (for example IPF) and kidney fibrosis. Using AdAlta's proprietary i-body® technology to target the receptor CXCR4, AD-214 has been shown to be well tolerated in Phase 1 clinical studies and effective in multiple animal models of disease, with patent protection beyond 2036.

The Company is working to out-license AD-214 to regional and global biopharmaceutical companies for both lung and kidney indications to finance Phase 2 trials. The majority of recent enquiries have focused on kidney fibrosis applications, reflecting the growing focus on diabetes and metabolic diseases. Interest in fibrosis assets remains significant, with several new enquiries received during the period.

Of particular note, the US FDA approved Boehringer Ingelheim's Jascayd for IPF in October 2025, the first new therapeutic option for IPF patients in over a decade. Despite this new option, there is still no cure for IPF and the opportunity for additional new products such as AD-214 targeting new modes of action remains significant.

WD-34 – malaria: WD-34 is an i-body® discovered with La Trobe University that targets a highly conserved region of the AMA1 protein crucial for malaria parasite invasion. WD-34 recognises AMA1 from multiple malaria species as well as Babesia and Toxoplasma parasites. This pan-strain recognition combined with high potency inhibition suggests potential for a long acting, single dose prophylaxis for travellers and deployed personnel, seasonal prophylaxis for children in endemic regions or a novel method of antigen generation for vaccines.

La Trobe University and other interested parties are working with AdAlta to finance additional candidate optimisation and pre-clinical proof of concept studies for WD-34. Grant applications are progressing and discussions to form a new company (similar to AdCella) to attract equity investment are advancing.

5. Future milestones
Near term (6-9 month) milestones include

- *'East to West' cellular immunotherapies*
  - Securing additional financing via direct third party investment into AdCella
  - Completing a pre-IND meeting with FDA to confirm the BZDS1901 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
  - Advancing discussions to in-license a second product for AdCella's pipeline
- *AD-214 and WD-34:*
  - The Company continues to maintain and renew a pipeline of active discussions with parties interested in licensing or co-investing in AD-214 and WD-34. For competitive and practical reasons, AdAlta is unable to forecast when, or even if, specific partnership agreements and the transactions that flow from them may close.

Financial results

The loss for the Group after providing for income tax amounted to $2,437,141 (31 December 2024: $2,576,431).

The half-year ended 31 December 2025 operating results included the following:
- Research and development expenditure of $1,607,550 (31 December 2024: $495,350);
- Corporate and administration expenses of $632,039 (31 December 2024: $1,484,400);
- Share based payment expense of $18,328 (31 December 2024: $45,356); and
- Net foreign exchange loss of $1,252 (31 December 2024: $7,773)

During the period the Group received the Research and Development Tax Incentive (RDTI) cash refund of $781,841 for the 2024/2025 financial year (31 December 2024: $1,774,530) and repaid in full the outstanding $0.47 million balance of the Radium Capital R&D Tax Incentive Loan Advance Facility. Also during the period the Group adopted a range of cost saving measures to preserve cash. These included continued suspension of Board and Managing Director fees and salary. The Board is evaluating a combination of ad hoc payments and equity remuneration in lieu of foregone and/or delayed remuneration and the appropriate time to implement these.

The cash position as at 31 December 2025 was $1,583,394 (31 December 2024: $1,627,036 and 30 June 2025: $1,305,594).

Corporate developments

The Company's 2025 Annual General Meeting was held on 26 November 2025. All resolutions were passed, including approval of the remuneration report, re-election of Michelle Burke as a Director, approval of share issuances, renewal of Omnibus Equity plan and approval of 10% placement capacity under ASX listing rule 7.1A. All resolutions were carried with support of more than 98% of shares voted.

Matters subsequent to the end of the financial half-year

On 2 January 2026, the Company announced the execution of the Development and Collaboration Agreement with SHcell to co-develop BZDS1901 (as described in section 3 above).

On 13 January 2026, the Company announced it had received firm commitments to raise $1.2 million before costs at $0.005 per share, representing a 67% premium to the October 2025 placements. The placement was facilitated by 62 Capital Pty Ltd who 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 plus 75 million Lead Manager Options. 254.4 million new fully paid ordinary shares and 202.2 million new ASX:1ADO listed options were issued on settlement of the placement.

Post period end, and in accordance with the terms of the BZDS1901 Development and Collaboration Agreement with SHcell, AdCella has made two payments of US$0.5 million (~A$1.5 million in total) to SHcell. The payments were made using funds invested by AdAlta Ltd in return for an anticipated increased share of AdCella post the first external financing.

An additional $0.15 million Research and Development Tax Incentive refund was received in January 2026 following a favourable Advance Overseas Finding in respect of certain offshore research expenses for CAR-T cell therapy products in the Company's 'East to West' cellular immunotherapy pipeline.

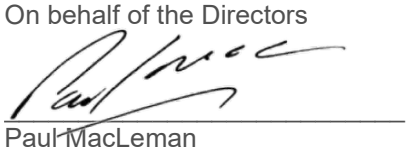
No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

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

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

On behalf of the Directors



Paul MacLeman
Chairman

19 February 2026

DRY KIRKNESS

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of AdAlta Limited for the half year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

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

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

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

DRY KIRKNESS (AUDIT) PTY LTD

LUCY P GARDNER
Director

Perth
Date: 19 February 2026

DRY KIRKNESS

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

Conclusion

We have reviewed the accompanying half year financial report of AdAlta Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2025 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a summary of material accounting policy information and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the half year ended on that date; and

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

Basis for Conclusion

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year 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 annual financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half year financial report, which indicates that the Group had a net liability position of $218,656 as at 31 Dec 2025, incurred a loss after tax of $2,437.141 and had net cash outflows from operating activities of $489,869 for the half-year ended 31 December 2025. 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 conclusion is not modified in respect of this matter.

Directors' responsibilities for the half year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half year financial report in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report has not been prepared, in all material respects, in accordance with the *Corporations Act 2001* including; giving a true and fair view of the Group's financial position as at 31 December 2025 and its financial performance and its cash flows for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

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

DRY KIRKNESS (AUDIT) PTY LTD

LUCY P GARDNER
Director

Perth
Date: 19 February 2026

AdAlta Limited and controlled entities
Directors' declaration
31 December 2025

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

Paul MacLeman
Chairman

19 February 2026

AdAlta Limited and controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025

	Note	31 Dec 2025 $	31 Dec 2024 $
Revenue	4	306,150	375,086
Expenses			
Corporate administration expenses (external)		(632,039)	(1,484,400)
Corporate and administration (Employee benefit expenses)		(96,222)	(327,321)
Depreciation and amortisation expense		-	(70,570)
Finance costs		(247,412)	(29,420)
Net foreign exchange (loss) / gain		(1,252)	(7,773)
Patent and legal costs		(99,250)	(99,396)
Research and development expenses	5	(1,607,550)	(495,350)
Research and development expenses (Employee benefit expenses)		(41,238)	(391,931)
Share based payment expenses		(18,328)	(45,356)
Total expenses		(2,743,291)	(2,951,517)
Loss before income tax expense		(2,437,141)	(2,576,431)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of AdAlta Limited		(2,437,141)	(2,576,431)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of AdAlta Limited		(2,437,141)	(2,576,431)
		Cents	**Cents**
Basic earnings per share	7	(0.16)	(0.42)
Diluted earnings per share	7	(0.16)	(0.42)

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

AdAlta Limited and controlled entities
Consolidated statement of financial position
As at 31 December 2025

	Note	31 Dec 2025 $	30 Jun 2025 $
Assets			
Current assets			
Cash and cash equivalents		1,583,394	1,305,594
Trade and other receivables and prepayments		265,499	835,969
Total current assets		1,848,893	2,141,563
Total assets		1,848,893	2,141,563
Liabilities			
Current liabilities			
Trade and other payables	6	1,962,414	821,668
Borrowings	8	-	446,785
Provisions		105,135	68,276
Total current liabilities		2,067,549	1,336,729
Non-current liabilities			
Provisions		-	27,184
Financial liabilities		-	1,375,894
Total non-current liabilities		-	1,403,078
Total liabilities		2,067,549	2,739,807
Net liabilities		(218,656)	(598,244)
Equity			
Issued capital	9	51,974,224	49,197,823
Reserves	10	2,266,766	2,226,438
Accumulated losses		(54,459,646)	(52,022,505)
Total deficiency in equity		(218,656)	(598,244)

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

AdAlta Limited and controlled entities
Consolidated statement of changes in equity
For the half-year ended 31 December 2025

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

	Issued capital $	Reserves $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2025	49,197,823	2,226,438	(52,022,505)	(598,244)
Loss after income tax expense for the half-year	-	-	(2,437,141)	(2,437,141)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,437,141)	(2,437,141)
Transactions with owners in their capacity as owners:				
Share-based payments	-	18,328	-	18,328
Issue of ordinary shares on conversion of investment agreement	1,201,000	-	-	1,201,000
Share issue costs	(97,439)	22,000	-	(75,439)
Issue of ordinary shares	1,666,000	-	-	1,666,000
Settlement of unpaid shares	6,840	-	-	6,840
Balance at 31 December 2025	51,974,224	2,266,766	(54,459,646)	(218,656)

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

AdAlta Limited and controlled entities
Consolidated statement of cash flows
For the half-year ended 31 December 2025

	31 Dec 2025 $	31 Dec 2024 $
Cash flows from operating activities		
Payments to suppliers and employees	(1,274,154)	(2,771,281)
R & D tax incentive	781,841	1,774,530
Interest received	2,444	14,443
Net cash used in operating activities	(489,869)	(982,308)
Net cash from investing activities	-	-
Cash flows from financing activities		
Repayment of borrowings	(424,600)	(1,400,000)
Proceeds from financial liabilities	-	875,895
Payment on settlement of financial liabilities	(405,132)	-
Proceeds from share capital	1,606,840	-
Share issue transaction costs	(9,439)	-
Net cash from/(used in) financing activities	767,669	(524,105)
Net increase/(decrease) in cash and cash equivalents	277,800	(1,506,413)
Cash and cash equivalents at the beginning of the financial half-year	1,305,594	3,133,449
Cash and cash equivalents at the end of the financial half-year	1,583,394	1,627,036

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

1. General information

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

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

Level 1, Suite 1, 117 Camberwell Road
Hawthorn East, VIC 3123
Australia

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 19 February 2026.

2. Material accounting policy information

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

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

Going concern

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.
As disclosed in the financial statements, the Group had a net liability position of $218,656 as at 31 Dec 2025, the Group incurred a loss after tax of $2,437,141 and had net cash outflows from operating activities of $489,869 for the half-year ended 31 Dec 2025.

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

- The Group can scale down its operations sufficiently (and narrow the scope of its planned project activities) as required;
- The Group has a track record of raising capital as an ASX listed Company;
- The Group has entered a collaboration and development agreement to license/partner its technology (in the ordinary course of executing its business plan) which enhances the ability of the Group to advance its active third party financing program for its AdCella subsidiary;
- The Group has historically been successful in receiving Research & Development tax incentive refunds from the ATO; and
- Following the period ended 31 December 2025 $1.2 million was raised via a strategic placement in addition to the Group's ongoing capital raising program for AdCella.

2. Material accounting policy information (continued)

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

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

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

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Parent entity as at31 December 2025 and the results of all subsidiaries for the half year then ended. The Parent entity and its subsidiaries together are referred to in these financial statements as the Group.

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

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

Research and Development Rebate
During the period the Company recognised an additional $181,503 in relation to its FY25 R&D refund due to the successful overseas finding received in January 2026 and an under accrual at 30 June 2025. The company also accrued $58,658 in relation to its FY26 refund (for the period ending 31 December 2025). In the prior period the Company accrued $360,643 in relation to the FY25 R&D refund (for the period ending 31 December 2024).

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

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

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

3. Operating segments

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

The Group is domiciled and conducts its operations in Australia.

4. Revenue

	31 Dec 2025 $	31 Dec 2024 $
Interest revenue	65,989	14,443
R&D tax rebate accrued	240,161	360,643
Revenue	306,150	375,086

During the period the Company recognised an additional $181,503 in relation to its FY25 R&D refund due to the successful overseas finding received in January 2026 and an under accrual at 30 June 2025. The company also accrued $58,658 in relation to its FY26 refund (for the period ending 31 December 2025). In the prior period the Company accrued $360,643 in relation to the FY25 R&D refund (for the period ending 31 December 2024).

5. R&D expenses

On 31 December 2025, AdCella Pty Ltd entered into a Development and Collaboration agreement with Shanghai Cell Therapy Group Co, Ltd to co-develop their BZDS1901 product for all markets outside of China. The US$1M payable on execution of the Agreement (AUD$1,495,721 paid in January and February 2026) has been expensed as part of R&D expenses and forms part of trade and other payables.

6. Trade and other payables

	31 Dec 2025 $	30 Jun 2025 $
Trade payables	254,040	641,765
Accrued expenses[1]	1,701,535	134,603
PAYG payable	-	37,817
Other payables	6,839	7,483
	1,962,414	821,668

[1] Accrued expenses includes USD $1.0 million (AUD $1,495,721) in relation to the execution of the Development and Collaboration Agreement to co-develop BZDS1901 with Shanghai Cell Therapy Group Co, Ltd.

7. Loss per share

	31 Dec 2025 $	31 Dec 2024 $
Loss after income tax attributable to the owners of AdAlta Limited	(2,437,141)	(2,576,431)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,564,495,990	610,254,609
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,564,495,990	610,254,609
	Cents	**Cents**
Basic earnings per share	(0.16)	(0.42)
Diluted earnings per share	(0.16)	(0.42)

8. Borrowings

	31 Dec 2025 $	30 Jun 2025 $
Current liabilities		
Loan – R&D Advance[1]	-	446,785

[1]During FY2025 the Group executed a funding facility (Facility) with Innovation Structured Finance Co., LLC serviced via Radium Capital and was an advance on 80% of the Company's estimated R&D Tax Incentive (RDTI) for the financial year ending 30 June 2025 as accrued at 31 January 2025. The facility was fully repaid in December 2025.

9. Issued capital

	31 Dec 2025 Shares	30 Jun 2025 Shares	31 Dec 2025 $	30 Jun 2025 $
Ordinary shares - fully paid	2,295,269,043	1,071,316,488	51,974,224	49,197,823

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

	31 Dec 2025 Number	30 June 2025 Number	31 Dec 2025 $	30 June 2025 $
Balance at beginning of the reporting period	1,071,316,488	595,623,520	49,197,823	47,399,255
Issued for services in lieu of cash	22,000,000	-	66,000	-
Issued on conversion of financial liability	667,222,224	46,945,647	1,201,000	700,000
Issued on exercise of performance rights	1,396,998	653,592	-	-
Issue of ordinary shares	511,333,333	428,093,729	1,606,840	1,284,282
Capital raising costs	22,000,000	-	(97,439)	(185,714)
	2,295,269,043	1,071,316,488	51,974,224	49,197,823

Options and Performance Rights on issue

Expiry date	Number of options	Exercise price
28 February 2026	450,000	$0.0757
27 February 2027	1,300,000	$0.0397
25 August 2027	50,000	$0.0200
22 November 2027	11,025,000	$0.0200
26 February 2028	662,500	$0.0200
20 November 2028	757,195	$0.0190
25 November 2028	1,041,789	$0.0000
30 June 2028	526,618,065	$0.0100

9. Issued capital (continued)

Options issued during the period

During the period 277,666,667 listed options were issued.

Performance rights issued during the period

Nil

10. Reserves

	31 Dec 2025 $	30 Jun 2025 $
Share-based payments reserve	2,266,766	2,226,438

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. During the period 11,000,000 listed options were issued to the lead broker as a part of the Capital raise and valued at the ASX trading price.

	31 Dec 2025 $	30 Jun 2025 $
At beginning of reporting period	2,226,438	2,151,428
Recognised during the period	40,328	75,010
At end of reporting period	2,266,766	2,226,438

11. Key management personnel disclosures

Remuneration arrangements of key management personnel are disclosed in the annual financial report at 30 June 2025.

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

12. Commitments and contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report. As at 31 December 2025, the Group has no significant commitments.

13. Interests in subsidiaries

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

		Ownership interest	
Name	Principal place of business / Country of incorporation	31 Dec 2025 %	30 Jun 2025 %
ADSOLIS PTY LTD	Australia	100.00%	100.00%
ADCELLA PTY LTD	Australia	100.00%	100.00%

14. Events after the reporting period

On 2 January 2026, the Company announced the execution of the Development and Collaboration Agreement with SHcell to co-develop BZDS1901.

On 13 January 2026, the Company announced it had received firm commitments to raise $1.2 million before costs at $0.005 per share, representing a 67% premium to the October 2025 placements. The placement was facilitated by 62 Capital Pty Ltd who 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 plus 75 million Lead Manager Options. 254.4 million new fully paid ordinary shares and 202.2 million new ASX:1ADO listed options were issued on settlement of the placement.

Post period end, and in accordance with the terms of the BZDS1901 Development and Collaboration Agreement with SHcell, AdCella has made two payments of US$0.5 million (~A$1.5 million in total) to SHcell. The payments were made using funds invested by AdAlta Ltd in return for an anticipated increased share of AdCella post the first external financing.

An additional $0.15 million Research and Development Tax Incentive refund was received in January 2026 following a favourable Advance Overseas Finding in respect of certain offshore research expenses for CAR-T cell therapy products in the Company's 'East to West' cellular immunotherapy pipeline.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.