arovella
THERAPEUTICS

Appendix 4E
Annual Report

30 June 2025

Arovella Therapeutics Limited
ABN 35 090 987 250

APPENDIX 4E

Preliminary final report

1. Company details

Name of entity:	Arovella Therapeutics Limited
ABN:	35 090 987 250
Reporting period:	For the year ended 30 June 2025
Previous period:	For the year ended 30 June 2024

2. Results for announcement to the market

			$
Revenues from ordinary activities	up	700.0% to	136,000
Loss from ordinary activities after tax attributable to the owners of Arovella Therapeutics Limited	down	14.1% to	(7,509,166)
Loss for the year attributable to the owners of Arovella Therapeutics Limited	down	14.1% to	(7,509,166)

The loss for the company after providing for income tax amounted to $7,509,166 (30 June 2024: $8,746,035).

3. Net tangible assets per security

	30 June 2025 Cents	30 June 2024 Cents
Net tangible assets per ordinary security	1.69	1.07

4. Explanation of results

Please refer to the review of operations and activities for explanation of the results.

5. Distributions

No dividends have been paid or declared by the Company for the current financial year. No dividends were paid for the previous financial year.

6. Changes in controlled entities

There have been no changes in controlled entities during the year ended 30 June 2025.

7. Audit Status

The financial statements have been audited by the group's independent auditor without any modified opinion or disclaimer.

8. Signed

Dr. Elizabeth Stoner
Interim Chair

Date: 22 August 2025

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CORPORATE DIRECTORY

Directors	Dr. Thomas Duthy (Non-Executive Chair) - Resigned 1 July 2025 Dr. Michael Baker (CEO and Managing Director) Dr. Elizabeth Stoner (Non-Executive Director) - Interim Chair effective 1 July 2025 Dr. Debora Barton (Non-Executive Director) Mr. Gary Phillips (Non-Executive Director)
Company secretary	Mr. Tim Luscombe
Registered office	84 Hotham Street Preston VIC 3072
Share register	Automic Pty Ltd Level 35 477 Collins Street Melbourne VIC 3000 1300 288 664
Auditor	HLB Mann Judd Level 4, 130 Stirling Street Perth WA 6000
Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000
Stock exchange listing	Australian Securities Exchange Ltd Level 50, South Tower, Rialto, 525 Collins St, Melbourne VIC 3000
Listing code	Ordinary shares - ALA
Website	www.arovella.com

LETTER FROM THE CHAIR

Dear Shareholders,

On behalf of the board, I am pleased to present my review of Arovella's activities for the financial year ended 30 June 2025. I would also like to take this opportunity to thank our existing and new shareholders for their support over the past 12 months and for their continued support through the $15 million share placement, which closed in March this year.

I am delighted to retake the reigns as interim Chair of Arovella. You may recall this was a role I assumed in 2022, and it is a pleasure to serve the Company in the same capacity once again. We would like to thank Dr Tom Duthy for his contributions and wish him well with his future endeavours.

Since joining the Board of Directors in 2021, my faith in the iNKT cell platform and the management team has been strengthened as we have advanced our lead program, extended our pipeline, and assembled an outstanding team with deep experience developing novel cell therapies. Over the next twelve months, we are excited to meet our goals and aim to create shareholder value for our new and longstanding shareholders. The iNKT cell platform continues to be differentiated, with very few companies globally working on iNKT cell platforms for cancer treatment. We are delighted to be progressing ALA-101 to a first-in-human phase 1 clinical trial, and Arovella continues to make significant progress with ALA-101 and expanding the iNKT cell platform to target solid tumours. We believe that the company is currently very well positioned to generate shareholder value with the programs underway.

We have continued to make steady progress in taking ALA-101 into its first-in-human phase 1 clinical trial. We completed process development for the manufacturing of ALA-101 and following this engaged with the FDA for our pre-IND meeting. Feedback from the FDA was positive and clear, providing us with the framework and confidence to continue progressing our plans to submit an Investigational New Drug (IND) application and initiate the phase 1 clinical trial. This is not without its challenges, and the team is working hard to have this key milestone completed, unlocking the door to initiating the first-in-human phase 1 clinical study in Australia for patients with lymphoma and leukaemia. The team is doing an excellent job coordinating the remaining activities and I would like to reiterate that the initiation of the first-in-human clinical study will be a critical moment for the company, as the pathway to IND application acceptance provides the blueprint for the platform for future programs that Arovella intends to take into clinical trials.

In readiness for our upcoming phase 1 study for ALA-101, we were delighted to recruit Jacqueline Cumming to lead the operational activities for the study. As Director for Biostatistics and Clinical Trials at the Peter MacCallum Cancer Centre, she managed more than 40 oncology clinical trials. At CSL, she held regional leaderships roles supporting numerous successful new product registrations. We are in good hands to operationalise the phase 1 study for ALA-101.

We also assembled a world class Clinical Advisory Board (CAB), which we believe is critical in order to shape the clinical trial design to achieve the best outcomes. The CAB will be chaired by Dr Sam Fiorenza and bolstered by the experience of Dr Debora Barton (currently serving as one of Arovella's non-executive directors), and Professor Sattva Neelapu from the MD Anderson Cancer Center in Houston, Texas.

LETTER FROM THE CHAIR *(continued)*

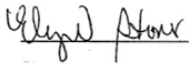
Each of these individuals has an exceptional amount of experience specifically in developing novel cell therapies. Dr Fiorenza trained at the Seattle based Fred Hutch Cancer Center, Dr Barton has previously served as the Chief Medical Officer of two cell therapy companies, Carisma Bio and TScan Therapeutics, and Professor Neelapu was the lead principal investigator for the registrational clinical trial for Yescarta, the most successful CAR-T product commercialised to date. We have already solicited excellent feedback from the CAB, assisting us to improve the clinical trial design for ALA-101 to enable us to capture the most important data as we move through the study.

We also enhanced Arovella's research capability on several fronts. You may recall, we licensed a novel armouring strategy from the laboratory of Professor Gianpietro Dotti, based in the University of North Carolina's Lineberger Comprehensive Cancer Center (UNC) of Medicine, IL-12-TM. We expect IL-12-TM to improve the performance of CAR-iNKT cells tasked with eliminating solid tumours, and we formalised the relationship with Professor Dotti's group through a Sponsored Research Agreement (SRA). We also recruited a talented scientist, Dr Clinton Heinze, now working in North Carolina, to drive targeted studies in Professor Dotti's laboratory for Arovella's solid tumour programs. This includes assessing both the IL-12-TM armouring and the CAR targeting CLDN18.2, being developed for gastric cancer and potentially pancreatic cancer. In addition, the team has established an internal R&D footprint within the Jumar Bioincubator, recruiting Dr Alfie Baker, who was previously working on the optimisation of cell therapy manufacturing at University College London, UK. Before that, he completed his PhD in Molecular Immunology and Oncology at Monash University. We expect the additional local R&D footprint to enhance Arovella's ability to generate preclinical data that supports IND-readiness for new products.

Pipeline expansion is still a key focus for the Company, given that we are making progress attaining acceptance for the Company's first IND submission. Our second program is ALA-105, CLDN18.2-targeting CAR-iNKT cells, being developed for gastric cancer and potentially pancreatic cancer. Once the IND for ALA-101 is accepted, the team will have a have a well-documented pathway for taking novel, off-the-shelf products into clinical trials, which we expect should expedite the development pathway for all future programs. We recently reported that we have successfully converted the monoclonal antibody (mAb) licensed from SparX Group into a short chain variable fragment (scFv), which means it can be used as a chimeric antigen receptor (CAR) for use in a targeted cell therapy. As this mAb from SparX Group received acceptance following its IND submission, we expect a reduced level of safety and specificity testing. The next step is to test the CAR in Arovella's CAR-iNKT cell platform, which we hope to report on shortly. The expansion efforts also extend to new technologies that we expect could have large impacts when incorporated in Arovella's CAR-iNKT cell platform. To that end, the team have continued to survey the landscape and we have two new CARs under Option from Baylor College of Medicine. They have both been tested in clinical trials with promising data, and should our due diligence return favourable, and we execute a license agreement, they would be two exciting inclusions in Arovella's pipeline.

Lastly, I would like to make a comment about the financial position of the company. Arovella is currently well funded to several key milestones across our various programs, and again, we would like to thank our committed shareholders for their unwavering support for the Company. This provides us with the opportunity to accelerate the development of our assets and continue to be proactive in strengthening the CAR-iNKT cell platform, and broaden its applicability across different, unmet cancer indications.

We are very excited for the next twelve months, and we will continue to strive to execute well, hit our milestones and create shareholder value.



Dr Elizabeth Stoner
Interim Non-executive Chair

OPERATING AND FINANCIAL REVIEW

Financial review

The revenue for the financial year ended 30 June 2025 was $136,000 (2024: $17,000). The loss for the year was $7,509,166 (2024: $8,746,035).

The Company's net assets increased from $11,228,047 to $20,076,003 at 30 June 2025 with cash reserves of $20,877,185 (2024: $12,714,407).

Over the reporting period, the Company completed a Placement to national and international institutional investors to raise a total of $15 million. As a result, Arovella is now funded to complete enrolment in its phase 1 trial for its lead product, ALA-101 as a treatment for patients with CD19-positive blood cancers. The Placement received strong support from new and existing investors, demonstrating the potential for iNKT cell platform technology. A summary of the capital raising is below.

Equity issue	Amount raised	Price per share	Total shares issued*
March 2025 Placement	$14.96 million	$0.125	119,717,123

**For each three shares subscribed, one option was issued resulting in the issuance of 39,905,699 options.*

Operational review

iNKT cell platform

Arovella's invariant Natural Killer T (iNKT) cell therapy platform is a novel, differentiated cancer therapeutic with the potential to treat various blood cancers and solid tumours. iNKT cells are a naturally occurring subset of the immune system that naturally target and kill specific cancer cell types. Unlike T cells and Natural Killer (NK) cells, iNKT cells can function through both the innate and adaptive immune systems. By genetically reprogramming iNKT cells to express a Chimeric Antigen Receptor (CAR), they can recognise and eliminate cancer cells. As iNKT cells do not cause graft versus host disease (GvHD), they offer an off-the-shelf therapeutic solution, potentially making them more accessible and affordable for patients. iNKT cells can also be 'armoured' with cytokines to enhance their persistence in the body and increase their anti-tumour activity. Arovella's strategy is to continue to bolster the iNKT cell platform and broaden its utility through careful acquisition of additional technologies (Figure 1). In addition, where possible, Arovella will leverage regulatory pathways to support both faster approval and extended market exclusivity. Lastly, given the complexities of developing a cell therapy, Arovella will maintain details of its manufacturing process as trade secrets to further create barriers to entry for potential competitors.

OPERATING AND FINANCIAL REVIEW *(continued)*

Arovella's iNKT cell strategy

Incorporating world class IP to target a range of tumour types

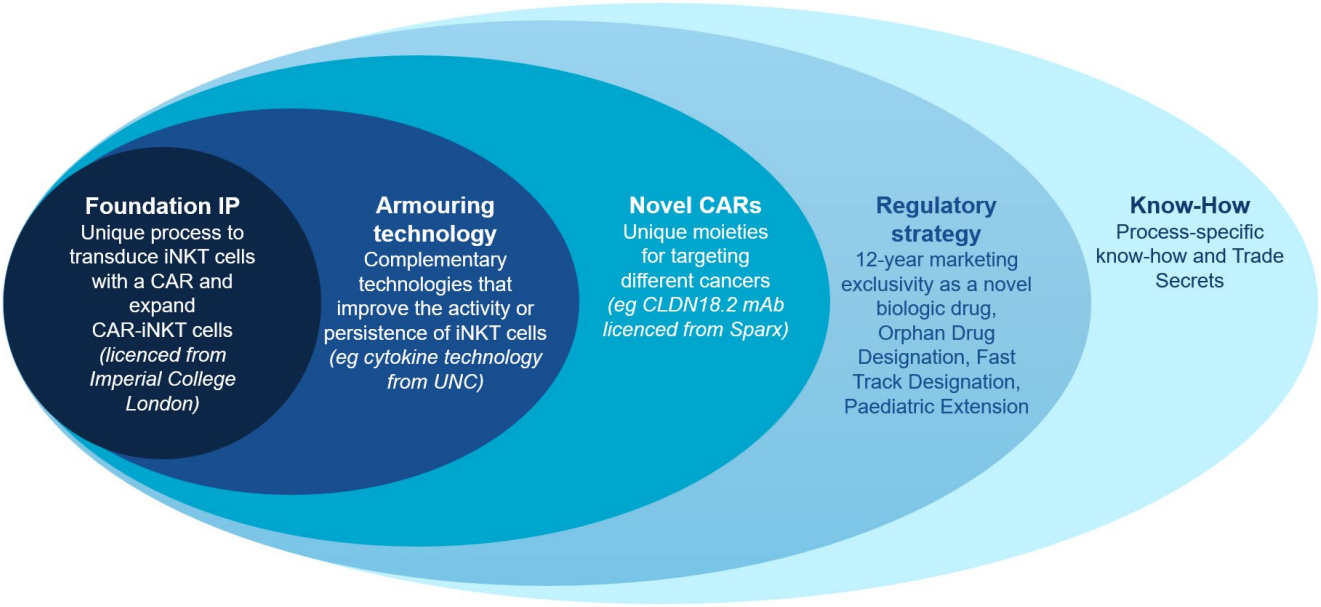


Figure 1. *Arovella's iNKT cell strategy involves developing its foundational IP from Imperial College, acquiring licenses to world class IP, leveraging regulatory pathways and creating internal know that becomes trade secret.*

iNKT cells represent a unique cell type that has recently become a focus of biotechnology companies due to their anti-tumour properties. Arovella remains one of few companies developing cancer therapies based on iNKT cells worldwide. The Company expects its iNKT cells to be superior for use as a cell therapy because iNKT cells:

- naturally target and kill cancer cells that express CD1d, NKG2DL and when engineered to express a CAR, they are supercharged killers;
- shape the tumour microenvironment, promoting tumour destruction;
- recruit other components of the immune system; and
- do not cause GvHD so they can be given from a healthy donor to a cancer patient – referred to as being used "off-the-shelf".

Arovella's lead iNKT cell product is ALA-101, consisting of iNKT cells engineered to produce a CAR targeting CD19 on their surface. This CD19-targeting CAR allows the iNKT cells to recognise and kill tumour cells that express CD19. ALA-101 is being developed to treat CD19-expressing blood cancers such as Non-Hodgkin's Lymphoma (NHL) and leukaemia. Arovella made significant progress with ALA-101 during the last financial year and is excited to be progressing towards a first-in-human phase 1 study.

> **"Arovella remains one of few companies developing cancer therapies based on iNKT cells worldwide."**

OPERATING AND FINANCIAL REVIEW *(continued)*

In preclinical models, ALA-101 performs better than conventional CAR-T cells against cancer cell lines that express CD19 and CD1d. ALA-101 rapidly kills cancer cells, promotes long-term survival (Figure 2), and even demonstrates a secondary remission for cancer cells upon return to the brain.

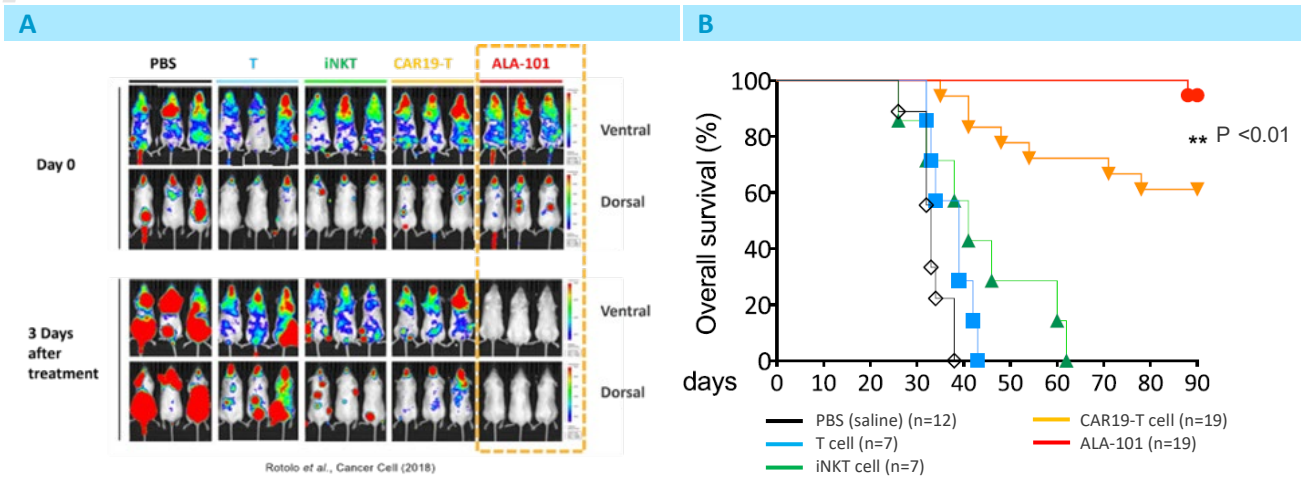


Figure 2. *Tumour cells expressing CD19 and CD1d were intravenously delivered into mice. Mice were treated with PBS (saline), unmodified T cells (T), unmodified iNKT cells (iNKT), T cells engineered to express a CD19-targeting CAR (CAR19-T), or iNKT cells engineered to express a CD19-targeting CAR (ALA-101).*

(A) After three days, ALA-101 resulted in significant regression of tumour cells as assessed by bioluminescent imaging (colour equals the presence of tumour cells), while in all other treatments, tumour cells persisted at Day 3.

(B) Survival of the mice was also monitored out to 90 days. Within 40 days, all untreated mice succumbed to the tumours and died. In contrast, after 90 days, more than 95% of the CAR19-iNKT-treated mice remained alive. CAR-iNKT cell treatment enhanced mice survival significantly more than CAR-T cells.

Since licensing the technology, Arovella has developed a semi-automated, clinic-ready manufacturing process for CAR-iNKT cells. This manufacturing process is the core of Arovella's CAR-iNKT platform and is applicable across all Arovella's pipeline products.

Clinic-ready manufacturing process developed

Semi-automated process suitable for large-scale and late-phase clinical development

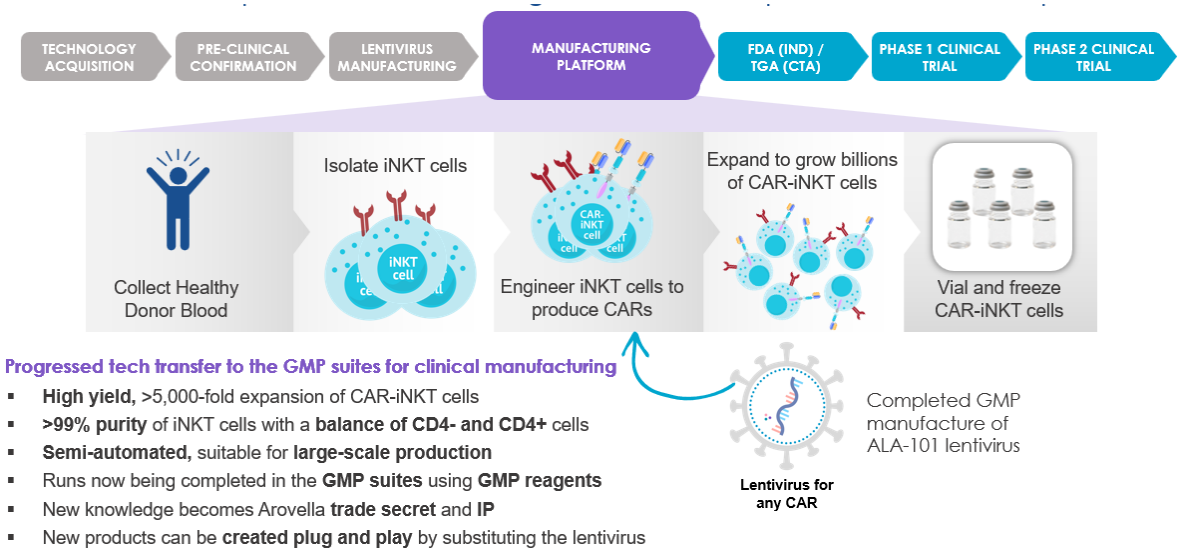


Figure 3. *CAR-iNKT cells are manufactured using healthy donor blood collections, isolation of the iNKT cells before transduction with a lentivirus that contains and delivers genetic information for the CAR. Once the cells have been transduced (armed with the CAR), they are expanded into billions of cells, before vialling and freezing. The lentivirus can carry the genetic code for any CAR, meaning the manufacturing platform can be used to make any CAR-iNKT cell product, broadening the utility of the platform.*

OPERATING AND FINANCIAL REVIEW *(continued)*

During the 2024-25 financial year, Arovella made significant progress in advancing ALA-101 towards clinical trials and continued expansion of the CAR-iNKT pipeline into solid tumours.

Key highlights include:

Positive interaction with FDA via pre-IND meeting and progress towards IND application

In FY25, Arovella received positive feedback from the US Food and Drug Administration (FDA) during a pre-Investigational New Drug (pre-IND) meeting, in preparation for its phase 1 clinical trial of ALA-101 as a treatment for CD19-positive blood cancers. Feedback from the pre-IND meeting supported Arovella's development plans to commence a phase 1, first-in-human clinical trial. The meeting provided a clear path to submitting an IND for ALA-101, with no major changes proposed for the development program.

Arovella also continued to generate data required for its IND application. The Company continued to optimise its manufacturing process in the current Good Manufacturing Process (cGMP) environment and conduct testing and release of key cGMP reagents as required ahead of clinical batch manufacturing. In addition, IND-enabling non-clinical studies were completed and drafting of the IND documentation is well underway.

Formation of Clinical Advisory Board

During the period, Arovella announced the appointment of three key opinion leaders and clinical oncologists to establish its Clinical Advisory Board (CAB) and held its first CAB meeting to obtain feedback on its proposed phase 1 protocol and clinical development strategy for ALA-101. The founding members of Arovella's CAB are:

- **Dr Salvatore Fiorenza**, Deputy Director and Cell Therapy Lead at Epworth Healthcare;
- **Professor Sattva Neelapu**, Professor and Deputy Chair at the Department of Lymphoma and Myeloma at The University of Texas MD Anderson Cancer Center, Houston, Texas, USA; and
- **Dr Debora Barton**, a Medical Oncologist who is also currently a Non-executive Director at Arovella.

Each member has been carefully selected, due to their experience working with cell therapies in early and late-stage clinical trials.

Preparing for phase 1 study

Arovella continues to conduct preparatory activities for a first-in-human clinical trial for ALA-101, including refining the study protocol, selecting sites that will be involved in the study, and selecting a contract research organization (CRO) that will manage the trial. A summary of the activities conducted in FY25 and planned for FY26 are described in Figure 4.

OPERATING AND FINANCIAL REVIEW *(continued)*

Taking ALA-101 into first-in-human trials

ALA is progressing towards its ALA-101-001 phase 1 study

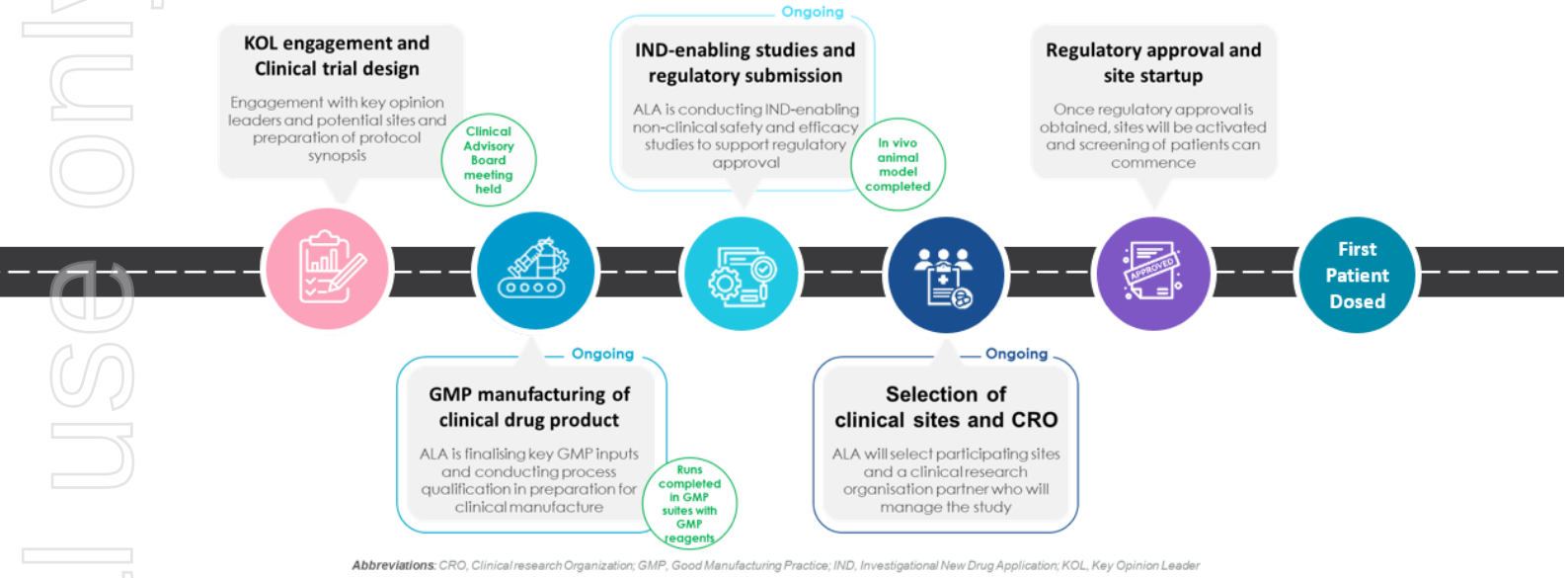


Figure 4. *Activities required to advance ALA-101 into first-in-human clinical trials.*

Commencement of research at UNC and preliminary data for a CLDN18.2 CAR to target gastric cancers

In FY24, Arovella in-licenced two exciting technologies, a novel claudin 18.2 (CLDN18.2)-targeting monoclonal antibody (mAb; SPX-101) for use as a CAR to target gastric cancers (licenced from Sparx Group) as well as the IL-12-TM armouring technology to enhance the anti tumour effect and persistence of CAR-iNKT cells, which was developed in the laboratory of Professor Gianpietro Dotti, based at the Lineberger Comprehensive Cancer Center at the University of North Carolina (UNC).

During FY25, Arovella entered into a Sponsored Research Agreement (SRA) with Professor Dotti's research group at UNC to expand its research capabilities for solid tumours, including its CLDN18.2-targeting CAR-iNKT product (ALA-105) and the IL-12-TM armouring. Data generated continues to support the functionality of the in-licenced SPX-101 sequence as a CAR. Over the coming months, Arovella will continue to test the CLDN18.2-targeting CAR in iNKT cells and incorporate it into Arovella's proprietary manufacturing process.

CLDN18.2 is a validated target for gastric cancer, demonstrated by the fact that there are several products currently in clinical development and one approved product, a mAb called Zolbetuximab, which received approval in Japan and the United States in 2024. Zolbetuximab which was acquired by Astellas Pharma after compelling phase 2 data, during its takeover of Ganymed Pharmaceuticals in 2016 for €422 million up-front and the potential for €860 million in milestones.

Option with Baylor College of Medicine

During the period, Arovella entered into an exclusive option to licence multiple patent families from Baylor College of Medicine to expand the utility and improve the performance of its iNKT cell platform. The patent families covered by the option include technologies to integrate two additional CARs targeting solid tumours, as well as technology that may boost the functionality of CAR-iNKT cells in humans. If Arovella moves forward with the licence, it will further differentiate the company within the iNKT cell sector and raise the barriers to entry for other companies developing iNKT cell therapeutics.

OPERATING AND FINANCIAL REVIEW *(continued)*

The two CARs included under the Option target GD2 and GPC3, which are clinically validated targets for solid tumours and have been studied in FDA IND-enabled clinical trials. Significant capital and resources have been dedicated to the development of these CARs so far. Under a licence agreement, Arovella aims to incorporate these CARs into its proprietary manufacturing process to develop allogeneic CAR-iNKT products targeting GD2 and GPC3.

One of the leading inventors of the patents under Option is Professor Leonid Metelitsa, Director of the Center for Advanced Innate Cell Therapy (AICT) at the Texas Children's Cancer Center, Baylor College of Medicine. He is a recognised authority in developing CAR-iNKT cells, having published extensively on the development and use of CAR-iNKT cells for blood cancers and solid tumours. At Baylor College of Medicine, his group, in close collaboration with the Center for Cell and Gene Therapy (CAGT) led by Professor Helen Heslop, has taken two CAR-iNKT cell programs into clinical trials through the US FDA IND pathway and established manufacturing protocols for producing GMP-grade material for phase 1 clinical trials.

Expanding research capacity at Jumar

During FY25, Arovella set up its own research laboratory within the Jumar Bioincubator. This new facility will enable Arovella to speed up its research output as it expands its solid tumour programs and to continue building on its IP portfolio.

Retirement of Non-Executive Chairman

At the end of period, the Company announced that Dr Thomas Duthy would be retiring as a Non-Executive Director and Chairman of the Company, effective 1 July 2025, to pursue new business opportunities. Dr Duthy had been the Chairman of Arovella since March 2023.

Dr Elizabeth Stoner, one of Arovella's current Non-Executive Directors, will serve as interim Chair while the Company undertakes a thorough global process to appoint a new Chair. Dr Stoner has previously held the position of interim Chair at Arovella, making her well qualified to step into the role again.

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of Arovella Therapeutics Limited ("Arovella" or "Company") for the financial year ended 30 June 2025. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

Business risks

1. Company and Industry risks

The risks outlined below are specific to the Company's operations.

1.1 Dependency upon licence agreements

Access to the intellectual property rights to develop and commercialise CAR-iNKT cells in the field of oncology is predicated on the continuing operation of the license agreements in place between the Company and its licensors. Arovella is reliant on its licensors to have in place the relevant protection and rights to the technology as well as the authority to enter into the license agreements. Failure of a licensor or Arovella to comply with the terms of the licence agreements without an appropriate countermeasure could have a material adverse on Arovella's business, financial condition, operations or prospects.

1.2 Product development and regulatory risk

Arovella's ability to commercialise its intellectual property is reliant on its ability to generate preclinical and clinical data, including in respect of the new therapies using CAR-iNKT cells, which the Company is developing. These new therapies must undergo further clinical studies and those tests and trials may show that the product does not work in a safe and effective manner. There can be no guarantee that relevant regulatory agencies will allow Arovella to undertake such trials. The development and approval process for any new products or applications of existing products may take longer and/or cost more than expected and may result in the Company not producing a viable product. Drug development is a highly risky business with a high rate of failure, including due to potential low therapeutic benefit and unacceptable toxicity.

While the Company will conduct its clinical programs on the advice of consultants experienced in clinical trial design and regulatory affairs, there is no certainty that the trial design will provide appropriate data or that the data will meet the regulator's benchmark. This may require the Company to conduct further clinical studies, resulting in significant additional cost and delay. From the commencement of the clinical trial phase, the final drug development path typically takes between 7 to 11 years, depending on the indication.

1.3 Product manufacturing risk

Cell therapies, like Arovella's CAR-iNKT cell products, are complex therapeutics that rely on the use of a viral vector and human immune cells. The use of human immune cells as a raw material and the generation of a living therapeutic introduces the risk of variability between manufacturing runs. Arovella relies on the input of world-class consults, advisors and team members to manufacture its CAR-iNKT cell products and to prepare the documentation to support regulatory filings. Notwithstanding, there is no guarantee that Arovella will not require additional time and incur additional costs to define a manufacturing process, and collect the relevant documentation, that appeases regulators such as the FDA and support the use of the material in clinical trials and for commercialisation.

1.4 Pipeline product in development and not approved for commercial sale

Arovella's ability to achieve profitability is dependent on several factors, including its ability to initiate and complete successful clinical trials, obtain regulatory approval for its CAR-iNKT technology and successfully commercialise its products. There is no guarantee that Arovella's products will be commercially successful.

1.5 Regulatory and reimbursement approvals

The research, development, manufacture, marketing and sale of products using Arovella's technology are subject to varying degrees of regulation by a number of government authorities in Australia and overseas. Products developed using Arovella's technology must undergo a comprehensive and highly regulated development and review process before receiving approval for marketing. Products may also be submitted for reimbursement approval. The availability and timing of reimbursement approval may not be forthcoming and if it does, it may have an impact on the uptake and profitability of products in some territories.

1.6 Intellectual Property

Arovella's ability to leverage its innovation and expertise depends on its ability to secure and protect its intellectual property and any improvements to it. The intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or be unlawfully infringed, or the Company may incur substantial costs in asserting or defending its intellectual property rights. This includes Arovella's ability to obtain commercially valuable patent claims. Aside from the territories in which patents are currently granted, the patent applications are still pending, and additional patents are likely to be filed to provide for extensive protection.

1.7 Dependence upon key personnel

Arovella depends on the talent and experience of its personnel, and it may be difficult to replace them, or to do so in a timely manner or at comparable expense. The loss of services of one or more senior executives may have an adverse effect on the Company's operations.

1.8 Risk of delay and continuity of operations

Arovella may experience delay in achieving a number of critical milestones, including, completion of clinical trials, obtaining regulatory approvals, manufacturing, and securing commercial partners. Any material delays may impact adversely upon the Company, including the timing of results and the initiation and completion of clinical trials.

1.9 Future capital requirements

Arovella is generally loss making and the Company will require substantial additional financing in the future to sufficiently fund its operations, research and development, manufacturing and clinical trials. Any additional equity financing may be dilutive to shareholders (who may not have the opportunity to participate in that raising), and may be undertaken at lower prices than any prior offer prices.

Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms or at all. Any inability to obtain additional financing, if required, would have a material adverse effect on the Company's business, financial condition and results of operations. The Company's actual cash requirements may vary from those now planned and will depend upon many factors, including the continued progress of its research and development programs, the timing, costs and results of clinical trials, the cost, timing and outcome of submissions for regulatory approval and the status and timing of competitive developments.

1.10 Contractual risk

Any dispute or breakdown in the relationship between the Company and counterparties to its contracts including the licensors for its technologies, could adversely impact the business if the Company is in breach of any of its agreements and its counterparties seek to pursue the Company for breach of contract or enforce security interests against the Company's assets (and conversely the Company depends on such counterparties performing their obligations under such agreement).

2. General Risks

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

2.1 Economic risks

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates, access to debt and capital markets, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters, and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions may have an adverse impact on the Company's business or financial condition. No guarantee can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

2.2 Market conditions

An investment in the Company's Shares has the general risks associated with any investment in the share market. Returns from an investment in Shares will depend on general stock market conditions as well as the performance of the Company. The market price of the Company's Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. The trading price of the Company's Shares may be subject to fluctuations in response to factors such as actual or anticipated variations in the Company's operating results, announcements of new contracts by the Company or its competitors, announcements by the Company or its competitors of significant acquisitions, technological developments, capital commitments, additions or departures of key personnel and other events or factors, many of which are beyond the Company's control.

Further, general share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: general economic outlook; interest rates and inflation rates; currency fluctuations; changes in investor sentiment; the demand for, and supply of, capital; and terrorism or other hostilities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

2.3 Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment

2.4 Force majeure

The Company's contracts now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, pandemics, epidemics or quarantine restrictions.

2.5 Taxation and government regulations

Changes in taxation and government legislation in a range of areas (for example, the Corporations Act, accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors. The recoupment of taxation losses accrued by the Company from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which the Company operates. There is no guarantee that the Company will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cash flows of the Company.

2.6 Litigation risk

The Company is not currently engaged in any litigation. However, the Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow, share price and/or industry standing of the Company.

2.7 Insurance risk

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

3. Concluding Comment

The above list of risk factors ought not to be taken as an exhaustive one of the risks faced by Arovella or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Arovella.

DIRECTORS' REPORT

Directors

The names of Directors who held office during or since the end of the year and until the date of this report are as follows.

Directors were in office for this entire period unless otherwise stated.

Dr. Thomas Duthy, Non-Executive Chair - Resigned effective 1 July 2025
Dr. Michael Baker, CEO and Managing Director
Dr. Elizabeth Stoner, Non-Executive Director - Interim Chair effective 1 July 2025
Dr. Debora Barton, Non-Executive Director
Mr. Gary Phillips, Non-Executive Director

Information on directors

The following information is current as at the date of this report.

Dr Michael Baker *CEO and Managing Director*

Appointed to the Board	1 July 2020
Qualifications	Ph.D. Biochemistry, Master of Business Administration
Experience and expertise	Dr Baker has over 20 years of experience in scientific research, drug development and venture investing. He was an Investment Manager with leading Australian life science fund, BioScience Managers, responsible for deal sourcing from networks, conferences, universities, and research institutes. He also conducted due diligence to shortlist investment opportunities and played an active role in managing portfolio companies.
Interest in shares & options	6,567,472 shares and 11,837,014 options over ordinary shares.
Other current directorships	None

Dr Elizabeth Stoner *Non-Executive Director*

Appointed to the Board	10 November 2021
Qualifications	M.D. from Albert Einstein College of Medicine, M.S. in chemistry from SUNY at Stony Brook, B.S in chemistry from Ottawa University KS.
Experience and expertise	Dr Stoner has over 30 years' experience in the life-science sector. She is currently an executive partner at MPM Capital, a leading US healthcare investment firm. In her role, Dr Stoner serves as a clinical advisor to several of MPM Capital's portfolio companies, including Antiva, and Rhythm Pharmaceuticals. Additionally, Dr Stoner served as the interim CEO of Semma Therapeutics. Prior to joining MPM Capital, Dr Stoner was a Senior Vice President of Global Clinical Development Operations at Merck Research Laboratories where she was responsible for its clinical development activities in more than 40 countries.
Interest in shares & options	763,157 ordinary shares and 8,172,000 options over ordinary shares.
Other current directorships	Dr Stoner currently serves as a member of the Albert Einstein College of Medicine Board of Governors, and the Weill Cornell Medical College Clinical and Translational Science Centre External Advisory Board. Dr Stoner is a Non-Executive Director of Antiva Biosciences. Dr Stoner is also a Director of MPM Capital.

DIRECTORS' REPORT

Dr Debora Barton *Non-Executive Director*

Appointed to the Board	10 August 2021
Qualifications	M.D., Board Certified Medical Oncologist, past Chief Medical Officer of cell therapy biotech companies, currently consultant Chief Medical Officer and board member of oncology companies.
Experience and expertise	Dr Barton has over 20 years of oncology experience, which includes 9 years of clinical management of oncology patients and enrolling patients in clinical trials in academia. In the pharmaceutical industry, she has experience in medical affairs and clinical development in both large pharmaceutical and small biotech companies, including regulatory interactions in the USA, Europe, Australia, and several countries around the world. She has accomplished an innovative oncology product submission and subsequent marketing authorisation in the US and Europe, and has built innovative clinical development plans coupled with clinical/safety teams' infrastructure in small biotech.
Interest in shares & options	263,157 ordinary shares and 5,772,000 options over ordinary shares.
Other current directorships	Director of NKILT Therapeutics

Mr Gary Phillips *Non-Executive Director*

Appointed to the Board	1 July 2022
Qualifications	Bachelor of Pharmacy (Hons), Master of Business Administration, Graduate of the Australian Institute of Company Directors.
Experience and expertise	Mr Phillips has more than 40 years of operational management experience in the pharmaceutical and healthcare industry in Europe, Asia and Australia. After managing country operations for Novartis in Eastern Europe and Asia, Gary came to Australia as CEO of Novartis in 2001, successfully launching leading oncology and ophthalmology products. He joined Pharmaxis in December 2003 when the company listed on the Australian Securities Exchange (ASX: PXS). Following his appointment as Pharmaxis CEO in 2013, Gary oversaw a company restructure focused on building value, forging commercial partnerships and fostering the development of the Pharmaxis product pipeline. Gary has recently led the further restructuring of Pharmaxis with the sale of the commercial assets and manufacturing facility, enabling the renamed company Syntara to focus on its pipeline of clinical stage assets in oncology, fibrosis and inflammation.
Interest in shares & options	788,888 ordinary shares and 2,572,000 options over ordinary shares.
Other current directorships	CEO & Managing Director of Syntara Ltd (ASX: SNT)

Company secretary

Tim Luscombe is a Director at Bio101 Financial Advisory (Bio101), a financial services firm providing outsourced CFO, taxation and company secretarial solutions to the Healthcare sector. Tim has more than 10 years of finance and commercial experience working with public and private companies in Australia and abroad. He currently serves as a CFO and Company Secretary for several ASX listed, public unlisted and private Healthcare companies. Tim holds a Bachelor of Commerce from the University of Melbourne and a Certificate in Governance Practice from the Governance Institute of Australia and is a qualified Chartered Accountant.

Meetings of directors

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

DIRECTORS' REPORT

	Directors' meeting		Risk & Audit Committee	
	A	B	A	B
Dr. Thomas Duthy	11	11	2	2
Dr. Michael Baker	11	11	2	2
Dr. Elizabeth Stoner	9	11	2	2
Dr. Debora Barton	9	11	1	2
Mr. Gary Phillips	9	11	2	2

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

Principal activities

The principal activity of the Company during the year was development of its invariant Natural Killer T (iNKT) cell platform for treatment of cancer.

Review of operations

Information on the operations and financial position of the Company and its business strategies and prospects is set out in the review of operations and activities in this annual report.

Significant changes in the state of affairs

On 5 March 2025, 119,717,123 ordinary shares were issued at $0.125 each following the completion of the Company's $14.9m placement. Each three shares entitled investors to one option resulting in 39,905,699 options being issued exercisable at $0.15 and expiring on 24 May 2027.

During the year, 17,506,091 ordinary shares were issued due to options being exercised, resulting in a cash inflow for the Company of $1,845,253.

During the year, 786,992 ordinary shares were issued in lieu of services provided to the Company.

There were no significant change in the state of affairs the Company during the reporting period, other than as set out in this report.

Likely developments and expected results of operations

The likely developments in the Company's operations, to the extent that such matters can be commented upon, are covered within the review of operations and activities in this annual report.

Environmental regulation

The Company is currently not subject to any significant environmental legislation.

Dividends

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

DIRECTORS' REPORT

Remuneration report (audited)

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Arovella Therapeutics Limited (the "Company") for the financial year ended 30 June 2025. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The Remuneration Report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

(a) Key management personnel covered in this report

Directors

Dr. Thomas Duthy, Non-Executive Chairman (Resigned 1 July 2025)
Dr. Michael Baker, CEO and Managing Director
Dr. Elizabeth Stoner, Non-Executive Director
Dr. Debora Barton, Non-Executive Director
Mr. Gary Phillips, Non-Executive Director

Key Management Personnel

Dr. Nicole van der Weerden, Chief Operating Officer

(b) Remuneration philosophy

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- Set competitive remuneration packages to attract and retain high calibre employees;
- Link executive rewards to shareholder value creation; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

(c) Remuneration

In accordance with best practice corporate governance, the structure of non-executive directors and executive remuneration is separate and distinct.

(d) Remuneration structure

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the CEO and the executive team.

The Board of Directors of the Company assesses the appropriateness of the nature and amount of remuneration of Directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

(e) Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. The methods implemented are discussed below.

	2025	2024	2023	2022	2021
Revenue ($)	136,000	17,000	405,898	295,810	257,347
Net Loss ($)	(7,509,166)	(8,746,035)	(10,181,3510)	(8,620,588)	(5,047,465)
Share price at year-end ($)	0.100	0.140	0.050	0.023	0.057
Market capitalisation ($mil)	118.86	147.08	42.50	15.41	27.41

(f) Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The Company may offer options to Non-Executive Directors as part of their remuneration package.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Extraordinary General Meeting held on 21 April 2023 when shareholders approved an aggregate remuneration of $650,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Non-Executive Director receives a fee for being a director of the Company.

(g) Senior management and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

(i) Fixed annual remuneration (FR)

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

(ii) Variable Remuneration

The Directors considered that it was desirable to establish various employee incentive plans, in order to:

• Reward employees of the Company;
• Assist in the retention and motivation of employees of the Company; and
• Provide an incentive to employees of the Company to grow shareholder value by providing them with an opportunity to receive an ownership interest in the Company.

Accordingly, the Directors adopted the following upon approval at the Annual General Meeting held on 10 November 2023 the Employee Share Option Plan (Option Plan) under which Directors, executives, consultants and other employees may be offered the opportunity to be granted Options (Executive Long Term Incentive Plan).

The plans are designed to provide incentives to the employees and Directors of the Company and to recognise their contribution to the Company's success. Under the current circumstances the Directors consider that the incentive plans are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as increased cash-based remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The plans are designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain shareholdings in the Company.

The maximum number of proposed ESOP securities was passed in the Annual General Meeting held on 10 November 2023 for 45,098,240 securities representing 5% of the Company's issued capital on a post-AGM basis. Remuneration consultants were not engaged.

(iii) Short-term incentives

The objective of the short-term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentive available is set at a level to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

DIRECTORS' REPORT

Actual payments granted to each senior manager depend on the extent to which specific operating targets set at the beginning of the financial year are met.

(iv) Long-term incentives

Aspect	Plan Rules, Offers and Comments
LTI offer	Options were offered under the Plan during the financial year within the relevant policies and Plan rules.
Eligible participants	Executive directors, non-executive directors, senior management and consultants are eligible for the LTI.
Performance conditions for executive directors	The performance conditions are linked to continuous employment.
Performance conditions for non-executive directors	The Directors are of the opinion that the performance conditions of Options should be linked continuous employment.
Terms of options	Each Option will be granted to eligible employees under the Option Plan for nil consideration. The exercise price and other terms of an Option shall be determined by the Board in its discretion.
Vesting	The Options will vest following satisfaction of the performance conditions, or such other date as determined by the Board in its discretion.
Cashless exercise facility	Participants may, at their election, elect to pay the exercise price for an Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise (Cashless Exercise Facility). By using the Cashless Exercise Facility, the participant will receive Shares to the value of the surplus after the exercise price has been set off.
Disposal restrictions	A participant may not transfer an Option granted under the Option Plan without the prior consent of the Board.

The aggregate of annual payments available for executives across the Company is subject to the approval of the Board of Directors.

The Company also makes long term incentive payments to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

The Company's Long Term Incentive Plan (LTIP), and the issue of securities under the LTIP, for the purposes of the Listing Rules and the Corporations Act, was approved at the Annual General Meeting on 15 November 2024.

(h) Employment Contracts

The details of the Directors' and Key Management Personnel employment contracts are:

Directors	Period of notice
Thomas Duthy	Nil
Michael Baker	3 months
Elizabeth Stoner	Nil
Debora Barton	Nil
Gary Phillips	Nil
Key Management Personnel	
Nicole van der Weerden	3 months

DIRECTORS' REPORT

(i) Remuneration of KMP

2025	Short-term employee benefits			Post-employment benefits	Long-term benefits	Issuance of shares	Share-based payments	
	Cash salary and fees $	Bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	Shares $	Options $	**Total**
Directors								
Thomas Duthy[1]	104,063	-	-	-	-	-	70,011	**174,074**
Michael Baker	375,000	144,500	17,928	29,932	9,865	-	196,276	**773,501**
Elizabeth Stoner	61,912	-	-	-	-	-	44,132	**106,044**
Debora Barton	61,912	-	-	-	-	-	44,066	**105,978**
Gary Phillips	44,400	-	-	-	-	-	39,974	**84,374**
Other key management personnel								
Nicole van der Weerden	325,000	88,358	5,248	29,932	2,951	-	79,867	**531,356**
Total key management personnel compensation	**972,287**	**232,858**	**23,176**	**59,864**	**12,816**	**-**	**474,326**	**1,775,327**

[1] Dr Thomas Duthy resigned on 1 July 2025

2024	Short-term employee benefits			Post-employment benefit	Long-term benefits	Issuance of shares	Share-based payments	
	Cash and salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Shares $	Options $	Total
Directors								
Thomas Duthy	31,921	-	-	-	-	60,750	239,855	**332,526**
Michael Baker	340,000	69,712	(1,254)	27,449	5,404	-	117,000	**558,311**
Elizabeth Stoner	60,899	-	-	-	-	-	55,228	**116,127**
Debora Barton	60,951	-	-	-	-	-	54,986	**115,937**
Gary Phillips	44,400	-	-	-	-	-	39,981	**84,381**
David Simmonds[1]	16,667	-	-	1,833	-	-	-	**18,500**
Other key management personnel	-	-	-	-	-	-	-	-
Nicole van der Weerden	315,000	33,750	9,526	27,449	1,039	-	36,384	**423,148**
	869,838	**103,462**	**8,272**	**56,731**	**6,443**	**60,750**	**543,434**	**1,648,930**
Total key management personnel compensation	**869,838**	**103,462**	**8,272**	**56,731**	**6,443**	**60,750**	**543,434**	**1,648,930**

[1] Mr David Simmonds resigned on 7 September 2023

DIRECTORS' REPORT

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense above:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2025	2024	**2025**	2024	**2025**	2024
	%	%	%	%	%	%
Directors						
Thomas Duthy[1]	**60**	28	-	-	**40**	72
Michael Baker	**56**	67	**19**	12	**25**	21
Elizabeth Stoner	**58**	52	-	-	**42**	48
Debora Barton	**58**	53	-	-	**42**	47
Gary Phillips	**53**	53	-	-	**47**	47
David Simmonds[2]	**-**	100	-	-	-	-
Other KMP						
Nicole van der Weerden	**68**	83	**17**	8	**15**	9

[1] Dr Thomas Duthy resigned on 1 July 2025
[2] Mr David Simmonds resigned 7 September 2023.

(j) Terms and conditions of the share-based payment arrangements

Options

The terms and conditions of each grant of options affecting remuneration of KMP in the current or a future reporting period are as follows:

Grant date	Expiry date	Exercise price	No. of options	Share price at grant date	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date
19/09/2024	30/06/2028	$0.2175	1,014,119	$0.1450	92.40%	-	4.14%	$0.0871
15/11/2024	30/06/2028	$0.2175	1,658,483	$0.2050	70.79%	-	4.26%	$0.1122
15/11/2024	14/11/2029	$0.2790	1,682,000	$0.2050	70.79%	-	4.26%	$0.1129
			4,354,602					

(k) Shareholdings of Key Management Personnel

2025	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year
Thomas Duthy[1]	4,747,444	-	-	-	4,747,444
Michael Baker	6,567,472	-	-	-	6,567,472
Elizabeth Stoner	763,157	-	-	-	763,157
Debora Barton	263,157	-	-	-	263,157
Gary Phillips	788,888	-	-	-	788,888
Nicole van der Weerden	822,222	-	-	-	822,222
	-	-	-	-	-
Total	**13,952,340**	**-**	**-**	**-**	**13,952,340**

DIRECTORS' REPORT

[1] Dr Thomas Duthy resigned on 1 July 2025

2024	Balance at the start of the year	Granted as remuneration	Exercised	Other changes[1]	Balance at the end of the year
Thomas Duthy	1,950,000	2,250,000	-	547,444	4,747,444
Michael Baker	5,092,982	-	587,824	886,666	6,567,472
Elizabeth Stoner	763,157	-	-	-	763,157
Debora Barton	263,157	-	-	-	263,157
Gary Phillips	500,000	-	-	288,888	788,888
David Simmonds[2]	513,157	-	-	(513,157)	-
Nicole van der Weerden	822,222	-	-	-	822,222
Total	**9,904,675**	**2,250,000**	**587,824**	**1,209,841**	**13,952,340**

[1] Other changes incorporates changes resulting from on-market purchases, participation in placement and adjustment made to KMP holdings at the date they cease being KMP.
[2] Mr David Simmonds resigned on 7 September 2023.

(I) Option holdings of Key Management Personnel

2025	**Balance at start of the year**	**Granted as compensation**	**Exercised**	**Other changes**	**Balance at end of the year**	**Vested and exercisable**
Thomas Duthy[1]	6,840,739	620,000	-	-	7,460,739	7,460,739
Michael Baker	10,178,531	1,658,483	-	-	11,837,014	10,558,010
Elizabeth Stoner	7,818,000	354,000	-	-	8,172,000	8,172,000
Debora Barton	5,418,000	354,000	-	-	5,772,000	5,772,000
Gary Phillips	2,218,000	354,000	-	-	2,572,000	2,572,000
Nicole van der Weerden	4,133,634	1,014,119	-	-	5,147,753	4,458,151
Total	**36,606,904**	**4,354,602**	**-**	**-**	**40,961,506**	**38,992,900**

[1] Dr Thomas Duthy resigned on 1 July 2025

2024	Balance at start of the year	Granted as compensation	Exercised	Other changes[1]	Balance at end of the year	Vested and exercisable
Thomas Duthy	-	6,840,739	-	-	6,840,739	6,840,739
Michael Baker	10,800,000	2,178,531	(2,800,000)	-	10,178,531	8,726,177
Elizabeth Stoner	7,200,000	618,000	-	-	7,818,000	7,018,000
Debora Barton	4,800,000	618,000	-	-	5,418,000	4,618,000
Gary Phillips	1,600,000	618,000	-	-	2,218,000	2,218,000
David Simmonds[1 & 2]	1,600,000	-	-	(1,600,000)	-	-
Nicole van der Weerden	3,078,946	1,054,688	-	-	4,133,634	2,404,193
Total	**29,078,946**	**11,927,958**	**(2,800,000)**	**(1,600,000)**	**36,606,904**	**31,825,109**

DIRECTORS' REPORT

[1] Other changes represent adjustment made to KMP holdings at the date they cease being KMP.
[2] Mr David Simmonds resigned on 7 September 2023.

(m) Balances with Key Management Personnel

	2025 $	2024 $
Dr Thomas Duthy - Director Fee payable	4,163	-

This concludes the remuneration report, which has been audited.

Matters subsequent to the end of the financial year

Dr Thomas Duthy resigned from his role of Chair and Non-Executive Director effective 1 July 2025.

On 15 July 2025, 1,500,000 options were issued with an exercise price of $0.1439.

On 4 August 2025, 936,303 Ordinary shares at a value of $100,000 were issued for the provision of services in lieu of cash.

On 8 August 2025, 3,478,261 options were exercised at $0.032.

Shares under option

Unissued ordinary shares of the company under option at the date of this report are as follows:

Expiry date	Grant date	Exercise price	Number under option
14/09/2025	01/09/2022	$0.0690	2,500,000
13/10/2025	14/10/2021	$0.0750	8,000,000
15/12/2025	16/12/2021	$0.0520	2,400,000
15/12/2025	16/12/2021	$0.0440	2,400,000
13/02/2026	10/01/2023	$0.1807	2,000,000
17/02/2026	10/01/2023	$0.0250	5,000,000
17/02/2026	10/01/2023	$0.0300	3,000,000
10/04/2026	21/03/2024	$0.2070	4,000,000
20/04/2026	21/04/2022	$0.0615	1,000,000
24/05/2026	23/05/2024	$0.1750	2,000,000
01/07/2026	01/07/2023	$0.0740	600,000
31/12/2026	01/01/2023	$0.0350	3,078,946
18/04/2027	19/03/2023	$0.0340	3,000,000
30/06/2027	01/07/2023	$0.0750	2,178,531
30/06/2027	01/07/2023	$0.0740	2,089,407
22/08/2027	23/08/2023	$0.0320	3,478,261
14/12/2027	12/02/2024	$0.0310	10,400,000
17/05/2028	17/05/2024	$0.1770	600,000
30/06/2028	19/09/2024	$0.2175	3,021,664
30/06/2028	15/11/2024	$0.3075	1,658,483
22/08/2028	23/08/2023	$0.0400	3,043,478
09/11/2028	10/11/2023	$0.1270	2,173,000
22/04/2029	22/04/2025	$0.1191	600,000
07/07/2029	15/07/2025	$0.1439	1,500,000
14/11/2029	01/07/2024	$0.2790	1,682,000
			71,403,770

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

DIRECTORS' REPORT

Shares issued on the exercise of options

The following ordinary shares of the company were issued during the year ended 30 June 2025 and up to the date of this report on the exercise of options granted:

Date options exercised	Exercise Price	Number of shares issued
23/07/2024	$0.1500	500,000
17/10/2024	$0.1500	400,000
17/10/2024	$0.1500	1,000,000
17/10/2024	$0.1500	400,000
18/10/2024	$0.1500	350,000
18/10/2024	$0.1500	500,000
23/10/2024	$0.1500	428,829
23/10/2024	$0.1500	221,171
23/10/2024	$0.1500	1,100,000
12/11/2024	$0.1500	57,151
12/11/2024	$0.1500	1,260,000
15/11/2024	$0.1500	1,750,000
15/11/2024	$0.1500	78,150
13/01/2025	$0.0570	275,000
20/01/2025	$0.1500	1,000,000
20/01/2025	$0.1500	57,149
04/02/2025	$0.0570	1,152,500
04/02/2025	$0.0570	24,275
04/02/2025	$0.0570	917,109
04/02/2025	$0.0570	485,000
04/02/2025	$0.0570	600,000
04/02/2025	$0.0570	253,980
17/06/2025	$0.0571	306,741
17/06/2025	$0.6106	239,148
17/06/2025	$0.0650	171,555
23/06/2025	$0.0675	750,000
30/06/2025	$0.0675	250,000
30/06/2025	$0.0675	1,183,333
30/06/2025	$0.0675	1,000,000
30/06/2025	$0.0675	45,000
30/06/2025	$0.0675	400,000
30/06/2025	$0.0675	350,000
08/08/2025	$0.0320	3,478,261
		20,984,352

Indemnity and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability 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.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

DIRECTORS' REPORT

Auditor's independence declaration

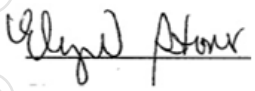
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

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



Dr. Elizabeth Stoner
Interim Chair

22 August 2025

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Arovella Therapeutics Limited does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Arovella Therapeutics Limited for the year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
22 August 2025

B G McVeigh
Partner

hlb.com.au

HLB Mann Judd ABN 22 193 232 714
A Western Australian Partnership
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Liability limited by a scheme approved under Professional Standards Legislation.

CORPORATE GOVERNANCE STATEMENT

Arovella and the Board of Directors are committed to achieving the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

A description of the Company's main corporate governance practices and Corporate Governance Statement can be found on the Company's website, www.arovella.com under the About section. All these practices, unless otherwise stated, were in place for the entire year and comply with ASX Corporate Governance Principles and Recommendations and are contained in the Appendix 4G for the year ended 30 June 2025.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	Note	2025 $	2024 $
Revenue			
Revenue from contracts with customers		**136,000**	17,000
Other income	1	**3,304,094**	1,935,122
Interest income		**389,532**	138,735
Depreciation and amortisation expense		**(107,287)**	(42,979)
Employee benefits expenses		**(2,214,961)**	(1,361,101)
Finance costs		**-**	(8,631)
Share-based payment expense	12	**(844,923)**	(1,048,743)
Other expenses		**(1,649,772)**	(1,640,114)
Research costs		**(6,521,849)**	(6,735,324)
Loss before income tax expense		**(7,509,166)**	(8,746,035)
Income tax expense	2	-	-
Loss after income tax expense for the year attributable to the owners of Arovella Therapeutics Limited		**(7,509,166)**	(8,746,035)
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income/(loss) for the year attributable to the owners of Arovella Therapeutics Limited		**(7,509,166)**	(8,746,035)
		Cents	**Cents**
Basic loss per share	4	(0.68)	(0.93)
Diluted loss per share	4	(0.68)	(0.93)

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 2025

	Note	30 June 2025 $	30 June 2024 $
Assets			
Current assets			
Cash and cash equivalents	5	**20,877,185**	12,714,407
Other current assets	6	**292,503**	439,161
Total current assets		**21,169,688**	13,153,568
Non-current assets			
Property, plant and equipment	7	**430,567**	131,115
Total non-current assets		**430,567**	131,115
Total assets		**21,600,255**	13,284,683
Liabilities			
Current liabilities			
Trade and other payables	8	**1,361,083**	1,825,057
Contract liabilities		**-**	136,000
Provisions	9	**131,621**	79,649
Total current liabilities		**1,492,704**	2,040,706
Non-current liabilities			
Provisions	9	**31,548**	15,930
Total non-current liabilities		**31,548**	15,930
Total liabilities		**1,524,252**	2,056,636
Net assets		**20,076,003**	11,228,047
Equity			
Issued capital	10	**120,128,029**	104,295,833
Reserves	11	**2,785,259**	2,437,773
Accumulated losses		**(102,837,285)**	(95,505,559)
Total equity		**20,076,003**	11,228,047

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 2025

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2023	88,871,656	1,963,833	(87,055,398)	3,780,091
Loss after income tax expense for the year	-	-	(8,746,035)	(8,746,035)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(8,746,035)	(8,746,035)
Shares issued during the year	15,171,601	-	-	15,171,601
Share issue costs	(1,047,592)	-	-	(1,047,592)
Options issued/expensed	-	1,251,490	-	1,251,490
Options lapsed during the period	-	(295,874)	295,874	-
Options exercised	1,300,168	(481,676)	-	818,492
Balance at 30 June 2024	**104,295,833**	**2,437,773**	**(95,505,559)**	**11,228,047**

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2024	104,295,833	2,437,773	(95,505,559)	11,228,047
Loss after income tax expense for the year	-	-	(7,509,166)	(7,509,166)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(7,509,166)	(7,509,166)
Shares issued during the year	14,964,641	-	-	14,964,641
Share issue costs	(1,297,696)	-	-	(1,297,696)
Options issued/expensed	-	723,412	-	723,412
Issue of shares to employees	10,000	-	-	10,000
Issue of shares for the provision of services	111,511	-	-	111,511
Options lapsed during the period	-	(177,440)	177,440	-
Options exercised	2,043,740	(198,486)	-	1,845,254
Balance at 30 June 2025	**120,128,029**	**2,785,259**	**(102,837,285)**	**20,076,003**

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 2025

	Note	2025 $	2024 $
Cash flows from operating activities			
Payments to suppliers and employees		**(10,623,592)**	(8,987,766)
Government grants and tax incentives		**3,303,264**	1,935,122
Interest received		**390,363**	138,772
Net cash (outflow) from operating activities	5	**(6,929,965)**	(6,913,872)
Cash flows from investing activities			
Payments for property, plant and equipment	7	**(412,897)**	(129,341)
Security bond		**-**	(50,000)
Security deposits		**(19,217)**	-
Net cash (outflow) from investing activities		**(432,114)**	(179,341)
Cash flows from financing activities			
Proceeds from issue of shares and other equity securities	10	**16,809,895**	14,609,333
Share issue transaction costs		**(1,287,503)**	-
Net cash (inflow) from financing activities		**15,522,392**	14,609,333
Net (decrease) in cash and cash equivalents		**8,160,313**	7,516,120
Cash and cash equivalents at the beginning of the financial year		**12,714,407**	5,175,338
Effect of exchange rate changes on cash		**2,465**	22,949
Cash and cash equivalents at the end of the financial year	5	**20,877,185**	12,714,407

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

NOTES TO THE FINANCIAL STATEMENTS

1. Other Income

	2025 $	2024 $
R & D Tax Incentive	3,303,264	1,935,122
Other income	830	-
	3,304,094	1,935,122

In the year ended 30 June 2025, the Company recognised an R&D tax incentive income of 3,303,264 (2024: 1,935,122) related to the year ended 30 June 2024.

2. Income tax expense

(a) Accounting policy

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

NOTES TO THE FINANCIAL STATEMENTS

2. Income tax expense (continued)

	2025 $	2024 $
Loss from continuing operations before income tax expense	(7,509,166)	(8,746,035)
Tax at the Australian tax rate of 25% (2024 - 30%)	(1,877,292)	(2,623,810)
Expenditure not allowed for income tax purposes	2,130,323	1,732,155
Non-assessable Research & Development Income	(825,816)	(580,537)
	-	-
Deferred Tax Asset losses not brought to account	679,803	1,597,043
Deferred Tax Asset temporary differences not brought to account	(107,018)	(124,851)
Income tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 25% (2024: 30%) payable by Australian corporate entities on taxable profits under Australian tax law.

	2025 $	2024 $
Unrecognised deferred tax balances of Australian income tax:		
Unrecognised deferred tax asset – revenue losses	16,626,860	19,788,443
Unrecognised deferred tax asset – capital losses	1,553,943	1,864,732
Unrecognised deferred tax asset – other	876,410	1,059,407
Unrecognised deferred tax equity	167,076	322,399
Unrecognised deferred tax liabilities	(208,808)	(455,205)
Net unrecognised deferred tax asset	**19,015,481**	22,579,776

The availability of tax losses is subject to the Company meeting requirements at the time of utilisation under relevant tax legislation.

3. Segment reporting

(a) Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Arovella. The Company has identified the principal activity of the Company during the year was pharmaceutical development of its invariant Natural Killer T (iNKT) cell platform for treatment of cancer.

4. Loss per share

(a) Basic and diluted loss per share

	Cents	Cents
Basic loss per share	**(0.68)**	(0.93)
Diluted loss per share	**(0.68)**	(0.93)

(b) Reconciliation of losses used in calculating loss per share

NOTES TO THE FINANCIAL STATEMENTS

4. Loss per share (continued)

The losses and weighted average number of ordinary shares used in the calculation of basic loss per share and diluted loss per share is as follows:

	2025 $	2024 $
Loss for the year		
From continuing operations	**(7,509,166)**	(8,746,035)

Weighted average number of shares used as the denominator

	2025 Number	2024 Number
Weighted average number of ordinary shares for the purpose of basic/diluted loss per share	**1,097,198,632**	941,423,356

On the basis of the Company's losses, the outstanding options issued are considered to be anti-dilutive and therefore were excluded from the weighted average number of ordinary shares calculation when calculating the diluted loss per share.

5. Cash and cash equivalents

	30 June 2025 $	30 June 2024 $
Cash and cash equivalents	**20,877,185**	12,714,407

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one to six months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

(a) Reconciliation to the Statement of Cash Flow

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	30 June 2025 $	30 June 2024 $
Loss for the year	(7,509,166)	(8,746,035)
Adjustments for non-cash items		
Share-based payments	844,923	1,048,743
Other non-cash items (Revaluations)	6,575	100,018
Depreciation	107,287	42,979
Change in operating assets and liabilities		
Movement in trade receivables	-	(10,241)
Movement in trade and other payables	(599,970)	582,543
Movement in other provisions	67,590	(216,775)
Movement in other assets	152,796	284,896
Net cash outflow from operating activities	**(6,929,965)**	(6,913,872)

6. Other current assets

	30 June 2025 $	30 June 2024 $
Prepayments	106,142	209,785
Security Deposits	73,117	53,900
GST	113,244	175,476
	292,503	439,161

7. Property, plant and equipment

(a) Accounting policy

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated using various methods over the estimated useful life of the assets as follows:

Plant and equipment: 3 - 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment
The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Derecognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

7. Property, plant and equipment (continued)

	Plant and equipment $	Total $
Non-current		
As at 30 June 2025		
Cost or fair value	708,002	708,002
Accumulated depreciation	(277,435)	(277,435)
Net book amount	**430,567**	**430,567**
Year ended 30 June 2025		
Opening net book amount	131,115	131,115
Additions	423,749	423,749
Depreciation charge	(107,287)	(107,287)
Disposal	(17,010)	(17,010)
Closing carrying value	**430,567**	**430,567**
As at 30 June 2024		
Cost of fair value	338,055	338,055
Accumulated depreciation	(206,940)	(206,940)
Net book amount	**131,115**	131,115
Year ended 30 June 2024		
Opening net book amount	49,864	49,864
Additions	129,341	129,341
Depreciation charge	(42,979)	(42,979)
Disposal/written off	(5,111)	(5,111)
Closing carrying value	**131,115**	131,115

8. Trade and other payables

(a) Accounting policy

Trade payables and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

NOTES TO THE FINANCIAL STATEMENTS

8. Trade and other payables (continued)

	2025 $	2024 $
Current		
Trade payables	940,952	983,946
Sundry payables and accrued expenses	420,131	841,111
	1,361,083	1,825,057

9. Provisions

(a) Accounting policy

Provisions provided to employees in respect of performance pay, annual leave and long service leave expected to be settled within 12 months of the balance date are recognised in current employee benefits provisions in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the provisions are settled.

Provisions provided to employees in respect of long service leave not expected to be settled within 12 months of the balance date are recognised in non-current employee benefits provisions in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Company.

	2025 $	2024 $
Current employee benefits provisions		
Provision for annual leave	**131,621**	79,649
Non-current employee benefits provision		
Long service leave provision	**31,548**	15,930

10. Share capital

(a) Accounting policy - issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

	30 June 2025 Shares	30 June 2024 Shares	30 June 2025 $	30 June 2024 $
Ordinary shares - fully paid	1,188,566,442	1,050,556,236	120,128,029	104,295,833

NOTES TO THE FINANCIAL STATEMENTS

10. Share capital (continued)

Movements in ordinary share capital

	30 June 2025 Shares	30 June 2024 Shares	**30 June 2025 $**	30 June 2024 $
Balance at beginning of year	1,050,556,236	849,908,680	104,295,833	88,871,656
Issue of shares from placements/services provided	120,504,115	185,512,542	15,086,152	15,171,600
Issue of shares from the exercise of options	17,506,091	15,135,014	2,043,740	1,300,168
Transaction costs relating to placements	-	-	(1,297,696)	(1,047,591)
Balance at end of year	1,188,566,442	1,050,556,236	120,128,029	104,295,833

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company 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.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Accounting policy - share options

The Company has two share-based payment option schemes under which options to subscribe for the Company's shares have been granted to certain Directors, Key Management Personnel and other employees. Refer to note 12 for the accounting policy on these share options.

Movements in share options

	30 June 2025 Options	30 June 2024 Options
Balance brought forward as at 1 July	201,934,955	84,173,380
Exercise of options	(17,506,165)	(23,763,180)
Expiration of options - transferred within equity	(6,189,691)	(8,403,303)
Issuance of options	47,467,846	149,928,058
Balance at the end of the year	225,706,945	201,934,955

Fair value of options granted

The assessed fair value of options at grant date was determined using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

The following table lists the inputs to the model used for valuation of the unlisted options issued during the year ended 30 June 2025:

Grant date	**Expiry date**	**Exercise price($)**	**No. of options**	**Share price at grant date ($)**	**Expected volatility**	**Dividend yield**	**Risk-free interest rate**	**Fair value at grant date ($)**
19/09/2024	30/06/2028	0.2175	3,021,664	0.1450	92.40%	-	4.14%	0.0871
15/11/2024	30/06/2028	0.2175	1,658,483	0.2050	70.79%	-	4.26%	0.1122
15/11/2024	14/11/2029	0.2790	1,682,000	0.2050	70.79%	-	4.26%	0.1129

NOTES TO THE FINANCIAL STATEMENTS

10. Share capital (continued)

There were 225,706,945 (2024: 201,934,955) share options outstanding at the end of the year with a weighted average exercise price of $0.0863 (2024: $0.1183).

11. Reserve

Share based payments reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to note 12 for further details of these plans.

12. Share-based payments

(a) Accounting policy

Equity-settled transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The current plan to provide those benefits is the Employee Share Option Plan (ESOP), which provides benefits to Directors, senior executives, consultants and other employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is either determined by an external valuer using a Monte Carlo simulation or a Binomial model, or internally using a Black-Scholes model, further details of which are given in this Note further below.

The cost of equity-settled transactions with parties other then employees is measured at the fair value of goods or services received at the date the entity obtains the goods or counterparty renders the services, unless these can not be estimated reliably. In this instance the cost of these equity-settled transactions with parties other then employees is measured by reference to the fair value of the equity instruments.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Arovella Therapeutics Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS

12. Share-based payments (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of loss per share, refer note 4.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is either determined by an external valuer using a Monte Carlo simulation or a Binomial model, or internally using a Black-Scholes model, using the assumptions detailed in this Note further below.

Employee Share Option Plan (ESOP)

On 10 November 2023, the Directors adopted the following:

i. Employee Share Option Plan (Option Plan) under which Directors, executives, consultants and other employees may be offered the opportunity to be granted Options; the maximum number of proposed ESOP securities was passed in the Annual General Meeting held on 15 November 2024. The maximum number of ESOP securities approved was 45,098,240 securities representing 5% of the Company's issued capital on a post-AGM basis.

The following table illustrates the number and weighted average exercise prices of and movements in share options, under the ESOP, issued during the year:

	2025 Number	2025 Weighted average exercise price $	2024 Number	2024 Weighted average exercise price $
Outstanding at the beginning of year	27,362,677	0.06	31,249,996	0.05
Granted during the year	7,562,147	0.24	16,928,058	0.07
Expired/lapsed during the year	-	0.06	(9,018,864)	0.06
Exercised during the year	-	0.01	(11,796,513)	0.06
Outstanding at the end of year	34,924,824	0.10	27,362,677	0.06
Exercisable at the end of year	31,142,131	0.10	22,292,060	0.06

13. Financial instruments

(a) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(b) Classification and initial measurement of financial assets

13. Financial instruments (continued)

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified at amortised cost.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- The entity's business model for managing the financial asset.
- The contractual cash flow characteristics of the financial asset.

(c) Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

(d) Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
• Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
• Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
• 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

13. Financial instruments (continued)

(e) Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

(f) Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(g) Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from 2024.

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

The Company is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

	Notes	**2025**	2024
		$	$
Financial assets			
Cash and cash equivalents	5	**20,877,185**	12,714,407
Financial liabilities			
Trade and other payables	8	**940,952**	983,946

(h) Financial risk management objectives

The Company is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

13. Financial instruments (continued)

The Company seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(i) Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency and commodity price risk including foreign exchange forward contracts to hedge the exchange rate and commodity price risk arising on its production.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(j) Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

There is a risk that adverse currency movements may negatively impact the Company.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	30 June 2025		30 June 2024	
	GBP $	USD $	GBP $	USD $
Liabilities	(28,043)	(200,692)	(34,498)	(353,872)
Assets	10,957	8,978	10,957	8,978

This is mainly attributable to the exposure outstanding on USD and GBP currencies held at year end in the Company.

(k) Interest rate risk management

Interest rate risk is the risk that a financial instrument's value will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risks via cash and cash equivalents that it holds. The objective is to minimise the Company's exposure to fluctuations that might impact its interest, revenue, and cash flow.

Interest rate risk is considered when placing funds on term deposits versus keeping funds in the operating account. This consideration also takes into account the costs associated with breaking a term deposit should early access to cash and cash equivalents be required.

(l) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers.

NOTES TO THE FINANCIAL STATEMENTS

13. Financial instruments (continued)

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(m) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables details the Company's expected contractual maturity for its non-derivative financial assets and liabilities as at 30 June 2025:

	0-3 months $	3-6 months $
Cash and cash equivalents	20,877,185	-

	0-3 months $	3-6 months $
Trade and other payables	1,312,011	1,141

14. Commitments and contingencies

As of 30 June 2025, the Company has research and development commitments of approximately $1,894,500.

The Company has entered into various license agreements which enables it to develop various licensed products. These agreements contain typical provisions normally found in such agreements that require the Company to pay various payments on achievement of certain milestones. The Directors cannot at this stage determine the likelihood of these milestones being achieved and as a result, do not believe that disclosure under AASB 137 Provisions, Contingent Liabilities and Contingent Assets is required to be made on the basis that any contingent liability would be remote.

NOTES TO THE FINANCIAL STATEMENTS

15. Related party transactions

Transactions with Key Management Personnel

Refer to note 17 for details of transactions with key management personnel.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

16. Remuneration of auditors

The auditor of Arovella Therapeutics Limited is HLB Mann Judd.

	2025 $	2024 $
Audit and review of financial statements	**70,015**	82,893

17. Directors and executives disclosures

Details of Key Management Personnel

Directors

Dr. Thomas Duthy	Non-Executive Chairperson (Resigned 1 July 2025)
Dr. Michael Baker	CEO and Managing Director
Dr. Elizabeth Stoner	Non-Executive Director
Dr. Debora Barton	Non-Executive Director
Mr. Gary Phillips	Non-Executive Director

Employment Contracts
The details of the Directors' and Key Management Personnel employment contracts are:

Directors	**Period of notice**
Thomas Duthy	Nil
Michael Baker	3 months
Elizabeth Stoner	Nil
Debora Barton	Nil
Gary Phillips	Nil
Key Management Personnel	
Nicole van der Weerden	3 months

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

The aggregate compensation made to Directors and other key management personnel of the Company is set out below:

NOTES TO THE FINANCIAL STATEMENTS

17. Directors and executives disclosures (continued)

	2025 $	2024 $
Short-term employee benefits	1,228,321	981,572
Post-employment benefits	59,864	56,731
Long-term benefits	12,816	6,443
Share-based payments	467,136	543,434
Issuance of shares	-	60,750
	1,768,137	1,648,930

18. Events after the reporting period

Dr Thomas Duthy resigned from his role of Chair and Non-Executive Director effective 1 July 2025.

On 15 July 2025, 1,500,000 options were issued with an exercise price of $0.1439.

On 4 August 2025, 936,303 Ordinary shares at a value of $100,000 were issued for the provision of services in lieu of cash.

On 8 August 2025, 3,478,261 options were exercised at $0.032.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

19. Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the financial statements for the Company. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in Australian dollars.

The Company is a listed public Company, incorporated in Australia and operates in Australia. The Company's The principal activity of the Company during the year was pharmaceutical development invariant Natural Killer T (iNKT) cell platform for cancer treatment.

(a) Statement of compliance

The financial report was authorised for issue on 21 August 2025.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

19. Basis of preparation (continued)

(b) New and amended standards adopted by the Company

For the year ended 30 June 2025, the Company 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.

The adoption of these standards has not had any impact on the disclosures or amounts reported in these financial statements.

New Standard and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted or effective for the year ended 30 June 2025. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Company accounting policies.

(c) Material accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimation of useful lives of assets
The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(d) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. This includes the continued development and commercialisation of the Company's current projects.

As disclosed in the financial statements, the Company incurred a loss of $7,509,166 (2024: $8,746,035) and had operating cash outflows of $6,929,965 for the year ended 30 June 2025 (2024: $6,913,872). As at 30 June 2025, the Company held cash and cash equivalents of $20,877,185 (2024: $12,714,407).

The Directors are of the opinion that the Company is a going concern going concern as the Company has sufficient cash to meet its current requirements for the next several years and based on prior experience, are confident that they can raise additional capital if and when required.

DIRECTORS' DECLARATION

In the opinion of the directors of Arovella Therapeutics Limited (the 'Company')

(a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001 including

(i) Giving a true and fair view of the company's financial position as at 30 June 2025 and of its performance for the year then ended; and
(ii) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

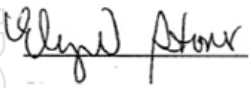
(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

(d) The information disclosed in the attached consolidated entity disclosure statement is true and correct.

The declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2025.

This declaration is made in accordance with a resolution of Directors.



Dr. Elizabeth Stoner
Interim Chair

22 August 2025

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the Members of Arovella Therapeutics Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Arovella Therapeutics Limited ("the Company") which comprises the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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 the Company is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2025 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We 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 Company 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 other ethical responsibilities in accordance with the Code.

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

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.

We have not determined any key audit matters to be communicated in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2025 but does not include the financial report and our 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company 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 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 for such internal control as the directors determine is necessary to enable the preparation of:

(a) 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

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company 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 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 this 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 the 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 Company'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 Company'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 Company 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.

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 the 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 the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Arovella Therapeutics Limited for the year ended 30 June 2025 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company 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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
22 August 2025

B M'Veigh

B G McVeigh
Partner

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 11 August 2025.

A. Distribution of equitable securities

Holding	
1-1000	694
1,001-5,000	753
5,001-10,000	595
10,001 - 100,000	1,966
100,000 and over	1,014
	5,022

There were 1,384 holders of less than a marketable parcel of shareholdings.

There were no substantial shareholders as at the reporting date.

Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

B. Equity security holders

20 Largest Shareholders - Ordinary Shares
The names of the twenty largest security holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	% of total shares issued
MERCHANT FUNDS MANAGEMENT	68,677,966	5.78
RICHARD JOHN MANN	68,487,674	5.76
NETWEALTH INVESTMENTS LIMITED - WRAP SERVICES A/C	32,788,389	2.76
NETWEALTH INVESTMENTS LIMITED - SUPER SERVICES A/C	30,519,572	2.57
UBS NOMINEES PTY LTD	29,070,196	2.45
MB INVESTMENT CAPITAL PTY LTD	27,749,415	2.33
BLACKBURNE CAPITAL PTY LTD - BLACKBURNE CAPITAL A/C	23,008,988	1.94
AJAVA HOLDINGS PTY LTD	23,000,000	1.94
MR JAMES EVAN HUGHES-MORRIS	18,857,522	1.59
LEGACY ASSET HOLDINGS PTY LTD	18,693,494	1.57
DP INVESTMENT CAPITAL PTY LTD	18,000,000	1.51
DYLIDE PTY LTD	16,227,481	1.37
M & M STOCK ONE PTY LTD - THE M & M STOCK ONE A/C	15,087,106	1.27
MR NEIL DONALD DELROY - NDD INVESTMENT A/C	14,167,222	1.19
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	13,234,438	1.11
BNP PARIBAS NOMS PTY LTD	12,029,212	1.01
MOOVNUP PTY LTD - MOOVNUP A/C	11,593,075	0.98
WIDERANGE CORPORATION PTY LTD	10,390,789	0.87
CITICORP NOMINEES PTY LIMITED	9,677,162	0.81
MR BRENDAN JOHN MARTIN & MRS SHARON ANN MARTIN - JAKNIC SUPER A/C	9,564,970	0.80
	470,824,671	39.61