

ASX Announcement | 20 March 2025
AdAlta Limited (ASX:1AD)

First external investment secured for “East to West” cellular immunotherapy strategy

SYNthesis BioVentures to invest up to A\$2 million in AdAlta’s special purpose subsidiary AdCella Pty Ltd, and has the right to invest A\$5.5 million in the now launched AdCella Series A funding round

Investment highlights

- SYNthesis BioVentures Fund I (“SYNBV”) is investing up to A\$2 million in seed financing in AdCella Pty Ltd (“AdCella”), an unlisted subsidiary of AdAlta
- AdCella is a special purpose subsidiary created to execute AdAlta’s “East to West” cellular immunotherapy strategy
- AdAlta will own at least 75% of AdCella immediately prior to the Series A funding round
- This seed financing will fund accelerated planning and preparation work for the three previously announced cellular immunotherapy assets being considered for licensing by AdCella
- AdCella has launched a Series A financing round to support technology transfer and Phase I clinical trials of up to three “East to West” cellular immunotherapy assets. AdAlta is not obligated to contribute funds to the seed or Series A rounds
- SYNBV has the right to invest a further A\$5.5 million in a Series A funding round for AdCella, on top of its seed financing
- In addition to its ownership stake, AdAlta will be paid management fees and performance incentives for services provided to AdCella.

AdAlta Limited (ASX:1AD) (“AdAlta” or “the Company”) is pleased to announce that SYNthesis BioVentures Fund I (“SYNBV”) has entered into a binding Heads of Agreement (“**Agreement**”) with AdAlta to make a seed investment of A\$0.5 million with the right to invest a further A\$1.5 million (total A\$2 million, the “**Subscription Amount**”) in convertible shares in AdAlta subsidiary AdCella Pty Ltd (“**AdCella**”). AdCella is the operating entity for AdAlta’s “East to West” strategy. SYNBV’s convertible shares will convert into a maximum of 25% of AdCella ordinary shares (assuming investment of the full Subscription Amount) immediately prior to a Series A financing round. SYNBV additionally has the right to invest A\$5.5 million in the Series A round, which has now been launched.

These new funds will be used to finance an acceleration of planning and preparation for clinical development of the three cellular immunotherapy assets now being in-licensed as part of AdAlta’s “East to West” cellular immunotherapy strategy.

Completion of the transaction set out in the Agreement is anticipated to occur prior to 15 April 2025 and is subject only to finalising and executing the subscription, shareholders, other customary enabling agreements and documents, and compliance with certain regulatory requirements.

AdAlta CEO and Managing Director, Tim Oldham said: *“This Agreement between AdAlta and SYNBV is a watershed event for our Company, with it being a clear vote of confidence in our “East to West” cellular immunotherapy strategy. The seed financing provided by SYNBV to our AdCella subsidiary represents AdCella’s first instalment of external funding and is the outcome we anticipated when we first signed our Memorandum of Understanding with SYNBV. SYNBV is bringing so much more to AdCella than just*

additional funding. It has also been providing important feedback on our asset selection and cross border transaction tactics. We are delighted to have deepened our relationship with SYN BV and look forward to further collaboration with Professor Andrew Wilks and his team. This seed funding means that we are now confidently able to progress asset in-licensing negotiations until at least August 2025 (if required). We anticipate that this funding runway will be further extended by the Series A financing round for AdCella, which has now been formally launched to coincide with planned execution of the first definitive in-licensing agreements."

SYN BV Managing Director, Prof Andrew Wilks said: "AdAlta has made significant, consistent progress executing the "East to West" vision we began exploring together in 2024. We are pleased with the quality of the initial assets in the pipeline, the rigor of the asset selection process and the quality of advisors AdAlta has secured. This investment is consistent with our view of the quality of science originating in Asia. We are delighted to be able to accelerate AdCella's progress now and look forward to participating in the Series A round."

SYN BV invests as AdAlta's "East to West" growth strategy is being accelerated

AdAlta's "East to West" strategy is bringing Asian cellular immunotherapy innovations for solid cancers to western markets and patients. Asia generally, and China specifically, are leading in cellular immunotherapy innovation, and are conducting over 60% of global clinical trials.

Solid tumors, which make up 90% of all cancers, are underserved by current cellular immunotherapies. At the same time, the market for cellular immunotherapy is already large and continues to grow. It is expected to expand by 34% annually out to 2028, reaching US\$20.3 billion by the end of this time period.

This continuously growing pool of Eastern biotech innovations currently face barriers to reaching Western markets and patients. AdAlta's "East to West" strategy addresses such obstacles, including diligence costs, capital, manufacturing, technology transfer and patient diversification. By licensing highly differentiated, best in class products and utilising Australia's clinical and manufacturing strengths, AdAlta aims to bring these therapies to Western patients sooner.

AdAlta recently announced some key deliverables in its now accelerated "East to West" strategy, with the Company, securing exclusive negotiation rights to the first three potential assets in its pipeline (see ASX announcement on 6 February 2025). AdAlta is now undertaking confirmatory due diligence, development planning and definitive licensing discussions on these assets.

AdCella is the special purpose vehicle to progress AdAlta's "East to West" strategy

AdAlta created special purpose subsidiary AdCella to develop cellular immunotherapy assets sourced from the Company's "East to West" growth strategy. AdCella will hold the licenses to develop and commercialise each asset for global or ex-China markets. AdCella will then be responsible for establishing manufacturing in Australia, preferably at strategic manufacturing partner, Cell Therapies Pty Ltd, securing approval of a US Food and Drug Administration (FDA) Investigational New Drug Application (IND), and conducting a Phase I clinical trial in Australia in patients with solid cancers. Each development program will be overseen by a Joint Development Committee, including representatives of AdCella's partner and AdAlta.

At the completion of Phase I clinical trials on each asset AdCella will seek to on-license these product candidates to larger biopharmaceutical companies for further development. The proceeds of each such commercialisation event will be shared between AdCella and the relevant licensing partner, and AdCella aims to retain 45-60% of the proceeds of commercialisation events in respect of the three assets for which AdAlta has currently secured exclusive negotiation rights.

Under a proposed management agreement to be entered into between AdCella and AdAlta ("**the Management Agreement**"), AdAlta will provide management, operations, business development, capital raising and administrative services to AdCella. These services will include the provision of staff, the preparation of asset project plans, the finalization and settlement of definitive license agreements, and associated project and asset management tasks. AdCella will pay AdAlta a management fee for these services ("**Management Fee**").

Importantly, by establishing AdCella as a special purpose vehicle, it can directly raise capital from private and international investors. AdCella's funding is not therefore reliant on AdAlta raising new equity capital.

Up to A\$2 million seed investment formalises existing Memorandum of Understanding with SYN BV

The up to A\$2 million seed investment for AdCella provided by SYN BV formalises the existing Memorandum of Understanding (MoU) established between the SYN BV and AdAlta in April 2024 and will now enable completion of planning activities prior to Series A financing. Under this existing MoU, AdAlta and SYN BV were together investigating the formation of AdCella as a jointly owned special purpose vehicle to advance AdAlta's "East to West" cellular immunotherapy strategy (see ASX announcement on 8 April 2024).

Under the binding Agreement now in place, SYN BV will invest from A\$0.5 million up to A\$2 million seed funding in AdCella in return for convertible shares equivalent to up to 25% of AdCella immediately prior to a Series A financing (assuming A\$2.0 million in seed funding is invested by SYN BV). This process entails the following steps:

- AdAlta will be issued Class A convertible shares in AdCella in recognition of its progress to date
- SYN BV will subscribe for up to A\$2 million of Class B convertible shares in AdCella. A\$0.5 million of the Subscription Amount is payable by 15 April 2025, subject only to finalization of certain transaction documents. SYN BV has the right to make further seed investments of up to A\$1.5 million prior to the date of any Series A financing (described below). SYN BV have indicated their desire to exercise this right, subject to certain conditions. If SYN BV does not invest its full A\$2 million in seed funding, AdCella has the right to offer third parties the opportunity to invest any shortfall on the same terms.
- Immediately prior to completion of a Series A financing, SYN BV's Class B convertible shares and AdAlta's Class A convertible shares will convert to ordinary shares in AdCella such that:
 - If the amount actually subscribed by SYN BV is greater than A\$1 million, the number of ordinary shares issued to SYN BV will have a value, at the Series A financing price, equal to the lower of 3.5 times the subscription amount (A\$7 million if A\$2 million is subscribed) or (25% x actual subscription/A\$2 million) of AdCella's valuation prior to the Series A investment; or
 - If the amount actually subscribed by SYN BV is A\$1 million or less, the number of ordinary shares issued to SYN BV will have a value, at the Series A financing price, equal to the lower of 2.5 times the subscription amount or (25% x actual subscription/A\$2 million) of AdCella's valuation prior to the Series A investment; and
 - AdAlta will hold the balance of the ordinary shares in AdCella amounting to at least 75% of AdCella's pre-Series A issued capital.
- SYN BV will also have the right to invest a further A\$5.5 million in AdCella through the Series A round.

AdCella will use all of the Subscription Amount to pay Management Fees under the Management Agreement up until the earlier of 31 August 2025 or completion of Series A financing. This will enable AdAlta to perform all activities associated with finalising planning and development preparation for the assets to be in-licensed by AdCella. Any instalment of the Subscription Amount not paid prior to the date of a Series A financing shall become part of the general working capital of AdCella.

AdAlta will have the right to appoint three directors to the AdCella Board. Once it has invested the full Subscription Amount, SYN BV will have the right to appoint one director to the AdCella Board.

Series A financing of AdCella has now been launched

AdAlta subsidiary AdCella has now formally launched its Series A financing round in the wake of AdAlta and SYN BV signing the binding Agreement. This Series A financing will fund work on up to three assets forming part of the "East to West" strategy.

Securing the first tranche of the Series A financing round is a pre-condition to, and will be timed to coincide with, the execution of definitive licensing agreements for AdCella's first asset or assets. As part of this process, AdAlta is already in active dialogue with a number of global venture capital firms and family offices.

As outlined above, SYN BV has the right to participate in the Series A financing round. AdAlta is not required to participate in this financing round.

AdAlta's post Series A stake in AdCella will depend on a variety of factors including: the number of assets secured prior to the Series A financing; the amount actually subscribed by SYN BV; the size and tranching of the Series A financing; the value of the initial assets agreed with Series A investors; and whether AdAlta elects to participate directly in the Series A financing.

In addition to its management fee to cover the costs of managing AdCella and its shareholding in AdCella, AdAlta anticipates that it will be entitled to additional performance incentives. These incentives are subject to finalisation during the Series A round.

Next steps

This first external investment in AdCella provides important validation of AdAlta's "East to West" strategy. It secures the financing to complete planning for the first three assets. From a broader perspective, the funding paves the way for accelerated delivery of additional capital raising directly into AdCella without recourse to AdAlta shareholder funds. These monies will provide the financial resources needed to secure AdCella's initial asset portfolio.

To view a video summary and engage in discussion about this announcement visit AdAlta's InvestorHub here: <https://investorhub.adalta.com.au/link/7PRG6y>

This ASX announcement has been authorised by the Board of AdAlta Limited.

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About SYNthesis BioVentures

SYNthesis BioVentures is venture capital fund focused on early-stage therapeutics, investing in projects from discovery through preclinical proof of concept, IND enabling studies and early clinical development. It invests in small molecule therapeutics, biologics, and cell and gene therapies for indications with significant unmet need.

SYNthesis BioVentures was founded by serial entrepreneur, Professor Andrew Wilks who has been founder or co-founder of more than nine biotechnology companies including Cytopia, where he was an inventor of momelotinib (acquired by GSK for \$1.9B) that recently became one of the few Australian derived ethical drugs to achieve FDA approval, and SYNthesis med chem, a medicinal chemistry contract research organisation based in China and successfully exited in 2020. The leadership team includes Fabio Turatti PhD, who has 20 years' experience in pharma with extensive experience in licensing and partnering transactions, start-up funding, investment and capital models and operational experience in all aspects of drug development and commercial management, and Amir Zalcenstein PhD who has 17 years' experience in healthcare and biotech capital markets, venture capital and has been CEO or co-founder of five biotechnology start-ups.

To learn more about SYNthesis BioVentures, please click here: <https://synthesisbioventures.com/>

About AdAlta

AdAlta (ASX: 1AD) is a clinical stage biotechnology business addressing the need for effective cellular immunotherapies for the treatment of solid cancers.

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

AdAlta in-licenses products from Asian originators and invests to establish US FDA regulated manufacturing and conduct Phase I clinical studies with potential to position each product for on-licensing to larger biopharmaceutical companies for potential registrational studies and commercialization.

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

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

AdAlta's first in class fusion protein, AD-214, takes a whole new approach to fibrotic diseases of the lung and kidney, such as the degenerative and fatal Idiopathic Pulmonary Fibrosis. Following demonstration of efficacy in multiple animal models of disease and two successful Phase I clinical studies, AD-214 is available for partnering.

To learn more, please visit: www.adalta.com.au

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