arovella
THERAPEUTICS

Appendix 4E & Annual Report

30 June 2024

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 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

			$
Revenues from ordinary activities	down	98.8% to	17,000
Loss from ordinary activities after tax attributable to the owners of Arovella Therapeutics Limited	down	14.1% to	(8,746,035)
Loss for the year attributable to the owners of Arovella Therapeutics Limited	down	14.1% to	(8,746,035)

3. Net tangible assets per security

	30 June 2024 Cents	30 June 2023 Cents
Net tangible assets per ordinary security	1.07	0.44

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 2024.

7. Audit Status

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

8. Signed

Signed _____ Date: 22 August 2024

Thomas Duthy
Chair

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CORPORATE DIRECTORY

Directors	Dr Thomas Duthy (Non-Executive Chair) 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) Mr David Simmonds (Non-Executive Director) - resigned 7 September 2023
Company secretary	Mr Tim Luscombe - appointed 1 December 2023
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 (WA Partnership) 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 CHAIRMAN

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 2024. 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 highly supported Share Purchase Plan (SPP) at the beginning of the financial year and the $12.5 million share placement, which closed in April this year.

It has now been over twelve months since I have had the pleasure of joining Arovella as the non-Executive Chairman. My faith in the iNKT cell platform and the management team continues, and we look forward to delivering value to our new and longstanding shareholders. The iNKT cell platform continues to be differentiated, with only a few companies globally working on iNKT cell platforms for cancer treatment. Furthermore, we continued to strengthen our IP position, with our iNKT cell manufacturing patents, licensed from Imperial College London, now granted in Europe, Canada, Australia, and Hong Kong, with filings underway in the US and China. We are delighted to be progressing ALA-101 to first-in-human phase clinical trials and we continued to make progress expanding the iNKT cell platform to target solid tumours. We are delighted with the performance of the Company across the biotechnology sector, with the share price appreciating ~180% for the financial year, which in absolute terms was counter to the trend of the broader biotechnology sector. In brief, I continue to feel as enthused today as I did upon joining in March 2023.

We have continued to accelerate through the development of ALA-101 and made key advances establishing the CAR-iNKT cell platform through completion of process development and scale-up of manufacturing. We were fortunate to be selected again to present data for our lead product, ALA-101, at the American Association for Cancer Research (AACR). The data presented highlighted some of the key benefits of our manufacturing process, describing the population of CAR-iNKT cells that result from our manufacturing process and the high level of cancer cell killing that they possess. The data was well received, and attracted the attention of scientists, clinicians and cell therapy companies

The team did a phenomenal job completing process development and scale-up for ALA-101. This was a huge undertaking, and it was excellent to announce the completion of this body of work, as it is critical to take ALA-101 into first-in-human clinical trials. The specifications achieved are outstanding, again potentially setting Arovella apart from other iNKT cell players. Following the successful pre-IND meeting with the FDA, the pathway to taking ALA-101 into phase 1 is now well defined and we look forward to providing updates in the short-term detailing our progress on this important program. Another key benefit of having completed this for ALA-101 is that the manufacturing process will largely remain consistent for additional programs that we have under development. We will only need to change one raw material, the lentivirus, which is something that can be manufactured by external providers. This greatly reduces our manufacturing risk profile. It is also worth noting that the FDA is recognizing companies like Arovella that are developing genuine platforms for disease treatment. They are currently consulting for their FDA Platform Designation, which Arovella's CAR-iNKT cell platform may be able to leverage.

LETTER FROM THE CHAIRMAN *(continued)*

In summary, we have demonstrated important steps for the CAR-iNKT cell platform, and we are delighted with the progress made to take ALA-101 into patients. We anticipate initiation of phase 1 to be a transformative event for Arovella.

Arovella also licensed two new, and highly differentiated technologies to enhance the CAR-iNKT cell platform and broaden its utility. The first was from Sparx Group, a US-Chinese based biotechnology company, and it was for a novel sequence to create a chimeric antigen receptor (CAR) targeting Claudin 18.2 (CLDN18.2). CLDN18.2 has emerged as a very attractive target, and it is on the surface of numerous solid tumour cancers, including, but not limited to, gastric cancer, gastroesophageal cancer, pancreatic cancer and certain forms of lung and ovarian cancer. There is only a single product approved across the globe that targets CLDN18.2 and that is zolbetuximab, which is a monoclonal antibody, developed by Astellas Pharma. Zolbetuximab has received approval in Japan to treat HER2-negative, CLDN18.2-positive gastric cancer. The product is likely to receive approval in the US with a PDUFA date set for November 2024. The history of zolbetuximab is fascinating. Astellas acquired the monoclonal antibody from Ganymed Pharmaceuticals in 2016 for €422 million upfront and €860 million in milestones. Further, analysts have predicted US$1.1 billion in sales in 2029.[1] From two phase 3 clinical trials, the average extension of life span over standard chemotherapy was 2.5 months. We are excited by the prospect of using our CAR-iNKT cell platform to target CLDN18.2-positive cancers, given the high unmet need for successful treatments in this space. Secondly, we licensed a unique armouring technology from the University of North Carolina. Termed interleukin-12 trans membrane (IL-12-TM), the data for this was published in the prestigious journal, *Nature Communication* in January this year. This satisfied our due diligence criteria, and we expect will be a welcome addition to our solid tumour programs. The data demonstrated that it increases the number of CAR-iNKT cells in the blood stream, and this results in superior anti-tumour activity using a model for neuroblastoma, a nasty solid tumour often diagnosed in children.

Cell therapies have revolutionized the way we think about cancer treatment, and throughout 2023 and 2024 we continued to see numerous early-stage transactions for cell therapy companies at the Phase 1 stage of development, resulting in sizeable deal terms. We believe this demonstrates the importance of the sector for large pharmaceutical companies, and we are excited to continue on the path of developing an off-the-shelf (allogeneic) cell therapy that may alleviate key challenges that hamper the sector, and enhancing the ability for much needed therapies to reach more patients at more affordable prices. We are also continuing to look to enhance our standing in the sector and increase differentiation from other iNKT cell players. We have achieved this already by in-licensing novel technologies, and the team continued to scour the globe for technologies that we believe can enhance our iNKT cell platform. This is particularly pertinent now that we have defined the manufacturing process for CAR-iNKT cells, which we can continue to exploit for any new programs that we look to develop.

> **"The Company is currently well capitalised thanks to the support of our existing and new investors, raising $14.7 million dollars over the course of the year. The SPP and Placement were well supported, and we would like to thank all our investors and welcome those that joined Arovella's register"**

Similar to the previous financial year, we dedicated significant effort to enhancing our team and to creating a laser-like focus for our iNKT cell therapy platform. We were delighted to strengthen our scientific advisory board through the appointment of Professor Gianpietro Dotti. Professor Dotti is a pioneer and one of the first individuals to create CAR-iNKT cell strategies for cancer treatment. He has been involved in the development of two products using CAR-iNKT cells that have been used in blood cancer patients and paediatric patients with neuroblastoma. Having someone of Professor Dotti's caliber on our scientific advisory board is excellent for the company, in terms of ongoing development and contacts in the CAR-iNKT cell space. We also look forward to entering into a research agreement with his group and continuing to work with his team.

Having someone of Professor Dotti's caliber on our scientific advisory board is excellent for the company, in terms of ongoing development and contacts in the CAR-iNKT cell space. We also look forward to entering into a research agreement with his group and continuing to work with his team. We also enhanced our management team, through the appointment of Dr Michelle Ferguson as Director of Research and Development. She has an exceptional

[1] https://clarivate.com/drugs-to-watch/drugs-to-watch-listing/zolbetuximab/

LETTER FROM THE CHAIRMAN *(continued)*

background, holding a PhD in Immunology and has worked in cell therapies. Before joining Arovella, Dr Ferguson worked with Tessa Therapeutics, a clinical-stage biotechnology company in Singapore, developing next-generation cell therapies to treat haematological cancers and solid tumours. Her prior roles have encompassed discovery research, preclinical development, and process development for autologous CAR-T and allogeneic CAR-EBVST cell therapy platforms. Lastly, we appointed Dr Kelvin Yip as Associated Director of Research and Development. Dr Yip holds a PhD in Cancer Cell Biology from the University of Melbourne. Dr Yip has spent over seven years in cancer discovery research at Monash Biomedicine Discovery Institute. Throughout his journey, he has spearheaded projects to understand the intricate mechanisms of tumour biology and develop combination therapies to reverse therapy resistance.

We are a diverse and inclusive Company. As at 30 June 2024, Arovella had 40% female representation at the Board, and for our valued employees, females accounted for 50% of our senior management team and 43% of employees overall.

The Company is currently well capitalised thanks to the support of our existing and new investors, raising $14.7 million dollars over the course of the year. The SPP and Placement were well supported, and we would like to thank all our investors and welcome those that joined Arovella's register. These funds are being directed towards achieving our strategic objectives as we commence the 2025 financial year, notably completing the necessary activities to secure an FDA IND for a phase 1 clinical trial of ALA-101, which we expected to commence during the financial year.

The year has provided excitement and challenges. We continue to strive to create shareholder value as we advance our lead asset toward clinical trials and to expand our pipeline to include solid tumours. We are as committed as ever to positioning the Company in a way that reflects the value of our iNKT cell therapy platform and the value that it may be able to deliver to cancer patients globally.

I would personally like to thank all our stakeholders for their continued support over what we believe has been an exciting year for the Company. We are looking forward to an even stronger year ahead.

Dr Thomas Duthy

Non-executive Chairman

REVIEW AND RESULTS OF OPERATIONS

Financial Review

The total income for the financial year ended 30 June 2024 was $2,090,857 (2023: $1,484,681). The loss for the year was $8,746,035 (2023: $10,181,351).

The Company's net assets increased from $3,780,091 to $11,228,047 at 30 June 2024 with cash reserves of $12,714,407 (2023: $5,175,338).

Over the reporting period, the Company finalised an oversubscribed Share Purchase Plan and completed an oversubscribed Placement to national and international institutional investors to raise a total of $14.7 million. Funds raised will be used to progress Arovella's lead product, ALA-101, into a Phase 1 clinical trial for patients with CD19-positive blood cancers and to strengthen Arovella's iNKT cell therapy pipeline and provide general working capital. The SPP and Placement received strong support from new and existing investors, demonstrating the enthusiasm for the iNKT cell platform technology. A summary of the capital raisings is below.

Equity issue	Amount raised	Price per share	Total shares issued
July 2023 Share Purchase Plan	$2.2 million	$0.045	49,241,018
April 2024 Placement	$12.5 million	$0.10	125,000,000

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 have properties of both the innate and adaptive immune systems. By genetically reprogramming iNKT cells to express a Chimeric Antigen Receptor (CAR), they can find and eliminate cancer cells. As iNKT cells do not cause graft versus host disease (GvHD), they offer an off-the-shelf therapeutic solution, 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 making a cell therapy, Arovella will maintain details of its manufacturing process as trade secrets to further create barriers to entry for potential competitors.

REVIEW AND RESULTS OF OPERATIONS *(continued)*

Arovella's iNKT cell strategy

Incorporating world class IP to target a range of tumour types

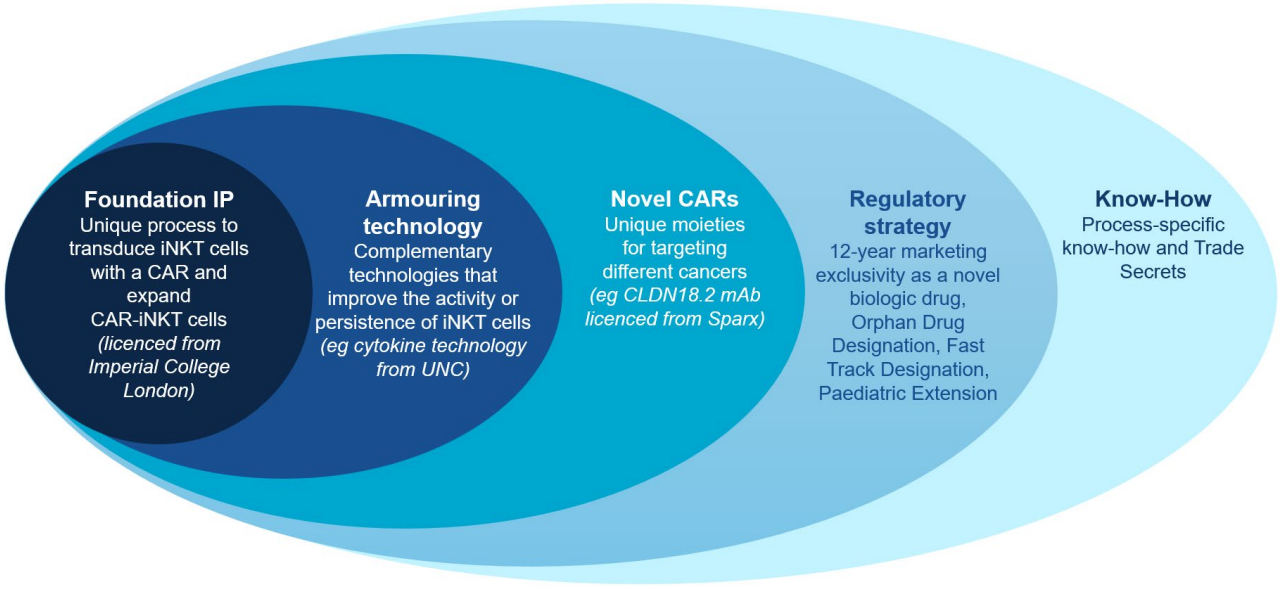

Figure 1. *Arovella's iNKT cell strategy involves developing its foundational IP from Imperial College, acquiring licenses to world class IP, leverage regulatory pathways and creating internal know through to become trade secret.*

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, 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.
- don't 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. ALA-101 consists of iNKT cells engineered to produce a Chimeric Antigen Receptor (CAR) targeting CD19 on their surface. This CD19-targeting CAR allows the iNKT cells to find 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 expects ALA-101 to enter clinical trials during FY 2025.

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, and even demonstrates a secondary remission for cancer cells upon return to the brain.

> **"Arovella made significant progress with ALA-101 during the last financial year and expects ALA-101 to enter clinical trials during FY 2025."**

REVIEW AND RESULTS OF OPERATIONS *(continued)*

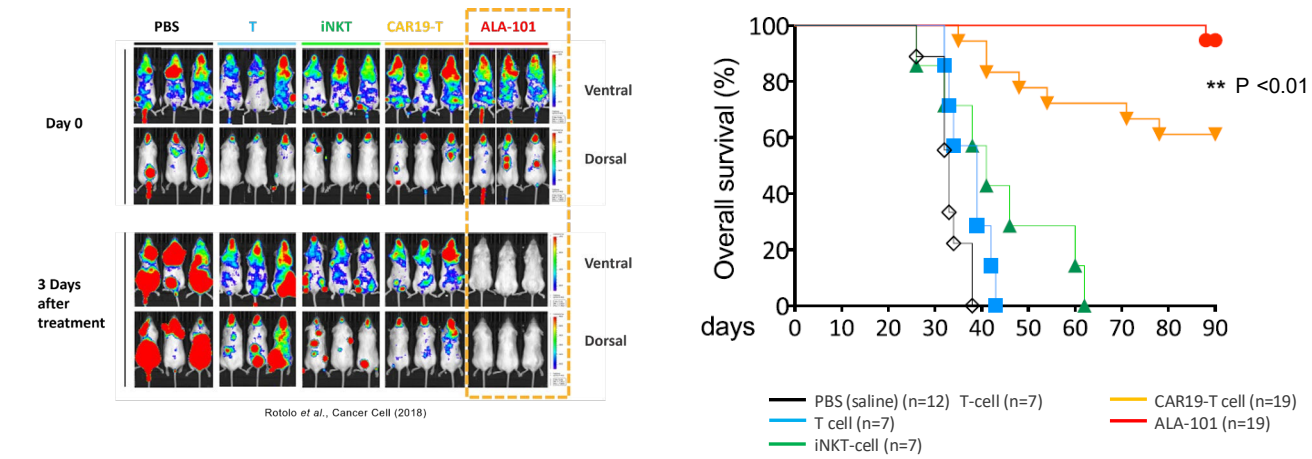

Figure 2. *Tumour cells expressing CD19 and CD1d were intravenously delivered into mice. Mice were treated with PBS (saline), unmodified T cells (T), unmodified iNKT cells (iNKT), T cells engineered to express a CD19-targeting CAR (CAR19-T), or iNKT cells engineered to express a CD19-targeting CAR (ALA-101).*

(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.

REVIEW AND RESULTS OF OPERATIONS *(continued)*

During the 2023-24 financial year, Arovella made significant progress in advancing ALA-101 towards clinical trials, enhancing the platform with an armouring technology, and expanding the pipeline but licensing a novel CAR sequence targeting CLDN18.2 for gastric cancers. Key highlights include:

Manufacturing completed for ALA-101 GMP lentivirus

During the year, Arovella completed manufacture of the lentivirus used to generate ALA-101 CAR-iNKT cells under current Good Manufacturing Practice (cGMP) conditions. Manufacturing of the GMP lentivirus is a key step for the manufacturing of ALA-101 for use in clinical trials. Arovella uses the 3rd-generation lentivirus system from Lentigen, a world leader in clinical-grade lentivirus manufacture. Manufacture of the GMP-grade material required for clinical trials and was delivered on time and on budget.

Process Development and scale up completed for ALA-101 manufacturing

In June 2024, Arovella announced the completion of process development and scale-up of its patent protected manufacturing process for ALA-101. The modular, semi-automated process, developed at Cell Therapies Pty Ltd, is suitable for large-scale manufacturing and produces a high yield of Chimeric Antigen Receptor (CAR)-positive iNKT cells with very high purity. A well-controlled and reproducible GMP manufacturing process is essential for regulatory approval for first-in-human clinical trials. Arovella can now proceed with engineering and GMP batches to produce material for phase 1 clinical trials. The manufacturing process uses well-known automated cell therapy equipment, significantly reducing technology transfer risks to new jurisdictions.

The final product characteristics are consistent with the expectations of global regulators such as the US FDA for product quality and safety. The process maintains the beneficial highly cytotoxic CD4-negative population of iNKT cells, as described in Arovella's licensed patents, that have been shown to be more cytotoxic than CD4+ cells, which was presented by Arovella at the American Association for Cancer Research (AACR) Annual Meeting (see below). The expectation is that a balanced product with a mix of these cell phenotypes may lead to superior efficacy.

Achievement of the milestone will facilitate Arovella's pipeline expansion for its CAR-iNKT cell platform. The manufacturing process can be applied to Arovella's future CAR-iNKT cell products, significantly reducing the time required to proceed from proof-of-concept data to clinical manufacture for programs with new CARs (Figure 3). Different CARs that recognise different tumour types can be added to iNKT cells through the use of new lentiviral vectors that will be manufactured to GMP standards (for example, Claudin 18.2-targeting CAR-iNKT cells).

Key characteristics achieved for the manufacturing process include:

- High yield – >5,000 fold expansion of CAR-iNKT cells
- >60% of the cells produce the CAR (i.e. CAR-iNKT cells
- >99% purity of iNKT cells
- Semi-automated, suitable for large scale production.

In addition, the FDA has opened consultation for its FDA Platform Designation, which Arovella may be able to leverage.

REVIEW AND RESULTS OF OPERATIONS *(continued)*

Clinic-ready manufacturing process developed

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

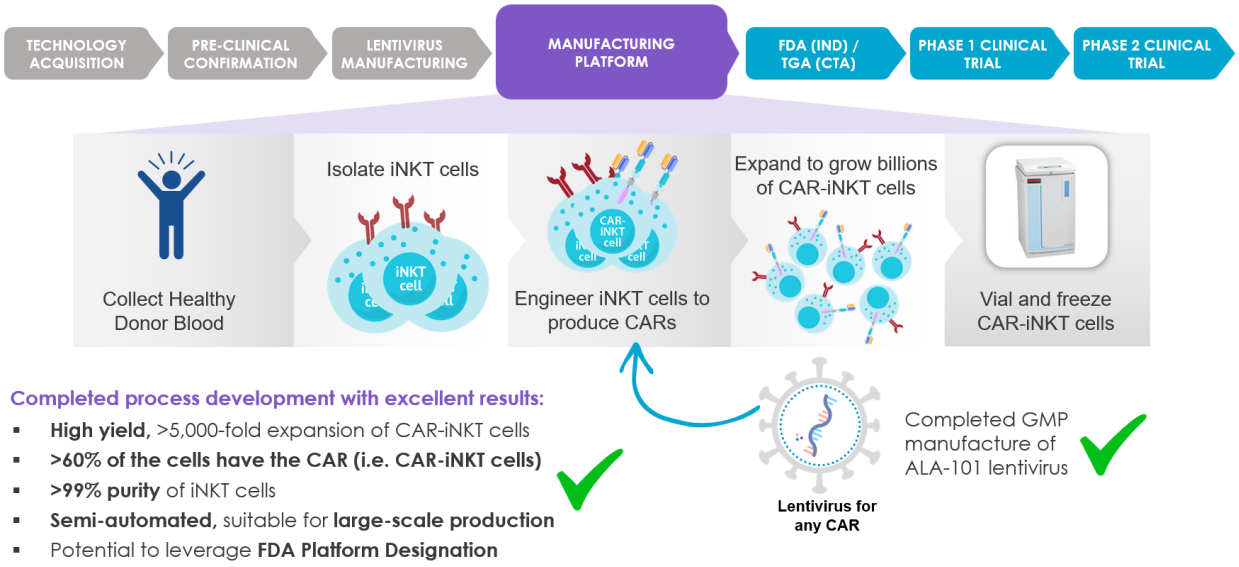

Figure 3. *CAR-iNKT cells are manufactured using healthy donor blood collections, isolation of the iNKT cells before transduction with a lentivirus that contains the genetic information for the CAR. Once the cells have been transduced (armed with the CAR), they are expanded into billions of cells, before 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.*

Pathway to clinic

In July, Arovella received positive feedback from FDA for the development of ALA-101 in first-in-human clinical trials for lymphoma and leukaemia. Feedback from the pre-IND meeting, which was held via teleconference with the FDA, supported Arovella's development plans to commence a phase 1, first-in-human clinical trial. The meeting provided a clear path forward to submitting an IND for ALA-101, with no major changes proposed for the development program. Allogeneic CAR-iNKT cell therapy manufacturing is highly complex and very few allogeneic CAR-iNKT cells have a received an IND acceptance to start first-in-human trials, so pre-IND feedback was critical to ensure that Arovella's development plan for ALA-101 aligns with FDA expectations. The FDA guidance included a review of Arovella's CMC program, a plan for nonclinical safety and efficacy studies, and the proposed phase 1 clinical trial design.

Based on the precise information provided by the FDA, Arovella expects to file its IND for ALA-101 in early Q1 CY2025. Over the coming months, Arovella will also focus on key activities required to initiate its phase 1 trial for ALA-101 (Figure 4).

REVIEW AND RESULTS OF OPERATIONS *(continued)*

Taking ALA-101 into first-in-human trials

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

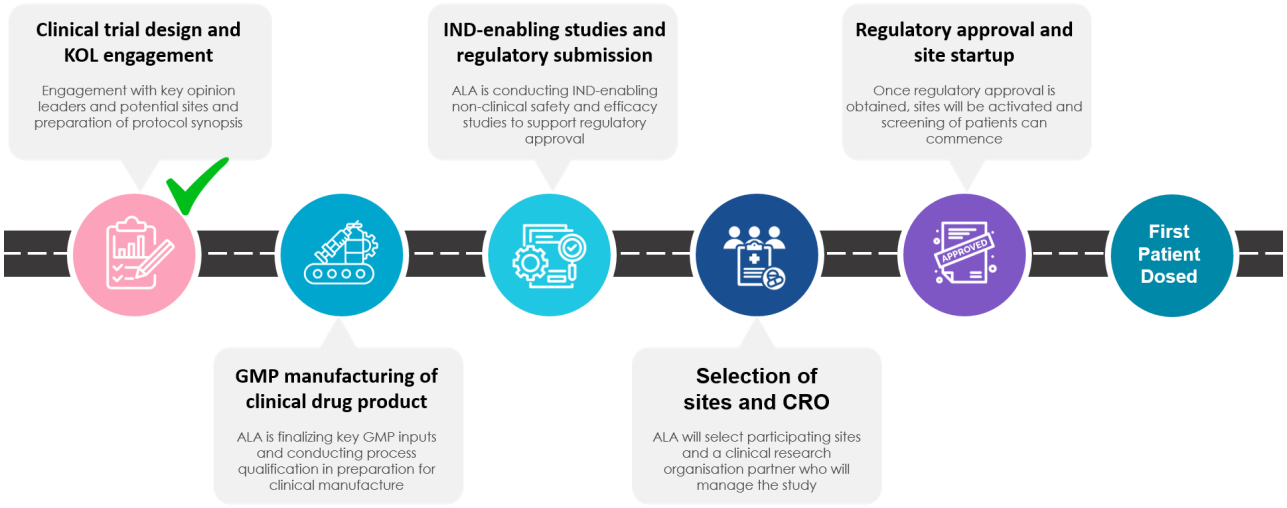

Figure 4. *The pathway to take ALA-101 involves engaging with Key Opinion Leaders (KOLs) and clinical sites and designing the clinical trial protocol synopsis, which has been completed. In parallel we are reviewing several clinical research organizations to support Arovella through its Phase 1 clinical trial. We are now in the process of manufacturing GMP batches for clinical trials, which the material will be used to complete IND-enabling studies before we prepare a dossier to submit to the FDA to file an IND. Once the IND is accepted, we can secure ethics approval and commence site activation, before dosing the first patient in the study.*

Presented data for the iNKT cell therapy platform at the American Association of Cancer Research (AACR) Annual Meeting, demonstrating that ALA-101 combines a mixed population of cells that are well positioned for activity against blood cancers

In April 2024, Arovella presented a poster at the American Association for Cancer Research (AACR) Annual Meeting. AACR is the first and largest cancer research organization. It is excellent for Arovella to present an update on its iNKT cell platform. The data summarised two distinct phenotypes of cells within ALA-101, each of which plays a different role in responding to tumour cells. In particular, ALA-101 CAR-iNKT cells were separated based on whether or not they produced CD4 on their surface (CD4+ vs CD4-). Cells negative for CD4 (CD4-) were better able to kill target tumour cells via the CD19 Chimeric Antigen Receptor (CAR). In contrast, CD4+ cells proliferated faster in response to CD19+ tumour cells. The two groups of cells also produced a different cytokine response in response to CAR activation.

The outcomes of these studies showed encouraging results, supporting the potential benefit of having diverse subsets among CAR19-iNKT cells for treating CD19+ cancers. Arovella's proprietary iNKT manufacturing method is designed to maintain the highly cytotoxic CD4- population, thus maintaining a healthy balance of cells with different mechanisms of responding to tumour cells.

A copy of the poster can be found at the following link: Arovella_AACR_2024

REVIEW AND RESULTS OF OPERATIONS *(continued)*

Expanding the pipeline to treat solid tumours

While ALA-101 represents Arovella's most advanced product, the Company continues to advance the iNKT cell platform to treat solid tumours. During the reporting period, Arovella made substantial progress on this front, including:

Licensed a novel sequence for a CLDN18.2 CAR to target gastric cancers

In October 2023, Arovella signed a global, exclusive License Agreement with Sparx Group (Sparx) for the use of a novel monoclonal antibody (mAb) sequence targeting Claudin 18.2 (CLDN18.2) in cell therapies. The mAb, known as SPX-101, has completed all preclinical proof-of-concept, safety and specificity studies and toxicology studies required to commence a Phase 1 trial to treat gastric cancers.

Arovella will use the SPX-101 sequence to generate a chimeric antigen receptor (CAR) that will be incorporated into Arovella's iNKT cell platform to target gastric cancer (GC), gastroesophageal junction cancer (GEJC), pancreatic cancer (PC), and other solid tumours (Figure 5). CLDN18.2-iNKT cells with direct cancer-killing ability are expected to provide superior cancer killing properties relative to an antibody alone.

CLDN18.2 is a validated target, demonstrated by the fact that there are several products currently in clinical development. The most advanced of these is 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. Zolbetuximab has also been awarded Priority Review for treating GC and GEJC by the FDA, highlighting the high unmet need for patients with these diseases. The FDA's decision to approve zolbetuximab is expected in the second half 2024 and it already received approval in Japan in Mach 2024. Analysts have forecast peak annual sales of US$1.1 billion for zolbetuximab [2]. Although Arovella's CLDN18.2-iNKT program is preclinical and yet to demonstrate efficacy, these forecasts support the potential market for an FDA approved therapeutic targeting CLDN18.2.

Sparx has reported superior target affinity, specificity and anti-tumour activity in mouse models for SPX-101 compared to a version of zolbetuximab manufactured internally by Sparx. Arovella will use the SPX-101 sequence to generate CLDN18.2-targeting CAR-iNKT cells that it will develop to treat GC, GEJC and pancreatic cancers. Using the antibody to create CAR-iNKT cells with direct cancer-killing ability is expected to provide superior cancer killing properties relative to the antibody alone.

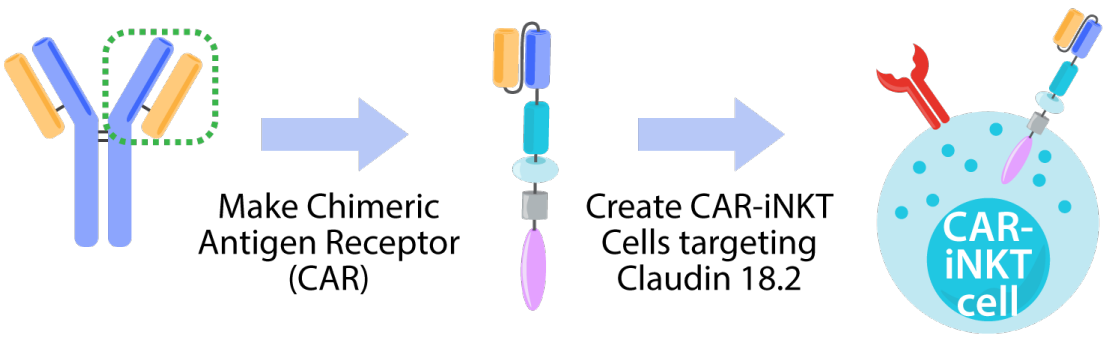

Figure 5. *The SPX-101 mAb, (left), contains a domain referred to as the scFv domain (green dotted box) which is the part of the mAb that binds to CLDN18.2. This scFv region of the mAb will be used to create a CAR and this CAR inserted into iNKT cells to create CAR-iNKT cells that target and kill tumour cells that expose CLDN18.2 on their surface.*

Cancer targets and unmet need

CLDN18.2 is expressed in a high proportion of gastric cancers (GC), gastroesophageal junction cancers (GEJC) pancreatic cancers (PC), and other solid tumours. GC and GEJC continue to present as high unmet medical needs with over one million new cases diagnosed per annum globally and 789,000 deaths, making it the fourth most

[2] https://clarivate.com/drugs-to-watch/drugs-to-watch-listing/zolbetuximab/

REVIEW AND RESULTS OF OPERATIONS *(continued)*

fatal cancer globally. [3] Over 496,000 individuals were diagnosed with PC worldwide in 2020 with an estimated 466,000 deaths the same year. [4] Stage 4 pancreatic cancer has a five-year survival rate of 1% with the average patient living for approximately 1 year after their diagnosis. [5] The global gastric cancer market size was valued at $2.1 billion in 2021, and is projected to reach $10.7 billion by 2031, growing at a CAGR of 17.9% from 2022 to 2031. [6]

CLDN18.2 is expressed in very few healthy tissues, lowering the risk of off-target effects for a product targeting this antigen. Furthermore, when CLDN18.2 is expressed in healthy tissue, the protein is sequestered in tight junctions, hidden between the cells and not accessible to bind to the CAR-iNKT cells. During tumour development, the normal tissue structure of the cells is disrupted, exposing the CLDN18.2, making it accessible to treatments such as CAR-iNKT cells. In addition, unlike many targets that can be downregulated, CLDN18.2 is retained upon malignant transformation and is expressed in a large proportion of primary gastric cancers and metastases [7].

Differentiation of Arovella's CLDN18.2-targeting technology

Arovella's CLDN18.2-iNKT cells will be the only CAR-iNKT product in development. iNKT cells are an off-the-shelf solution that have inherent properties that may make them amenable to targeting solid tumours, such as (i) the ability to infiltrate tissues and tumours [8, 9] (ii) the ability to block or kill cells that promote tumour survival such as myeloid-derived suppressor cells (MDSCs) and tumour-associated macrophages (TAMs), [10] and (iii) the ability to release cytokines to stimulate an immune response and recruit other immune cells to target the tumour cells. [11, 12]

Licensed a novel armouring technology IL-12-TM to enhance the iNKT cell platform

In January 2024, Arovella signed a global, exclusive License Agreement with the University of North Carolina Lineberger Comprehensive Cancer Center (UNC Lineberger) to incorporate UNC Lineberger's novel IL-12-TM (cytokine technology) into Arovella's CAR-iNKT cell therapy platform. The technology was developed by Professor Gianpietro Dotti, a pioneer of CAR-iNKT cells, and published in January 2024 in the prestigious peer-reviewed journal Nature Communications. [13] The data demonstrates
that IL-12-TM enhances CAR-iNKT cell persistence, cell number and antitumour activity in several animal cancer models including solid tumour cancers such as neuroblastoma. Arovella intends to incorporate the IL-12-TM technology into its solid tumour programs and will be the only iNKT cell company working with the technology.

IL-12-TM is a modified version of the human cytokine, interleukin 12 (IL-12). Due to bridging the innate and adaptive immunity and potently stimulating the production of IFN-γ, a cytokine coordinating natural mechanisms of anticancer defence, IL-12 was considered the ideal candidate for human tumour immunotherapy. However, side effects associated with systemic administration limited its use as a stand-alone therapeutic.

[3] https://www.thelancet.com/journals/eclinm/article/PIIS2589-5370(22)00134-1/fulltext
[4] https://acsjournals.onlinelibrary.wiley.com/doi/10.3322/caac.21660
[5] https://www.hopkinsmedicine.org/health/conditions-and-diseases/pancreatic-cancer/pancreatic-cancer-prognosis
[6] https://www.alliedmarketresearch.com/gastric-cancer-market-A74458#:~:text=The%20global%20gastric%20cancer%20market,cells%20lining%20of%20the%20stomach
[7] https://pubmed.ncbi.nlm.nih.gov/19047087/
[8] https://pubmed.ncbi.nlm.nih.gov/29967365/
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[11] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4517377/
[12] https://journals.aai.org/jimmunol/article/163/9/4647/32410/Cutting-Edge-Cross-Talk-Between-Cells-of-the
[13] https://www.nature.com/articles/s41467-023-44310-y

REVIEW AND RESULTS OF OPERATIONS *(continued)*

IL-12-TM has been modified to include a 'membrane anchor', which keeps the IL-12 attached to the CAR-iNKT cell and prevents it from circulating freely in the patient's bloodstream. This enables the IL-12-TM to have the desired effect on the CAR-iNKT cell and reduces the risk of off-target effects and toxicity.

When IL-12-TM is added to CAR-iNKT cells, it promotes the proliferation and survival of the CAR-iNKT cells. This means that when the CAR-iNKT cell comes in contact with a target tumour cell, it proliferates more, leading to higher numbers of CAR-iNKT cells. In addition, the cells do not get 'exhausted' as quickly and therefore survive longer, again contributing to higher CAR-iNKT cell numbers.

The IL-12-TM technology was tested in a mouse model of neuroblastoma, a cancer that can affect various regions of the central nervous system. When the number of CAR-iNKT cells was assessed in the mice four weeks after dosing, CAR-iNKT cells containing IL-12-TM were found at much higher numbers in the bloodstream (>10 times) than CAR-iNKT cells that did not contain IL-12. This correlated with substantially better antitumour activity and survival outcomes in the mice with approximately 75% of mice still alive 60 days after treatment for the IL-12-TM group while all mice in the group treated with CAR-iNKT cells lacking IL-12 had died (Figure 6).

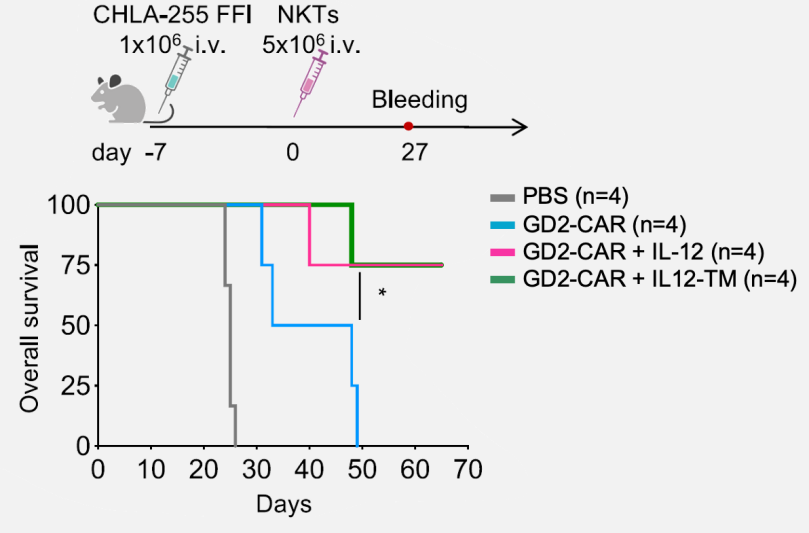

Figure 6. *CHLA-255 neuroblastoma cells were engrafted into mice before treatment with PBS, iNKT cells expressing a CAR to target GD2 lacking the cytokine technology (GD2-CAR), GD2 targeting iNKT cells with secreted IL-12 (GD2-CAR +IL-12) or GD2 targeting iNKT cells with a membrane anchored IL-12 (GD2-CAR + IL-12-TM). Landoni et al 2024, Nature Communications.*

REVIEW AND RESULTS OF OPERATIONS *(continued)*

Strengthening the Scientific Advisory Board and Management Team

During the reporting period, Arovella strengthened its Scientific Advisory Board by appointing Professor Gianpietro Dotti and enhanced its management team by appointing Dr Michelle Ferguson as Director of Research and Development and Dr Kelvin Yip as Associate Director of Research and Development.

Professor Gianpietro Dotti – Scientific Advisory Board Member

Professor Dotti is a pioneer and one of the first individuals to create CAR-iNKT cell strategies for cancer treatment. He has been involved in the development of two products using CAR-iNKT cells that have been used in blood cancer patients and paediatric patients with neuroblastoma.

Professor Dotti has spent more than twenty years using his medical and scientific training to create engineered immune cells for cancer treatment. His research has led to more than 200 peer-reviewed articles, and he has consistently received the Highly Cited Researchers (Top 1%) award from Web of Science, Clarivate Analytics in 2020, 2021, 2022, and 2023.

Professor Dotti received his medical degree from the University of Milan, Italy and completed his clinical training and Board certification in haematology from the University of Parma. He completed his post-doctoral fellowship at the Center for Cell and Gene Therapy at Baylor College of Medicine in Houston, Texas. Professor Dotti is currently a Professor of Microbiology and Immunology, and the Director of the Cellular Immunotherapy Program at Lineberger Comprehensive Cancer Center at the University of North Carolina.

Dr Michelle Ferguson – Director Research and Development

Dr Ferguson holds a PhD in Immunology from the University of Adelaide, Australia, and has 15+ years of experience in academia, private translational research institutes, and the industry. Before joining Arovella, Dr Ferguson worked with Tessa Therapeutics, a clinical-stage biotechnology company in Singapore, developing next-generation cell therapies to treat haematological cancers and solid tumours. Her prior roles have encompassed discovery research, preclinical development, and process development for autologous CAR-T and allogeneic CAR-EBVST cell therapy platforms. She joins Arovella as Director of Research and Development.

Dr Kelvin Yip – Associate Director of Research and Development

Dr Yip joins the team as the Associate Director of Research and Development. After graduating with a PhD at the University of Melbourne, he spent seven years in cancer discovery research at Monash Biomedicine Discovery Institute. Throughout his journey, he has spearheaded projects to understand the intricate mechanisms of tumour biology and develop combination therapies to reverse therapy resistance. Leveraging his core expertise and industry experience, his role is to advance research projects and identify opportunities for Arovella's pipeline expansion.

Your Directors present their report together with the financial statements of Arovella Therapeutics Limited ("Arovella" or "Company") for the financial year ended 30 June 2024. 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 relay 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 consultants, 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

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
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
Mr. David Simmonds, Non-Executive Director (resigned 7 September 2023)

Information on directors

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

Dr Thomas Duthy *Non-Executive Chairman*

Appointed to the Board	13 March 2023
Experience and expertise	Dr Duthy has over 20 years of direct financial markets experience and is the Founder and CEO of Nemean Group Pty Ltd, a boutique corporate advisory and investor relations firm specialising in the life sciences and technology sectors. Tom was the Global Head of Investor Relations & Corporate Development at Sirtex Medical Limited (ASX:SRX), which was sold to CDH Investments in September 2018 for A$1.9 billion and remains the largest medical device transaction in Australian corporate history. Tom spent ten years as a leading sell-side Healthcare & Biotechnology analyst at Taylor Collison Limited, focused mainly on small cap companies.
Interest in shares & options	4,747,444 ordinary shares and 6,840,739 options over ordinary shares.
Other current directorships	Executive Director of Invex Therapeutics Limited (ASX: IXC) Executive Director of Neurotech International Limited (ASX: NTI)
Former directorships in last 3 years	Non-Executive Director of Respiri Limited (ASX: RSH) Non-Executive Director of PharmAust Limited (ASX: PAA)

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 15 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 10,178,531 options over ordinary shares.
Other current directorships	None
Former directorships in last 3 years	Non-Executive Director of Radiopharm Theranostics Limited (ASX: RAD)

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 7,818,000 options over ordinary shares.
Other current directorships	Dr Stoner currently serves on the board of LIB Therapeutics. She is also 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 also a Non-Executive Director of Anvita Biosciences and a Director of MPM Capital.
Former directorships in last 3 years	None

Dr Debora Barton *Non-Executive Director*

Appointed to the Board	10 August 2021
Qualifications	MD, 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 5,418,000 options over ordinary shares.
Other current directorships	Director of NKILT Therapeutics
Former directorships in last 3 years	None

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. 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 2,218,000 options over ordinary shares.
Other current directorships	CEO & Managing Director of Syntara Ltd (ASX: SNT)
Former directorships in last 3 years	None

Company secretary

The Company appointed Tim Luscombe as Chief Financial Officer (CFO) and Company Secretary, effective 1 December 2023. Tim 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' meeting		Risk & Audit Committee	
	A	B	A	B
Dr. Thomas Duthy	7	7	2	2
Dr. Michael Baker	7	7	1	2
Dr. Elizabeth Stoner	6	7	1	2
Dr. Debora Barton	7	7	1	2
Mr. Gary Phillips	7	7	2	2
Mr. David Simmonds	3	3	1	1

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 12 July 2023, 49,241,018 ordinary shares were issued at $0.045 each, as a result of the oversubscribed Share Purchase Plan ("SPP") as announced on 11 July 2023.

On 4 April 2024, 125,000,000 Ordinary shares were issued at $0.10 each following the completion of the Company's $12.5m Placement. Each Ordinary share had an option attached, resulting in 125,000,000 options being issued on 24 May 2024 at an exercise price of $0.15.

During the year, 19,548,393 Ordinary shares were issued due to options being exercised, resulting in a cash inflow for the Company of $1,300,168.

During the year, 6,858,145 Ordinary shares were issued in lieu of services provided to the Company.

There was 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.

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 2024. 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
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
Mr. David Simmonds, Non-Executive Director (resigned 7 September 2023)

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.

	2024	2023	2022	2021	2020
Revenue	17,000	405,898	295,810	257,347	532,690
Net Loss	(8,746,035)	(10,181,351)	(8,620,588)	(5,047,465)	(9,935,595)
Share price at year-end	0.140	0.050	0.023	0.057	0.031
Market capitalisation ($mil)	147.08	42.50	15.41	27.41	4.41

(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, on 26 September 2017, and as ratified at the Annual General Meeting held on 28 November 2017, the Directors adopted the following:

(a) 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);

(b) Tax Exempt Plan under which eligible employees may be issued up to $1,000 of Shares.

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 Extraordinary General Meeting held on 14 October 2021 for 30,000,000 securities within a three-year period from 14 October 2021. 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.

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 10 November 2023.

(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
David Simmonds (resigned 7 September 2023)	Nil
Key Management Personnel	
Nicole van der Weerden	3 months

(i) Remuneration of KMP

2024	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	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**
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.

2023	Short-term employee benefits			Post-employment benefit	Long-term benefits	Share-based payments	
	Cash and salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave* $	Options $	Total $
Directors							
Thomas Duthy[1]	26,667	-	-	2,933	-	-	29,600
Michael Baker[2]	325,000	69,713	3,120	27,500	5,414	97,280	528,027
Elizabeth Stoner	104,004	-	-	-	-	137,963	241,967
Debora Barton	59,190	-	-	-	-	85,900	145,090
Gary Phillips[5]	40,000	-	-	-	-	34,339	74,339
David Simmonds	40,000	-	-	4,200	-	34,339	78,539
Other key management personnel	-	-	-	-	-	-	-
Nicole van der Weerden[3,4]	150,000	33,750	11,109	13,750	63	26,091	234,763
Total key management personnel compensation	**744,861**	**103,463**	**14,229**	**48,383**	**5,477**	**415,912**	**1,332,325**

[1] Dr Thomas Duthy was appointed on 13 March 2023. As announced on 13 March 2023, his first year director fees are payable in equity, subject to shareholder approval.
[2] Dr Michael Baker had bonus payables of $69,713 as at 30 June 2023.
[3] Dr Nicole van der Weerden had bonus payables of $33,750 as at 30 June 2023.
[4] Dr Nicole van der Weerden was appointed 1 January 2023.
[5] Mr Gary Phillips was appointed 1 July 2022.

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	
	2024	2023	**2024**	2023	**2024**	2023
	%	%	%	%	%	%
Directors						
Thomas Duthy[1]	**28**	100	**-**	**-**	**72**	-
Michael Baker	**67**	68	**12**	13	**21**	19
Elizabeth Stoner[4]	**52**	43	**-**	**-**	**48**	57
Debora Barton[3]	**53**	41	**-**	**-**	**47**	59
Gary Phillips[2]	**53**	54	**-**	**-**	**47**	46
David Simmonds[6]	**100**	56	**-**	**-**	**-**	44
Other KMP						
Nicole van der Weerden[5]	**83**	**75**	**8**	**14**	**9**	**11**

[1] Dr Thomas Duthy was appointed 13 March 2023.
[2] Mr Gary Phillips was appointed 1 July 2022.
[3] Dr Debora Barton was appointed on 10 August 2021.
[4] Dr Elizabeth Stoner was appointed on 10 November 2021.
[5] Dr Nicole van der Weerden was appointed 1 January 2023.
[6] 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**
01/07/2023	01/07/2026	$0.0740	1,054,688	$0.0500	86.62%	-	4.03%	$0.0240
23/08/2023	23/08/2027	$0.0320	3,478,261	$0.0320	100.00%	-	3.40%	$0.0317
23/08/2023	23/08/2028	$0.0400	3,043,478	$0.0320	100.00%	-	3.40%	$0.0358
10/11/2023	30/06/2027	$0.0750	2,178,531	$0.0980	86.62%	-	4.31%	$0.0681
10/11/2023	10/11/2028	$0.1267	2,173,000	$0.0980	86.62%	-	4.31%	$0.0650
			11,927,958					

(k) Shareholdings of Key Management Personnel

2024	Balance at start of the year	Granted as compensation	Exercised	Other changes[1]	Balance at 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.

2023	Balance at the start of the year[1]	Granted as remuneration	On Exercise of Options or conversion of convertible note	Other changes[2]	Balance at the end of the year [3]
Thomas Duthy[4]	1,950,000	-	-	-	1,950,000
Michael Baker	2,256,140	1,586,842	-	1,250,000	5,092,982
Elizabeth Stoner	263,157	-	-	500,000	763,157
Debora Barton	263,157	-	-	-	263,157
Gary Phillips[5]	-	-	-	500,000	500,000
David Simmonds	513,157	-	-	-	513,157
Nicole van der Weerden[6]	100,000	-	-	722,222	822,222
Total	**5,345,611**	**1,586,842**	**-**	**2,972,222**	**9,904,675**

[1] Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.
[2] Other changes incorporates changes resulting from the purchase through market or participation in placement approved by shareholders.
[3] For former KMP, the balance is as at the date they cease being KMP.
[4] Dr Thomas Duthy was appointed 13 March 2023.
[5] Mr Gary Phillips was appointed 1 July 2022.
[6] Dr Nicole van der Weerden was appointed 1 January 2023.

(l) Option holdings of Key Management Personnel

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[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**

[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.

2023	Balance at start of the year[1]	Granted as compen-sation	Exercised	Other changes[2]	Balance at end of the year[3]	Vested and exercisable
Thomas Duthy[6]	-	-	-	-	-	-
Michael Baker	10,800,000	-	-	-	10,800,000	10,800,000
Elizabeth Stoner	2,400,000	4,800,000	-	-	7,200,000	6,400,000
Debora Barton	2,400,000	2,400,000	-	-	4,800,000	4,000,000
Gary Phillips[4]	-	1,600,000	-	-	1,600,000	1,600,000
David Simmonds	-	1,600,000	-	-	1,600,000	1,600,000
Nicole van der Weerden[5]	-	3,078,946	-	-	3,078,946	1,026,315
Total	**15,600,000**	**13,478,946**	**-**	**-**	**29,078,946**	**25,426,315**

[1] Balance may include options held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.
[2] Other changes incorporates changes resulting from the purchase through market or participation in placement approved by shareholders.
[3] For former KMP, the balance is as at the date they cease being KMP.
[4] Mr Gary Phillips was appointed 1 July 2022
[5] Dr Nicole van der Weerden was appointed 1 January 2023.
[6] Dr Thomas Duthy was appointed 13 March 2023

(m) Balances with Key Management Personnel

	2024 $	2023 $
Dr Michael Baker - bonus payable	-	69,713
Dr Nicole van der Weerden - bonus payable	-	33,750
Dr Thomas Duthy - Director Fee and Super payable	-	29,600
	-	133,063

This concludes the remuneration report, which has been audited.

Matters subsequent to the end of the financial year

On 4 July 2024, 719,424 Ordinary shares at a value of $0.139 were issued for the provision of services in lieu of cash.

On 23 July 2024, 500,000 options were exercised at $0.15.

No other matter or circumstance has arisen since 30 June 2024 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.

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
31/01/2025	16/03/2022	$0.0570	4,246,717
24/03/2025	03/03/2022	$0.0690	2,500,000
17/06/2025	18/06/2021	$0.0611	1,286,667
17/06/2025	18/06/2021	$0.0650	1,286,666
17/06/2025	18/06/2021	$0.0571	1,286,667
26/06/2025	07/06/2023	$0.0675	3,978,333
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
24/05/2027	24/05/2024	$0.1500	124,500,000
30/06/2027	01/07/2023	$0.0740	2,089,407
30/06/2027	01/07/2023	$0.0750	2,178,531
22/08/2027	23/08/2023	$0.0320	3,478,261
14/12/2027	12/02/2024	$0.0310	10,400,000
22/08/2028	23/08/2023	$0.0400	3,043,478
09/11/2028	10/11/2023	$0.1270	2,173,000
			201,426,673

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.

Shares issued on the exercise of options

The following ordinary shares of the company were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

Date options exercised	Exercise price	Number of shares issued
1/08/2023	$0.0378	237,446
1/08/2023	$0.0250	327,659
6/11/2023	$0.0760	1,048,923
13/11/2023	$0.0760	152,047
22/11/2023	$0.0760	654,089
29/11/2023	$0.0675	125,000
22/11/2023	$0.0858	487,231
29/12/2023	$0.1150	587,824
4/01/2024	$0.0740	2,873,128
9/01/2024	$0.0250	4,000,000
10/01/2024	$0.0570	125,000
17/01/2024	$0.0675	1,308,334
23/01/2024	$0.0570	75,000
20/02/2024	$0.0675	1,481,482
20/02/2024	$0.0750	2,000,000
20/02/2024	$0.0300	2,000,000
29/02/2024	$0.0675	1,251,851
17/06/2024	$0.0570	400,000
23/07/2024	$0.0150	500,000
		19,635,014

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.

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.

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

Directors' report

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

Thomas Duthy
Chair

22 August 2024

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 2024, 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 2024

B G McVeigh
Partner

hlb.com.au

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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 2024.

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue			
Revenue from contracts with customers	1	**17,000**	405,898
Cost of sales		**-**	(203,520)
Gross profit		**17,000**	202,378
Other income	1	**1,935,122**	1,048,763
Interest income	1	**138,735**	30,020
Depreciation and amortisation expense	1	**(42,979)**	(837,177)
Employee benefits expenses		**(1,361,101)**	(1,499,037)
Finance costs	1	**(8,631)**	(20,674)
Impairment of intangible assets		**-**	(1,558,721)
Share-based payment expense	12	**(1,048,743)**	(866,041)
Other expenses	1	**(1,640,114)**	(2,696,745)
Research cost		**(6,735,324)**	(3,984,117)
Loss before income tax expense		**(8,746,035)**	(10,181,351)
Income tax expense	2	**-**	-
Loss after income tax expense for the year attributable to the owners of Arovella Therapeutics Limited		**(8,746,035)**	(10,181,351)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year attributable to the owners of Arovella Therapeutics Limited		**(8,746,035)**	(10,181,351)
		Cents	**Cents**
Basic loss per share	4	**(0.93)**	(1.43)
Diluted loss per share	4	**(0.93)**	(1.43)

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 2024

	Note	30 June 2024 $	30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents	5	**12,714,407**	5,175,338
Trade and other receivables		**-**	10,241
Other current assets	6	**439,161**	235,516
Total current assets		**13,153,568**	5,421,095
Non-current assets			
Property, plant and equipment	7	**131,115**	49,864
Total non-current assets		**131,115**	49,864
Total assets		**13,284,683**	5,470,959
Liabilities			
Current liabilities			
Trade and other payables	8	**1,825,057**	1,225,514
Contract liabilities	1	**136,000**	153,000
Provisions	9	**79,649**	303,134
Total current liabilities		**2,040,706**	1,681,648
Non-current liabilities			
Provisions	9	**15,930**	9,220
Total non-current liabilities		**15,930**	9,220
Total liabilities		**2,056,636**	1,690,868
Net assets		**11,228,047**	3,780,091
Equity			
Issued capital	10	**104,295,833**	88,871,656
Reserves	11	**2,437,773**	1,963,833
Accumulated losses		**(95,505,559)**	(87,055,398)
Total equity		**11,228,047**	3,780,091

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 2024

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	83,536,397	1,105,098	(77,024,513)	7,616,982
Loss after income tax expense for the year	-	-	(10,181,351)	(10,181,351)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(10,181,351)	(10,181,351)
Shares issued during the year	5,919,079	-	-	5,919,079
Share issue costs	(605,678)	-	-	(605,678)
Options issued/expensed	-	1,031,059	-	1,031,059
Options lapsed during the period	-	(150,466)	150,466	-
Options exercised	21,858	(21,858)	-	-
Balance at 30 June 2023	**88,871,656**	**1,963,833**	**(87,055,398)**	**3,780,091**

	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
Issue of options to consultants	-	-	-	-
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**

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 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers			243,263
Payments to suppliers and employees		**(8,987,766)**	(7,699,022)
Interest paid		-	(4,735)
Government grants and tax incentives		**1,935,122**	1,048,763
Interest received		**138,772**	30,020
Finance costs		-	(15,939)
Net cash (outflow) from operating activities	5	**(6,913,872)**	(6,397,650)
Cash flows from investing activities			
Payments for property, plant and equipment	7	**(129,341)**	(2,716)
Proceeds from sale of property, plant and equipment		**-**	98,132
Security bond		**(50,000)**	-
Net cash (outflow)/inflow from investing activities		**(179,341)**	95,416
Cash flows from financing activities			
Proceeds from issue of shares and other equity securities	10	**14,609,333**	5,478,420
Principal elements of lease payments		-	(71,815)
Net cash inflow from financing activities		**14,609,333**	5,406,605
Net (decrease) in cash and cash equivalents		**7,516,120**	(895,629)
Cash and cash equivalents at the beginning of the financial year		**5,175,338**	6,070,967
Effect of exchange rate changes on cash		**22,949**	-
Cash and cash equivalents at the end of the financial year	5	**12,714,407**	5,175,338

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

1. Revenue and expenses

(a) Accounting policy

The core principle of AASB 15 is that revenue is recognized on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognized by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify contract with a customer;
Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations;
Step 5: Recognise revenue as the performance obligations are satisfied

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Company incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised.

Revenue is recognised either when the performance obligation in the contract has been performed, so "point in time" recognition or "over time" as control of the performance obligation is transferred to the customer.

For contacts with multiple components to be delivered such as research and development, clinical trials and regulatory submissions, management applies judgement to consider whether those promised goods and services are:

(i) Distinct - to be accounted for as separate performance obligations.
(ii) Not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct
or
(iii) Part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

Transaction price

At contract inception the total transaction price is estimated, being the amount to which the Company expects to be entitled and has rights to under the present contract.

The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are agreed.

Once the total transaction price is determined, the Company allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied.

For each performance obligation, the Company determines if revenue will be recognised over time or at a point in time. Where the Company recognises revenue over time for long term contracts, this is in general due to the Company performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Company applies a revenue recognition method that faithfully depicts the Company's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Company has promised to transfer to the customer. The Company applies the relevant output or input method consistently to similar performance obligations in other contracts.

1. Revenue and expenses (continued)

When using the output method, the Company recognizes revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. Where the output method is used, in particular for long term service contracts where the series guidance is applied, the Company often uses a method of time elapsed which requires minimal estimation. Certain long-term contracts use output methods based upon estimation of number of users, level of service activity or fees collected.

If performance obligations in a contract do not meet the overtime criteria, the Company recognises revenue at a point in time. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by contract type, which includes:

(i) License and supply agreements; and,
(ii) Research and development income as management believe this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

Performance obligations

The nature of contracts or performance obligations categorised within this revenue type includes:

(i) License and supply agreements; and,
(ii) Research and development income.

The service contracts in this category include contracts with either a single or multiple performance obligations.

The Company considers that the services provided meet the definition of a series of distinct goods and services as they are:

(iii) Substantially the same and
(iv) Have the same pattern of transfer (as the series constitutes services provided in distinct time increments (e.g., monthly or annual services) and therefore treats the series as one performance obligation.
(v) Signing of license and supply agreements and research and development agreements. Revenues are recognised upon signing the agreements.
(vi) Submission of regulatory applications and/or approvals by agreement partners. Revenues are recognised on submission of regulatory applications by agreement partners.
(vii) Product sales by agreement partners. Revenues in form of royalties are recognised on product sales by agreement partners.
(viii) Completion of contract phases within research and development agreements. Revenues are recognised upon completion of contract phases within research and development agreements.
(ix) Undertaking research and development studies and project management. Revenues are recognised as research and development studies are performed and project managed

Contract assets and contract liabilities

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

As a result, the contracts which the Company enters into with its customers, a number of different assets and liabilities are recognised on the Company's balance sheet. These include but are not limited to: Trade receivable; Accrued income; and Deferred income. There has been no change in the accounting policies for these assets as a result of the adoption of AASB 15.

1. Revenue and expenses (continued)

(b) Revenue from contracts with customers

	2024 $	2023 $
Sales revenue from contracts with customers		
License and supply agreements and research and development projects	**17,000**	405,898

The Company derives its revenue from the sale of goods and the provision at services at a point in time and over time in the following major categories: (i) licence and supply agreements; and, (ii) research and development income. The Company has a balance of contract liabilities of $136,000 for the year ended 30 June 2024 (2023: $153,000).

	2024 $	2023 $
At a point in time		
License and supply agreements	**-**	217,214
Over time		
Research and development income	**17,000**	188,684
Total Revenue	**17,000**	405,898

(c) Other Income and Expenses

(i) Interest income

	2024 $	2023 $
Interest income	**138,735**	30,020

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

(ii) Other income

	2024 $	2023 $
R&D Tax Incentive	**1,935,122**	1,048,763

The Company's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured. As of 30 June 2024, $1,935,122 was recognised as Research & Development Tax Incentive income which related to expenditure incurred in the financial year ended 30 June 2023. $1,048,763 has been recognised as income in the financial year ended 30 June 2023 which related to expenditure incurred in the financial year ended 30 June 2022.

1. Revenue and expenses (continued)

(iii) Depreciation and amortisation

	2024	2023
Depreciation	42,979	100,724
Depreciation charge of right-of-use assets	-	41,903
Amortisation	-	694,550
	42,979	837,177

(iv) Finance income and costs

	2024 $	2023 $
Finance costs	8,631	15,939
Interest expense	-	4,735
	8,631	20,674

(v) Other expenses

	2024 $	2023 $
Other expenses		
Legal fees	107,140	91,909
Professional fees	-	490,447
Patent and trademark costs	178,940	147,383
General and administrative	361,180	738,414
Investor relation costs	301,777	433,403
Audit and accounting fees	319,487	346,406
Insurances	206,896	231,972
Travel costs	164,694	216,811
Total other expenses	**1,640,114**	2,696,745

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.

2. Income tax expense (continued)

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.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the 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:

	2024 $	2023 $
Loss from continuing operations before income tax expense	(8,746,035)	(10,181,351)
Tax at the Australian tax rate of 30% (2023 - 25%)	(2,623,810)	(2,545,339)
Expenditure not allowed for income tax purposes	1,732,155	217,364
Non-assessable Research & Development Income	(580,537)	(262,191)
	-	-
Deferred Tax Asset losses not brought to account	1,597,043	5,054,012
Deferred Tax Asset temporary differences not brought to account	(124,851)	(2,463,846)
Income tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2023: 25%) payable by Australian corporate entities on taxable profits under Australian tax law.

2. Income tax expense (continued)

	2024 $	2023 $
Unrecognised deferred tax balances of Australian income tax:		
Unrecognised deferred tax asset – revenue losses	19,788,443	16,279,973
Unrecognised deferred tax asset – capital losses	1,864,732	1,553,943
Unrecognised deferred tax asset – other	1,059,407	1,205,708
Unrecognised deferred tax equity	322,399	291,196
Unrecognised deferred tax liabilities	(455,205)	(189,360)
Net unrecognised deferred tax asset	**22,579,776**	19,141,460

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 Managing Director 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	**(0.93)**	(1.43)
Diluted loss per share	**(0.93)**	(1.43)

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

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:

	2024 $	2023 $
Loss for the year		
From continuing operations	**(8,746,035)**	(10,181,351)

Weighted average number of shares used as the denominator

	2024 Number	2023 Number
Weighted average number of ordinary shares for the purpose of basic/diluted loss per share	**941,423,356**	711,483,401

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 2024 $	30 June 2023 $
Cash and cash equivalents	**12,714,407**	5,175,338

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 2024 $	30 June 2023 $
Loss for the year	(8,746,035)	(10,181,351)
Adjustments for non-cash items		
Impairment of intangible assets	-	1,558,721
Share-based payments	1,048,743	866,041
Lease nominal payment	-	(71,815)
Property, plant and equipment written off	-	-
Other non-cash items (Revaluations)	100,018	78,778
AASB 16 lease interest	-	4,735
Depreciation	42,979	142,627
Amortisation	-	694,550
Change in operating assets and liabilities		
Movement in trade receivables	(10,241)	26,049
Movement in trade and other payables	582,543	221,305
Movement in other provisions	(216,775)	17,887
Movement in other assets	284,896	244,823
Net cash outflow from operating activities	**(6,913,872)**	(6,397,650)

6. Other current assets

(a) Accounting policy

Accrued income

All income shall be invoiced and recorded when the service and/or materials have been provided. All income shall be recorded as accrued income if payment is expected within the next year.

If circumstances should dictate that the payment will not be received for a period greater than 12 months, such income shall be segregated and treated as a non-current receivable for recording and reporting purposes.

Prepayments

Prepayments are cash paid amounts that represent costs incurred from which a service or benefit is expected to be derived in the future.

6. Other current assets (continued)

The future write-off period of the incurred cost will normally be determined by the period of benefit covered by the prepayment. When the period arrives to which a prepaid cost relates the costs will be treated as a period cost for the period in question. Normally such prepaid costs will be written off based on the elapse of time.

Prepayments should be classified as current assets unless a portion of the prepayment covers a period longer than 12-months. If they are prepayment costs with a benefit beyond 12-months, they should be classified as deferred charges in the Statement of Financial Position.

	30 June 2024 $	30 June 2023 $
Accrued income	-	37
Prepayments	209,785	33,111
Deferred expense	-	202,368
Security Deposits	53,900	-
GST	175,476	-
	439,161	235,516

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 on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment: 2 - 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.

7. Property, plant and equipment (continued)

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.

	Plant and equipment $	Total $
Non-current		
As at 30 June 2024		
Cost or 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	(5,111)	(5,111)
Closing carrying value	**131,115**	**131,115**
As at 30 June 2023		
Cost of fair value	254,480	254,480
Accumulated depreciation	(204,616)	(204,616)
Net book amount	49,864	49,864
Year ended 30 June 2023		
Opening net book amount	266,061	266,061
Additions	2,716	2,716
Depreciation charge	(100,724)	(100,724)
Disposal/written off	(118,189)	(118,189)
Closing carrying value	49,864	49,864

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.

8. Trade and other payables (continued)

	2024 $	2023 $
Current		
Trade payables	983,946	772,971
Sundry payables and accrued expenses	841,111	452,543
	1,825,057	1,225,514

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.

	2024 $	2023 $
Current employee benefits provisions		
Performance pay provision	**-**	244,266
Provision for annual leave	**79,649**	58,868
	79,649	303,134
Non-current employee benefits provision		
Long service leave provision	**15,930**	9,220

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 2024 Shares	30 June 2023 Shares	30 June 2024 $	30 June 2023 $
Ordinary shares - fully paid	1,050,556,236	849,908,680	104,295,833	88,871,656

10. Share capital (continued)

Movements in ordinary share capital

	30 June 2024 Shares	30 June 2023 Shares	30 June 2024 $	30 June 2023 $
Balance at beginning of year	849,908,680	669,835,226	88,871,656	83,536,397
Issue of shares from placements/services provided	181,512,542	179,073,454	15,171,600	5,915,937
Issue of shares from the exercise of options	15,135,014	1,000,000	1,300,168	25,000
Transaction costs relating to placements	-	-	(1,047,591)	(605,678)
Balance at end of year	1,046,556,236	849,908,680	104,295,833	88,871,656

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 2024 Options	30 June 2023 Options
Balance brought forward as at 1 July	84,173,380	95,376,136
Exercise of options	(23,763,180)	(1,000,000)
Expiration of options	(8,403,303)	(53,529,498)
Issuance of options	149,928,058	43,326,742
Balance at the end of the year	201,934,955	84,173,380

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 2024:

10. Share capital (continued)

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 ($)
01/07/2023	01/07/2026	0.0740	6,054,788	0.0500	86.62%	-	4.03%	0.0240
23/08/2023	23/08/2028	0.0400	3,043,478	0.0320	100.00%	-	3.40%	0.0358
23/08/2023	23/08/2027	0.0320	3,478,261	0.0320	100.00%	-	3.40%	0.0317
10/11/2023	30/06/2027	0.0750	2,178,531	0.0980	86.62%	-	4.31%	0.0681
10/11/2023	10/11/2028	0.1267	2,173,000	0.0980	86.62%	-	4.31%	0.0650
12/04/2024	11/02/2024	0.1810	2,000,000	0.1750	90.27%	-	3.62%	0.0853
21/03/2024	21/03/2026	0.2070	4,000,000	0.1300	93.01%	-	3.75%	0.0507
24/05/2024	24/05/2026	0.1750	2,000,000	0.1200	92.48%	-	4.02%	0.0493
24/05/2024	24/05/2027	0.1500	125,000,000	0.1200	-	-	-	-

There were 201,934,955 (2023: 84,173,380) share options outstanding at the end of the year with a weighted average exercise price of $0.1183 (2023: $0.0357).

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 payment

(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).

There are currently two plans in place to provide these benefits:
i. The Employee Share Option Plan (ESOP), which provides benefits to Directors, senior executives, consultants and other employees;
ii. The Tax-Exempt Plan under which eligible employees may be issued up to $1,000 of shares, excluding senior executives and directors.

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 than 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 cannot be estimated reliably. In this instance the cost of these equity-settled transactions with parties other than 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.

12. Share-based payment (continued)

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.

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 26 September 2017, the Directors adopted the following plans:

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 ESOP was approved for adoption with an increase limit to 30,000,000 securities within a three year period from 14 October 2021.

ii. Tax Exempt Plan under which eligible employees may be issued up to $1,000 of Shares. The maximum number of proposed ESOP securities was passed in the Extraordinary General Meeting held on 14 October 2021 for 30,000,000 securities within a three year period from 14 October 2021. The vesting of Options under the terms of the Plans is dependent on Continuous employment. The average contractual life of each option granted is 3 years or may vary depending on the Board's discretion. Options can be settled by payment at the exercise price or using a cashless exercise facility.

The Statement of Profit or Loss and Other Comprehensive Income shows the expense recognised for the year.

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

12. Share-based payment (continued)

	2024 Number	2024 Weighted average exercise price $	2023 Number	2023 Weighted average exercise price $
Outstanding at the beginning of year	31,249,996	0.05	16,771,050	0.06
Granted during the year	16,928,058	0.07	14,478,946	0.03
Lapsed during the year	(9,018,864)	0.06	-	-
Exercised during the year	(11,796,513)	0.06	-	-
Outstanding at the end of year	27,362,677	0.06	31,249,996	0.05
Exercisable at the end of year	22,292,060	0.06	19,910,699	0.05

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

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.

13. Financial instruments (continued)

(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.

(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.

13. Financial instruments (continued)

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 2023.

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	**2024**	2023
		$	$
Financial assets			
Cash and cash equivalents	5	12,714,407	5,175,338
Trade and other receivables		-	10,241
		12,714,407	5,185,579
Financial liabilities			
Trade and other payables	8	983,946	772,971
Accruals	8	841,111	452,543
		1,825,057	1,225,514

(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.

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.

13. Financial instruments (continued)

(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.

The Company receives a portion of its revenue in foreign currency. 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 2024			30 June 2023	
	GBP	**SGD**	**USD**	**GBP**	**USD**
	$	**$**	**$**	**$**	**$**
Liabilities	**(34,498)**	**(2,146)**	**(353,872)**	(12,272)	(562,578)
Assets	**10,957**	-	**8,978**	159,481	23,268

This is mainly attributable to the exposure outstanding on USD, GBP and SGD 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 minimize 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.

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.

13. Financial instruments (continued)

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 2024:

	0-3 months $	3-6 months $
Cash and cash equivalents	8,714,407	4,000,000

	0-3 months $	3-6 months $
Trade and other payables	1,825,057	-

14. Commitments and contingencies

As of 30 June 2024, the Company has research and development commitments of approximately $875,000.

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.

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.

	2024 $	2023 $
Audit and review of financial statements	**82,893**	72,500

17. Directors and executives disclosures

Details of Key Management Personnel

Directors

Dr. Thomas Duthy	Non-Executive Chairperson
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
Mr. David Simmonds	Non-Executive Director (resigned 7 September 2023)

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
David Simmonds	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.

17. Directors and executives disclosures (continued)

	2024 $	2023 $
Transactions and balances with Key Management Personnel		
Dr Thomas Duthy - Director Fee and Super payable[1]	-	29,600
Dr Michael Baker - bonus payable	-	69,713
Dr Nicole van der Weerden - bonus payable	-	33,750
	-	133,063

[1] Director fee to Thomas Duthy in 2023 was through issuance of equity approved.

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

	2024 $	2023 $
Short-term employee benefits	981,572	862,553
Post-employment benefits	56,731	48,383
Long-term benefits	6,443	5,477
Share-based payments	543,434	415,912
Issuance of shares	60,750	-
	1,648,930	1,332,325

18. Events after the reporting period

On 4 July 2024, 719,424 Ordinary shares at a value of $0.139 were issued for the provision of services in lieu of cash.

On 23 July 2024, 500,000 options were exercised at $0.15.

No other matter or circumstance has arisen since 30 June 2024 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.

19. Basis of preparation (continued)

(a) Statement of compliance

The financial report was authorised for issue on 21 August 2024.

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).

(b) New and amended standards adopted by the Company

For the year ended 30 June 2024, 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 2024. 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) Significant 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 $8,746,035 (2023: $10,181,351) and had operating cash outflows of $6,913,872 for the year ended 30 June 2024 (2023: $6,397,650). As at 30 June 2024, the Company held cash and cash equivalents of $ 12,714,407 (2023: $5,175,338). The Directors are of the opinion that the Company is a going concern for as based on prior experience, they are confident that they can raise additional capital if and when required.

19. Basis of preparation (continued)

Directors are of the view that the Company has sufficient capital and the ability to raise funds and accordingly have adopted the going concern basis in the preparation of the financial report. However, should a potential equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the Company will continue as a going concern, and whether it will be able to realise its assets and extinguish its liabilities in the normal course of business. Despite the uncertainty, the Directors are of the view that the Company will be successful in the above matter and accordingly have adopted the going concern basis in the preparation of the financial report.

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 2024 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 2024.

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

Thomas Duthy
Chair

22 August 2024

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 2024, 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 2024 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 19(d) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have not determined any other 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 2024, 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 2024.

In our opinion, the Remuneration Report of Arovella Therapeutics Limited for the year ended 30 June 2024 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 2024

B G McVeigh
Partner

Shareholder information

The shareholder information set out below was applicable as at 5 August 2024.

A. Distribution of equitable securities

Holding	
1-1000	703
1,001-5,000	734
5,001-10,000	580
10,001 - 100,000	2,013
100,000 and over	929
	4,959

There were 1,112 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	Ordinary shares % of total shares issued
THE TRUST COMPANY (AUSTRALIA) LIMITED - MBF A/C	59,019,000	5.62
MB INVESTMENT CAPITAL PTY LTD	27,749,415	2.64
UBS NOMINEES PTY LTD	25,620,196	2.44
MR JAMES EVAN HUGHES-MORRIS	21,917,196	2.09
BLACKBURNE CAPITAL PTY LTD - BLACKBURNE CAPITAL A/C	20,695,706	1.97
MANN BEEF PTY LTD	20,000,000	1.90
MANN BEEF PTY LTD	19,555,555	1.86
DP INVESTMENT CAPITAL PTY LTD	18,000,000	1.71
DYLIDE PTY LTD	17,166,666	1.63
TK COOPER HOLDINGS PTY LTD	15,186,620	1.45
M & M STOCK ONE PTY LTD - THE M & M STOCK ONE A/C	13,596,581	1.29
MR NEIL DONALD DELROY - THE NDD INVESTMENT A/C	13,067,222	1.24
AJAVA HOLDINGS PTY LTD	12,543,194	1.19
MURRAY JAMES WAY PTY LTD	12,022,400	1.14
MANN BEEF PTY LTD - LOCHWALL SUPER FUND A/C	11,350,102	1.08
MRS NAOMI HUGHES-MORRIS	11,309,868	1.08
MOOVNUP PTY LTD - MOOVNUP A/C	11,067,962	1.05
WIDERANGE CORPORATION PTY LTD	10,390,789	0.99
MR RICHARD JOHN MANN	10,000,000	0.95
MR BRENDAN JOHN MARTIN & MRS SHARON ANN MARTIN - JAKNIC SUPER A/C	9,564,970	0.91
	359,823,442	34.23