arovella
THERAPEUTICS

Appendix 4D & Half Year Report Ended

31 December 2024

Arovella Therapeutics Limited
ABN 35 090 987 250

Arovella Therapeutics Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Arovella Therapeutics Limited
ABN:	35 090 987 250
Reporting period:	Half-year Ended 31 December 2024
Previous period:	Half-year Ended 31 December 2023

2. Results for announcement to the market

				$
Revenues from ordinary activities and other income	up	82%	to	3,684,313
Loss from continuing operations from ordinary activities after tax attributable to the owners of Arovella Therapeutics Limited	down	63%	to	(1,461,582)
Loss from continuing operations for the half-year attributable to the owners of Arovella Therapeutics Limited	down	63%	to	(1,461,582)

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

Comments
The loss from continuing operations for the company after providing for income tax amounted to $1,461,582 (31 December 2023: $3,945,770).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.09	1.07

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

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

11. Attachments

Details of attachments (if any):

The Interim financial report for the half-year ended of Arovella Therapeutics Limited for the half-year ended 31 December 2024 is attached.

12. Signed

Signed _____ Date: 27 February 2025

Thomas Duthy
Chair

Arovella Therapeutics Limited

ABN 35 090 987 250

Interim financial report for the half-year ended - 31 December 2024

Arovella Therapeutics Limited
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31 December 2024

Arovella Therapeutics Limited
Corporate Directory
31 December 2024

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*
Company secretary	Mr. Tim Luscombe
Registered office	84 Hotham Street Preston VIC 3072
Share registry	Automic Pty Ltd Level 35 477 Collins Street Melbourne VIC 3000 1300 288 664
Auditor	HLB Mann Judd (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 Codes: Ordinary Shares ALA
Website	www.arovella.com

Arovella Therapeutics Limited
Directors' report
31 December 2024

The Directors present their report on Arovella Therapeutics Limited (thereafter referred to "Arovella" or "the Company") "for the half-year ended 31 December 2024.

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

Dr. 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

Significant changes in the state of affairs
During the period, 786,992 Ordinary shares were issued for the provision of services in lieu of cash totalling a value of $121,511.

During the period, 8,045,301 Ordinary shares were issued due to options being exercised, resulting in a cash inflow for the Company of $1,206,795.

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

Review of operations
The loss from ordinary activities for the half-year ended 31 December 2024 was $1,461,582, a decrease of 63% compared to the last year (31 December 2023: $3,945,770). Cash at bank as at 31 December 2024 is $11,751,282 (30 June 2024: $12,714,407).

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

During the half-year ended 31 December 2024, Arovella:

- Held a positive pre-IND meeting with FDA and received positive feedback regarding the development plan for its lead asset, ALA-101.
- Established its Clinical Advisory Board with world class key opinion leaders to provide expert advice on its clinical development plans.
- Continued to progress IND-enabling manufacturing and non-clinical activities for ALA-101, in preparation for filing an IND with FDA.
- Received its FY24 R&D tax credit of $3.3 million, providing a strong cash position as at 31 December 2024.

PROGRESSING ALA-101 TOWARDS THE CLINIC

Arovella is developing ALA-101 to treat CD19+ lymphomas and leukemias. A key requirement for the development of an iNKT cell therapy product is the establishment of the manufacturing process under GMP conditions. In FY24, Arovella completed process development for its CAR-iNKT manufacturing process and received its GMP lentiviral vector (LVV), a critical component of its manufacturing process. During the reporting period, Arovella continued to make important progress towards its clinical manufacturing for ALA-101 and held a positive pre-IND meeting with FDA, receiving positive feedback on the development plan for ALA-101. Since the pre-IND meeting, Arovella has continued to generate the data required to file its IND, which it expects to do in FY25.

In October, 2024, Arovella was pleased to announce the appointment of three key opinion leaders and clinical oncologists to establish its Clinical Advisory Board (CAB). The CAB will provide expert clinical insight and strategic advice focusing on CD19-positive haematological malignancies (blood cancers), as the Company looks to commence its first-in-human phase 1 clinical trial. The members that will be appointed to Arovella's CAB are:

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

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

ENTERING A NEW PHASE FOR SOLID TUMOURS

During the reporting period, Arovella continued its strategy to expand the CAR-iNKT platform into solid tumours. The manufacturing process established by Arovella for ALA-101 can be applied to develop additional products targeting different cancer types and Arovella's iNKT cell therapy platform has several potential advantages over existing CAR-T treatments for solid tumours. iNKT cells:

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

In FY24, Arovella licenced a claudin 18.2 (CDN18.2)-targeting CAR to develop the first CLDN18.2-targeting CAR-iNKT cell product along with an IL-12-TM armouring technology, which is expected to enhance the function of CAR-iNKT cells in solid tumours. CLDN18.2 is a high-priority target for new cancer therapies which is expressed in gastric cancer (GC), gastroesophageal junction cancers (GEJC) and pancreatic cancer (PC). It is normally expressed in the tight junctions between cells and is not surface-exposed. However, in several tumour types (gastric, oesophageal, pancreatic cancer and subsets of lung and ovarian cancer), CLDN18.2 becomes exposed as the tumour cells grow and lose their normal tissue structure. This makes CLDN18.2 an attractive target for a CAR expressed on a cytotoxic cell therapy, which will target the cytotoxic cells to the tumor. Arovella is working to generate proof-of-concept *in vitro* and *in vivo* data to support the advancement of this program.

CORPORATE OVERVIEW

In Q2 FY25, Arovella received its FY24 R&D Tax Incentive rebate of $3.3 million, providing a strong cash position at the end of the period of $11.75 million.

Matters subsequent to the end of the financial half-year

On 13 January 2025, 275,000 options were exercised at $0.057.

On 20 January 2025, 1,057,149 options were exercised at $0.15.

On 10 January 2025, the Company announced it had received firm commitments for a $20 million. On 25 February 2025, the Company withdrew from the Placement and announced commitments for a $15 million Placement to be settled in early March 2025.

No other matter or circumstance has arisen since 31 December 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.

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 consults, advisors and team members to manufacture its CAR-iNKT cell products and to prepare the documentation to support regulatory filings. Notwithstanding, there is no guarantee that Arovella will not require additional time and incur additional costs to define a manufacturing process, and collect the relevant documentation, that appeases regulators such as the FDA and support the use of the material in clinical trials and for commercialisation.

1.4 Pipeline product in development and not approved for commercial sale

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

1.5 Regulatory and reimbursement approvals

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

1.6 Intellectual Property

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

1.7 Dependence upon key personnel

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

1.8 Risk of delay and continuity of operations

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

1.9 Future capital requirements

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

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

1.10 Contractual risk

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

2. General Risks

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

2.1 Economic risks

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

2.2 Market conditions

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

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

2.3 Liquidity risk

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

2.4 Force majeure

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

2.5 Taxation and government regulations

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

2.6 Litigation risk

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

2.7 Insurance risk

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

3. Concluding Comment

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

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

On behalf of the directors

Thomas Duthy
Chair

27 February 2025

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Perth, Western Australia
27 February 2025

B G McVeigh
Partner

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Arovella Therapeutics Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	31 December 2024 $	31 December 2023 $
Revenue and other income			
Revenue from contracts with customers	4	136,000	8,500
Interest income		245,049	86,203
Other income	5	3,303,264	1,935,122
		3,684,313	2,029,825
Expenses			
Depreciation of non-current assets		(48,892)	(22,817)
Employee benefits expenses		(1,159,604)	(665,482)
Finance costs		-	(8,631)
License Fee		(8,951)	(245,033)
Other expenses		(845,376)	(835,582)
Research expenses		(2,572,370)	(3,659,121)
Shared-based payment expenses		(510,702)	(538,929)
Total expenses		(5,145,895)	(5,975,595)
Loss from continuing operations before income tax expense		(1,461,582)	(3,945,770)
Income tax expense		-	-
Loss from continuing operations after income tax expense for the half-year attributable to the owners of Arovella Therapeutics Limited		(1,461,582)	(3,945,770)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Arovella Therapeutics Limited		(1,461,582)	(3,945,770)
		Cents	**Cents**
Basic loss per share	3	(0.14)	(0.44)
Diluted loss per share	3	(0.14)	(0.44)

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

Arovella Therapeutics Limited
Statement of financial position
As at 31 December 2024

	Note	31 December 2024 $	30 June 2024 $
Assets			
Current assets			
Cash and cash equivalents		11,751,282	12,714,407
Other current assets		455,286	439,161
Total current assets		**12,206,568**	13,153,568
Non-current assets			
Property, plant and equipment		441,335	131,115
Total non-current assets		**441,335**	131,115
Total assets		**12,647,903**	13,284,683
Liabilities			
Current liabilities			
Trade and other payables	6	982,211	1,825,057
Contract liabilities		-	136,000
Provisions		103,726	79,649
Total current liabilities		**1,085,937**	2,040,706
Non-current liabilities			
Provisions		21,458	15,930
Total non-current liabilities		**21,458**	15,930
Total liabilities		**1,107,395**	2,056,636
Net assets		**11,540,508**	11,228,047
Equity			
Issued capital	7	105,624,928	104,295,833
Reserves		2,882,721	2,437,773
Accumulated losses		(96,967,141)	(95,505,559)
Total equity		**11,540,508**	11,228,047

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

Arovella Therapeutics Limited
Statement of changes in equity
For the half-year ended 31 December 2024

	Issued capital $	Share-based Payment Reserve $	Accumulated Losses $	Total equity $
Balance at 1 July 2023	88,871,656	1,963,833	(87,055,398)	3,780,091
Loss from continuing operations after income tax expense for the half-year	-	-	(3,945,770)	(3,945,770)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(3,945,770)	(3,945,770)
Shares issued during the period	2,620,850	-	-	2,620,850
Share issue costs	(47,268)	-	-	(47,268)
Options issued/expensed	-	538,929	-	538,929
Options lapsed during period	-	(253,002)	253,002	-
Options exercised	333,691	(147,210)	-	186,481
Balance at 31 December 2023	91,778,929	2,102,550	(90,748,166)	3,133,313

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

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

Arovella Therapeutics Limited
Statement of cash flows
For the half-year ended 31 December 2024

	Note	31 December 2024 $	31 December 2023 $
Cash flows from operating activities			
Payments to suppliers and employees		(5,362,239)	(4,649,280)
Receipts from Government grants and tax incentives		3,303,264	1,935,122
Interest received		245,049	74,602
Net cash used in operating activities		(1,813,926)	(2,639,556)
Cash flows from investing activities			
Payments for property, plant and equipment		(359,109)	(34,649)
Payments for other assets		-	(50,000)
Net cash used in investing activities		(359,109)	(84,649)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	7	1,222,470	2,402,338
Costs associated with issuance of shares and other securities	7	(14,887)	(112,441)
Net cash from financing activities		1,207,583	2,289,897
Net decrease in cash and cash equivalents		(965,452)	(434,308)
Cash and cash equivalents at the beginning of the financial half-year		12,714,407	5,175,338
Effects of exchange rate changes on cash and cash equivalents		2,327	22,395
Cash and cash equivalents at the end of the financial half-year		11,751,282	4,763,425

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

1. Summary of accounting policies

(a) Basis of preparation

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

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

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as the full financial report. It is recommended these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2024 and any public announcements made by Arovella Therapeutics Limited during the half-year in accordance with continuous disclosure requirements. arising under the *Corporations Act* 2001 and ASX Listing Rules.

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

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

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

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

(b) Statement of compliance

The interim financial report was authorised for issue on 27 February 2025.

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

(c) New or amended Accounting Standards and Interpretations adopted

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

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

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

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

(e) Going concern

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

As disclosed in the financial statements, the Company incurred a loss of $1,461,582 and a net cash outflow from operating activities amounting to $1,813,926 for the period ended 31 December 2024. As at 31 December 2024, the company held cash and cash equivalents of $11,751,282. The Directors are of the opinion that the Company is a going concern as the Company is now fully funded (refer to note 12) to complete patient enrolment of its Phase 1 clinical trial for ALA-101.

1. Summary of accounting policies (continued)

(f) Significant accounting estimates and judgements

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2024.

2. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of Arovella. The Company has identified one reportable segment, that was development of invariant Natural Killer T (iNKT) cell platform for the treatment of blood cancers and solid tumours.

3. Loss per share

(a) Basic and diluted loss per share

	31 December 2024 $	31 December 2023 $
Loss from continuing operations after income tax	(1,461,582)	(3,945,770)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	1,054,307,052	900,514,667
Weighted average number of ordinary shares used in calculating diluted loss per share	1,054,307,052	900,514,667
	Cents	**Cents**
Basic loss per share	(0.14)	(0.44)
Diluted loss per share	(0.14)	(0.44)

4. Revenue from contracts with customers

The Company derives its revenue from the sale or license of goods and the provision of services at a point in time and over time in the timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods and services transferred over time).

During the period it was mutually agreed to enter into a Deed of Termination & Release resulting in the Company being released from the requirement to supply goods. As a result, the remaining revenue relating to an upfront payment received in FY22 for the Oromist platform was recognised during the period.

	31 December 2024 $	31 December 2023 $
Co-development revenue - Over time	136,000	8,500

5. Other income

	31 December 2024 $	31 December 2023 $
R&D tax incentive income	3,303,264	1,935,122

In the half-year ended 31 December 2024, the Company recognised an R&D tax incentive income of 3,303,264 related to the year ended 30 June 2024.

6. Trade and other payables

	31 December 2024 $	30 June 2024 $
Current liabilities		
Account Payable	727,396	983,946
Sundry payables and accrued expenses	254,815	841,111
	982,211	1,825,057

7. Issued capital

	31 December 2024 Shares	30 June 2024 Shares	31 December 2024 $	30 June 2024 $
Issued Capital - Ordinary shares	1,059,388,529	1,050,556,236	105,624,928	104,295,833

Movements in ordinary share capital

	31 December 2024 Shares	30 June 2024 Shares	31 December 2024 $	30 June 2024 $
Balance brought forward as at 1 July	1,050,556,236	849,908,680	104,295,833	88,871,656
Issue of shares from placements/services provided	786,992	181,099,163	121,512	15,171,600
Issue of shares from exercise of options	8,045,301	19,548,393	1,206,795	1,300,168
Transaction costs relating to placements	-	-	(14,887)	(1,047,591)
Funds received for shares not yet issued	-	-	15,675	-
	1,059,388,529	1,050,556,236	105,624,928	104,295,833

Movements in share-based payment reserve

	31 December 2024 Options	30 June 2024 Options
Balance brought forward as at 1 July	201,934,955	84,173,380
Exercise of options	(8,045,301)	(23,763,180)
Expiration of options	-	(8,403,303)
Issuance of options	6,962,147	149,928,058
	200,851,801	201,934,955

7. Issued capital (continued)

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

The model inputs for options granted during the half-year 31 December 2024 included:

Grant date	Expiry date	Exercise price	Number of options	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
		$		$	%	%	%	$
01/07/2024	30/06/2028	$0.2175	3,021,664	$0.1450	92.40%	-	4.14%	$0.0871
15/11/2024	30/06/2028	$0.2175	1,658,483	$0.2050	92.40%	-	4.14%	$0.1232
15/11/2024	14/11/2029	$0.2790	1,682,000	$0.2050	70.79%	-	4.26%	$0.1129

8. Fair value measurement

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

9. Commitments

As of 31 December 2024, the Company has research and development commitments of approximately $1.99 million.

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.

10. Dividends

The Board of Directors of Arovella Therapeutics Ltd does not recommend the payment of an interim divided for the period ended 31 December 2024.

11. Related party transactions

A total of 3,340,483 options were issued to Directors as approved by Shareholders at the AGM.

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

12. Events after the reporting period

On 13 January 2025, 275,000 options were exercised at $0.057.

On 20 January 2025, 1,057,149 options were exercised at $0.15.

On 10 January 2025, the Company announced it had received firm commitments for a $20 million. On 25 February 2025, the Company withdrew from the Placement and announced commitments for a $15 million Placement to be settled in early March 2025.

No other matter or circumstance has arisen since 31 December 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.

Arovella Therapeutics Limited
Independent auditor's review report to the members of Arovella Therapeutics Limited

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Thomas Duthy
Chair

27 February 2025

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

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Arovella Therapeutics Limited (the "Company"), which comprises the condensed statement of financial position as at 31 December 2024, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration.

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

(a) giving a true and fair view of the Company's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibility is further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards*) (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
27 February 2025

B G McVeigh
Partner