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THERAPEUTICS

Half Year Report

31 December 2025

Arovella Therapeutics Limited
ABN 35 090 987 250

Arovella Therapeutics Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Arovella Therapeutics Limited
ABN:	35 090 987 250
Reporting period:	Half-year Ended 31 December 2025
Previous period:	Half-year Ended 31 December 2024

2. Results for announcement to the market

				$
Revenues from ordinary activities and other income	down	2%	to	3,624,499
Loss from continuing operations from ordinary activities after tax attributable to the owners of Arovella Therapeutics Limited	up	29%	to	(1,878,707)
Loss from continuing operations for the half-year attributable to the owners of Arovella Therapeutics Limited	up	29%	to	(1,878,707)

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

Comments
The loss from continuing operations for the company after providing for income tax amounted to $1,878,707 (31 December 2024: $1,461,582).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.57	1.69

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

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

Not applicable.

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10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Financial report for the half-year ended.

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11. Attachments

Details of attachments (if any):

The Financial report for the half-year ended of Arovella Therapeutics Limited for the half-year ended 31 December 2025 is attached.

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12. Signed

Signed _____ Date: 19 February 2026

Dr. Michael Baker
Managing Director

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Arovella Therapeutics Limited

ABN 35 090 987 250

Financial report for the half-year ended 31 December 2025

Arovella Therapeutics Limited
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31 December 2025

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Arovella Therapeutics Limited
Corporate Directory
31 December 2025

Directors

Dr. Michael Baker
CEO and Managing Director

Dr. Elizabeth Stoner *(Resigned 9 February 2026)*
Non-Executive Interim Chair

Dr. Debora Barton
Non-Executive Director

Mr. Gary Phillips
Non-Executive Director (Resigned 9 February 2026)

Dr. Andrew Nash
Non-Executive Director (Appointed 12 November 2025)

Company secretary

Mr. Tim Luscombe (*Resigned 22 January 2026)*

Mr. Lachlan Mallia (*Appointed 22 January 2026)*

Registered office

84 Hotham Street
Preston VIC 3072

Share registry

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 Codes: Ordinary Shares
ALA

Website

www.arovella.com

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The Directors present their report on Arovella Therapeutics Limited (thereafter referred to "Arovella" or "the Company") "for the half-year ended 31 December 2025.

Directors

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

Dr. Michael Baker - CEO and Managing Director
Dr. Elizabeth Stoner - Non-Executive Interim Chair *(Resigned 9 February 2026)*
Dr. Debora Barton - Non-Executive Director
Dr. Andrew Nash - Non-executive Director *(Appointed 12 November 2025)*
Mr. Gary Phillips - Non-Executive Director *(Resigned 9 February 2026)*

Significant changes in the state of affairs

During the period, 1,307,490 Ordinary shares were issued for the provision of services in lieu of cash totalling a value of $121,647.

During the period, 11,309,740 Ordinary shares were issued due to options being exercised, resulting in a cash inflow for the Company of $668,610.

There were no other significant changes in the state of affairs of the company during the financial half-year.

Review of operations

The loss from continuing operations for the company after providing for income tax amounted to $1,878,707 (31 December 2024: $1,461,582).

The loss from ordinary activities for the half-year ended 31 December 2025 was $1,878,707, an increase of 22% compared to the last year (31 December 2024: $1,461,582). Cash at bank as at 31 December 2025 is $19,366,833 (30 June 2025: $20,877,185).

During the reporting period, Arovella continued to advance its lead asset, ALA-101, towards the clinic, and advance the CAR-iNKT platform for solid tumours.

During the half-year ended 31 December 2025, Arovella:

- Completed all IND-enabling manufacturing and non-clinical activities for ALA-101, and filed the IND with the U.S. FDA.
- Held a positive Type D meeting with FDA and received positive feedback regarding the development plan for its lead asset, ALA-101.
- Post the half-year period, the Company received acceptance of its Investigational New Drug (IND) application from the U.S. FDA enabling ALA-101 to commence first-in-human clinical studies.
- Advanced its claudin 18.2 (CLDN18.2)-targeting program by demonstrating excellent activity of its novel CLDN18.2 chimeric antigen receptor (CAR) against pancreatic cancer cells.
- Received its FY24 R&D tax credit of $3.3 million, providing a strong cash position as at 31 December 2025.

PROGRESSING ALA-101 TOWARDS THE CLINIC

Arovella is developing ALA-101 to treat CD19-positive lymphomas and leukemias. A key requirement for the development of an iNKT cell therapy product is the establishment of the manufacturing process under GMP conditions. In the half-year ended 31 December 2025, Arovella successfully completed all the activities from a manufacturing and quality perspective to file its investigational new drug (IND) application for ALA-101. This included a positive Type D meeting with FDA to discuss the analytical testing, which provided clear feedback on the pathway to filing the IND. In addition, the company completed all the non-clinical activities required to file the IND and finalised its clinical trial protocol as part of the submission. Following the end of the half year, Arovella was pleased to receive acceptance of the IND following review by the U.S. FDA. This represents a major operational and regulatory milestone for the Company, unlocking a key step enabling ALA-101 to be tested in first-in-human clinical trials in patients with CD19-positive blood cancers.

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CONTINUING THE EXPANSION INTO SOLID TUMOURS

During the reporting period, Arovella continued its strategy to expand the CAR-iNKT platform into solid tumours. The manufacturing process developed by Arovella for ALA-101 is now IND approved. This enables us to use the IND submission as a framework for future products targeting additional indications. In addition, Arovella's iNKT cell therapy platform has several potential advantages over existing CAR-T treatments for solid tumours. iNKT cells:

- Can be taken from a healthy donor and given to patients without causing graft-versus-host disease (GvHD).
- Express an invariant T cell receptor (iTCR) that targets lipid-bound CD1d, present on several tumour types.
- Can be modified to produce a chimeric antigen receptor (CAR) to target specific tumours, making them dual-targeting for tumours that express the target antigen and CD1d.
- Can be expanded up to 5,000-fold to generate a significant number of cells from a single manufacturing batch.
- Naturally fight solid tumours as shown through the correlation between the natural level of iNKT cells in a cancer patient and improved prognosis in several solid tumour types, including head and neck and colorectal cancer.
- Can modify the tumour microenvironment and kill pro-tumour cells such as myeloid-derived suppressor cells (MDSCs) and tumour-associated macrophages (TAMs).
- Can recruit and promote activation of other immune cells to aid in tumour cell elimination.

In the half-year ended 31 December 2025, Arovella continued to develop its claudin 18.2 (CLDN18.2)-targeting CAR that was generated from the CLDN18.2-specific antibody licensed from Sparx Group. The intention is to add the CLDN18.2 CAR to Arovella's iNKT cells using its proprietary manufacturing process and to include the IL-12-TM armouring technology into the CAR-iNKT cells, which is expected to enhance the function of CAR-iNKT cells in solid tumours. CLDN18.2 is a high-priority target for new cancer therapies, which is expressed in gastric cancer (GC), gastroesophageal junction cancers (GEJC) and pancreatic cancer (PC). It is normally expressed in the tight junctions between cells and is not surface-exposed. However, in several tumour types (gastric, esophageal, pancreatic cancer and subsets of lung and ovarian cancer), CLDN18.2 becomes exposed as the tumour cells grow and lose their normal tissue structure. This makes CLDN18.2 an attractive target for CAR-based cytotoxic cell therapies designed to direct effector cell cytotoxicity specifically towards tumour cells. Arovella is working to generate proof-of-concept *in vitro* and *in vivo* animal data to support the advancement of this program.

During the period, Arovella assessed the performance of its novel CLDN18.2 CAR in T cells. T cells that were modified to produce Arovella's CLDN18.2 CAR were tested for the ability to kill pancreatic cancer cells and this tumour cell killing was compared to T cells that were producing a CLDN18.2 CAR based on Carsgen Therapeutics' product CT041, which is the most advanced CLDN18.2-targeted cell therapy being developed to date. When tested head-to-head in an *in vitro* assay, Arovella's CAR elimination CLDN18.2-positive pancreatic cells as effectively as the CT041-based CAR. This validates Arovella's CLDN18.2-targeting CAR and the Company is now looking forward to testing it in iNKT cells in *in vitro* studies and animal models, as well as combining it with IL-12-TM armouring.

In addition, during the reporting period, Arovella announced that it has executed an Option from Baylor College of Medicine for iNKT cell-related IP and new CARs targeting neuroblastoma and hepatocellular carcinoma. The parties continue to engage to negotiate a definitive license agreement. Should the license agreement proceed, this will add additional iNKT cell IP and new CARs targeting solid tumours to Arovella's pipeline.

Matters subsequent to the end of the financial half-year

Dr Elizabeth Stoner resigned as Non-Executive Director and Interim Chair and Mr Gary Phillips resigned as Non-Executive Director on 9 February 2026.

During February 2026, 6,000,000 Ordinary shares were issued due to options being exercised, resulting in a cash inflow for the Company of $155,000.

No matter or circumstance has arisen since 31 December 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.

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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 Competition

The Biotechnology and Pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. A number of companies, both in Australia and abroad, may be pursuing the development of products that target the same markets that Arovella is targeting. The Companies products may compete with existing alternative treatments that are already available to customers. In addition, a number of companies, both in Australia and abroad, may be pursuing the development of products that target the same conditions that Arovella is targeting.

1.6 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.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

There are various internal and external risks that may have a material impact on Arovella's future financial performance. The Company has processes in place to identify material risks and to manage these effectively.

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 on page 9.

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

On behalf of the directors

Dr. Michael Baker
Managing Director

19 February 2026

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Arovella Therapeutics Limited for the half-year ended 31 December 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 review; and

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

Perth, Western Australia
19 February 2026

B G McVeigh
Partner

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HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

Arovella Therapeutics Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025

	Note	31 December 2025 $	31 December 2024 $
Revenue and other income			
Revenue from contracts with customers		-	136,000
Interest income		415,611	245,049
Other income	4	3,208,888	3,303,264
		3,624,499	3,684,313
Expenses			
Depreciation of non-current assets		(59,153)	(48,892)
Employee benefits expenses		(1,443,432)	(1,159,604)
Other expenses		(899,157)	(845,376)
License fee		(380)	(8,951)
Research expenses		(2,740,198)	(2,572,370)
Shared-based payment expenses		(360,886)	(510,702)
Total expenses		(5,503,206)	(5,145,895)
Loss from continuing operations before income tax expense		(1,878,707)	(1,461,582)
Income tax expense		-	-
Loss from continuing operations after income tax expense for the half-year attributable to the owners of Arovella Therapeutics Limited		(1,878,707)	(1,461,582)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income/loss for the half-year attributable to the owners of Arovella Therapeutics Limited		(1,878,707)	(1,461,582)
		Cents	**Cents**
Basic loss per share	3	(0.16)	(0.14)
Diluted loss per share	3	(0.16)	(0.14)

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

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Arovella Therapeutics Limited
Statement of financial position
As at 31 December 2025

	Note	31 December 2025 $	30 June 2025 $
Assets			
Current assets			
Cash and cash equivalents		19,366,833	20,877,185
Trade and other receivables		126,452	-
Other current assets		344,814	292,503
Total current assets		**19,838,099**	21,169,688
Non-current assets			
Property, plant and equipment		408,733	430,567
Total non-current assets		**408,733**	430,567
Total assets		**20,246,832**	21,600,255
Liabilities			
Current liabilities			
Trade and other payables	5	1,152,322	1,361,083
Provisions		139,179	131,621
Total current liabilities		**1,291,501**	1,492,704
Non-current liabilities			
Provisions		37,458	31,548
Total non-current liabilities		**37,458**	31,548
Total liabilities		**1,328,959**	1,524,252
Net assets		**18,917,873**	20,076,003
Equity			
Issued capital	6	120,904,287	120,128,029
Reserves		2,382,016	2,785,259
Accumulated losses		(104,368,430)	(102,837,285)
Total equity		**18,917,873**	20,076,003

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

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Arovella Therapeutics Limited
Statement of changes in equity
For the half-year ended 31 December 2025

	Issued capital $	Share-based Payment Reserve $	Accumulated Losses $	Total equity $
Balance at 1 July 2024	104,295,833	2,437,773	(95,505,559)	11,228,047
Loss from continuing operations after income tax expense for the half-year	-	-	(1,461,582)	(1,461,582)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income/loss for the half-year	-	-	(1,461,582)	(1,461,582)
Shares issued during the period	121,512	-	-	121,512
Share issue costs	(14,887)	-	-	(14,887)
Share not yet issued	15,675	-	-	15,675
Options issued/expensed	-	444,948	-	444,948
Options exercised	1,206,795	-	-	1,206,795
Balance at 31 December 2024	105,624,928	2,882,721	(96,967,141)	11,540,508

	Issued capital $	Share-based Payment Reserve $	Accumulated Losses $	Total equity $
Balance at 1 July 2025	120,128,029	2,785,259	(102,837,285)	20,076,003
Loss from continuing operations after income tax expense for the half-year	-	-	(1,878,707)	(1,878,707)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income/loss for the half-year	-	-	(1,878,707)	(1,878,707)
Share issue costs	(13,999)	-	-	(13,999)
Issue of shares for the provision of services	121,647	-	-	121,647
Options issued/expensed	-	310,886	-	310,886
Options exercised	668,610	(366,567)	-	302,043
Options lapsed during period	-	(347,562)	347,562	-
Balance at 31 December 2025	120,904,287	2,382,016	(104,368,430)	18,917,873

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

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Arovella Therapeutics Limited
Statement of cash flows
For the half-year ended 31 December 2025

	Note	31 December 2025 $	31 December 2024 $
Cash flows from operating activities			
Payments to suppliers and employees		(5,331,535)	(5,362,239)
Receipts from Government grants and tax incentives		3,208,888	3,303,264
Interest received		415,611	245,049
Net cash used in operating activities		(1,707,036)	(1,813,926)
Cash flows from investing activities			
Payments for property, plant and equipment		(48,168)	(359,109)
Other cash items from investing activities		(1,190)	-
Net cash used in investing activities		(49,358)	(359,109)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	6	302,043	1,222,470
Costs associated with issuance of shares and other securities	6	(24,191)	(14,887)
Net cash from financing activities		277,852	1,207,583
Net decrease in cash and cash equivalents		(1,478,542)	(965,452)
Cash and cash equivalents at the beginning of the financial half-year		20,877,185	12,714,407
Effects of exchange rate changes on cash and cash equivalents		(31,810)	2,327
Cash and cash equivalents at the end of the financial half-year		19,366,833	11,751,282

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

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1. Summary of accounting policies

(a) Basis of preparation

These condensed interim financial statements are general purpose financial statements and have been prepared in accordance with the requirements of the *Corporations Act* 2001, Australian Accounting Standards including AASB 134: *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

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

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as the full financial report. It is recommended these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2025 and any public announcements made by Arovella Therapeutics Limited during the half-year in accordance with continuous disclosure requirements. arising under the *Corporations Act* 2001 and ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year, except for the impact of the new Standards are Interpretations described in Note1(c) below. These accounting policies are consistent with Australian Accounting Standards and with international Financial Reporting Standards.

The interim financial report has been prepared on an historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The interim financial report was authorised for issue on 20 February 2026.

The interim 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 interim financial report and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) New or amended Accounting Standards and Interpretations adopted

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.

(d) New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new Standards and Interpretations in issue not yet adopted for the period ended 31 December 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.

(e) 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 commercialization of the Company's current project.

As disclosed in the financial statements, the Company incurred a loss of $1,878,707 and a net cash outflow from operating activities amounting to $1,707,036 for the period ended 31 December 2025. As at 31 December 2025, the company held cash and cash equivalents of $19,366,833. The Directors are of the opinion that the Company is a going concern as the Company is now fully funded to complete the Phase 1 clinical trial for ALA-101.

1. Summary of accounting policies (continued)

(f) Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2025.

2. Segment information

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 Managing Director of Arovella. The Company has identified one reportable segment, that was development of invariant Natural Killer T (iNKT) cell platform for cancer treatment and its oral spray delivery technology to treat cancer and conditions that affect the central nervous system.

3. Loss per share

(a) Basic and diluted loss per share

	31 December 2025 $	31 December 2024 $
Loss from continuing operations after income tax	(1,878,707)	(1,461,582)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	1,196,050,109	1,054,307,052
Weighted average number of ordinary shares used in calculating diluted loss per share	1,196,050,109	1,054,307,052
	Cents	**Cents**
Basic loss per share	(0.16)	(0.14)
Diluted loss per share	(0.16)	(0.14)

4. Other income

	31 December 2025 $	31 December 2024 $
R&D tax incentive income	3,208,888	3,303,264

In the half-year ended 31 December 2025, the Company recognised an R&D tax incentive income of $3,208,888 related to the year ended 30 June 2025.

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5. Trade and other payables

	31 December 2025 $	30 June 2025 $
Current liabilities		
Account payable	762,905	940,952
Sundry payables and accrued expenses	389,417	420,131
	1,152,322	1,361,083

6. Issued capital

	31 December 2025 Shares	30 June 2025 Shares	31 December 2025 $	30 June 2025 $
Issued Capital - Ordinary shares	1,201,183,672	1,188,566,442	120,904,287	120,128,029

Movements in ordinary share capital

	31 December 2025 Shares	30 June 2025 Shares	31 December 2025 $	30 June 2025 $
Balance brought forward as at 1 July	1,188,566,442	1,050,556,236	120,128,029	104,295,833
Issue of shares from placements/services provided	1,307,490	120,504,115	121,647	15,086,152
Issue of shares from exercise of options	11,309,740	17,506,091	668,610	2,043,740
Transaction costs relating to placements	-	-	(13,999)	(1,297,696)
	1,201,183,672	1,188,566,442	120,904,287	120,128,029

Movements in share-based payment reserve

	31 December 2025 Options	30 June 2025 Options
Balance brought forward as at 1 July	225,706,945	201,934,955
Exercise of options	(11,309,740)	(17,506,165)
Expiration of options	(10,511,999)	(6,189,691)
Issuance of options	8,427,061	47,467,846
	212,312,267	225,706,945

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 model inputs for options granted during the half-year 31 December 2025 included:

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6. Issued capital (continued)

Grant date	Expiry date	Exercise price	Number of options	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
		$		$	%	%	%	$
01/07/2025	30/06/2029	$0.1425	3,935,795	$0.0950	84.69%	-	3.43%	$0.0521
07/07/2025	07/07/2029	$0.1439	1,500,000	$0.0940	85.05%	-	3.49%	$0.0514
01/07/2025	30/06/2029	$0.1425	1,831,266	$0.0920	84.69%	-	3.43%	$0.0521
30/10/2025	30/10/2030	$0.1380	1,160,000	$0.0920	83.32%	-	3.76%	$0.0529

7. Fair value measurement

The Directors consider that the carrying amount of financial assets and financial liabilities, as recorded in the financial statements, represent or approximate their respective fair values. The Group's financial assets and liabilities are measured at amortised cost. Therefore, the disclosures required by AASB13: Fair Value Measurement, of the fair value measurement hierarchy have not been made.

8. Commitments

As of 31 December 2025, the Company has pending research and development commitments of approximately $1.59 million.

The Company has entered into various license agreements which enables it to develop various licensed products as well as contracts relating to the Phase I Clinical Trial. 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.

9. Dividends

The Board of Directors of Arovella Therapeutics Ltd does not recommend the payment of an interim dividend for the period ended 31 December 2025.

10. Related party transactions

A total of 2,991,266 options were issued to Directors as approved by Shareholders at the AGM.

There are no other related party transactions other than those related to Director and key management personnel remuneration and transactions by the Company.

11. Events after the reporting period

Dr Elizabeth Stoner resigned as Non-Executive Director and Interim Chair and Mr Gary Phillips resigned as Non-Executive Director on 9 February 2026.

During February 2026, 6,000,000 Ordinary shares were issued due to options being exercised, resulting in a cash inflow for the Company of $155,000.

No matter or circumstance has arisen since 31 December 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.

Arovella Therapeutics Limited
Directors' declaration
31 December 2025

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Dr. Michael Baker
Managing Director

19 February 2026

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Arovella Therapeutics Limited (the "Company"), which comprises the statement of financial position as at 31 December 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 half-year ended on that date, selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Arovella Therapeutics Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibility is further described in the *Auditor's Responsibility for the Review 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 annual financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

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

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Auditor's Responsibility for the Review of the Financial Report

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

HLB Mann Judd

B M Vy/1.

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
19 February 2026