




arovella
T H E R A P E U T I C S

Quarterly Activities & Cash Report and 4C

30 September 2023

Arovela Therapeutics Limited
ABN 35 090 987 250

ASX Release

27 October 2023

APPENDIX 4C: FIRST QUARTER FY 2024

MELBOURNE, AUSTRALIA 27 October 2023: Arovella Therapeutics Ltd (ASX: ALA), a biotechnology company focused on developing its invariant Natural Killer T (iNKT) cell therapy platform for cancer treatment, today releases its Appendix 4C for the first quarter of FY24.

During the quarter, Arovella continued to advance its iNKT cell therapy towards first-in-human clinical trials. Arovella's technology provides key advantages over existing CAR-T cell therapies and has the potential to be applied to both blood cancers and solid tumours.

Arovella is in a solid financial position with pro-forma cash and cash equivalents of \$5.32 million as at 30 September 2023. In addition, the Company expects to receive its R&D rebate of approximately \$2 million in Q4 CY23 to add to these funds, further extending its ability to fund its projects.

During the last quarter, Arovella:

- Advanced its manufacturing activities through a new partnership with Cell Therapies Pty Ltd in readiness to manufacture ALA-101 for clinical trials in the first half of CY24.
- Completed an oversubscribed Share Purchase Plan (SPP) to raise \$2.2 million following its successful oversubscribed placement of \$4.1 million in June.
- Presented at Bioshares Biotech Summit and held a non-deal investor roadshow.

So far this Quarter, Arovella:

- Progressed its solid tumour strategy by signing an exclusive license with Sparx Group to develop a world-first CAR-iNKT cell therapy targeting a validated target, Claudin 18.2 (CLDN18.2), which is expressed in gastric cancers (GC), gastroesophageal junction cancers (GEJC) and pancreatic Cancer (PC).

Over the coming 18 months, Arovella expects to achieve several critical milestones, including:

- Reporting on initial animal data on ALA-101 in combination with Imugene's (ASX: IMU) onCARlytics (H2 CY23);
- Optimising and scaling-up its CAR-iNKT manufacturing process suitable for phase I clinical trials, including completing cGMP manufacture of its lentiviral vector (H2 CY23);
- Completing Investigational New Drug (IND)-enabling non-clinical safety and efficacy studies (H1 CY24);
- Manufacturing clinical batches of ALA-101 for phase I clinical trials (H1 CY24);
- Presenting initial proof-of-concept data for its new program, CLDN18.2-iNKT cells (H1 CY24)
- Securing an Investigational New Drug (IND) application with the FDA and/or regulatory filing with TGA to conduct a phase I clinical trial in Non-Hodgkin's lymphoma (H2 CY24);
- Commence a phase I clinical trial in Non-Hodgkin's lymphoma (H2 CY24); and
- In-license additional technologies to enhance the iNKT cell therapy platform.

PROGRESS TOWARDS CLINICAL MANUFACTURING

Process optimisation and scale-up remain on track to support the clinical manufacture of ALA-101 for phase 1 clinical trials in H1 CY24. A new partnership with the contract manufacturer Cell Therapies Pty Ltd (CTPL) was signed. CTPL is a premier contract manufacturer with extensive experience developing GMP-compliant cell therapy manufacturing processes for clinical trials. CTPL is based within Melbourne's Peter MacCallum Cancer Centre in Melbourne.

During this quarter, Arovella also completed key activities required for GMP manufacture of its clinical lentiviral vector for ALA-101, including generating the GMP plasmid that is required as an input for manufacture of the vector. Manufacture of GMP vector is a key milestone ahead of manufacture for clinical trials and remains on track for completion in Q4 CY23.

EXPANDING INTO SOLID TUMOURS

Arovella expanded its pipeline to target solid tumours by signing an exclusive license with Sparx Group to develop a world-first CAR-iNKT cell therapy targeting a validated target, Claudin 18.2.

Arovella's iNKT cell therapy platform has several advantages over existing CAR-T treatments, particularly 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 that targets lipid-bound CD1d, present on several tumour types;
- Can be modified to produce a chimeric antigen receptor (CAR) to target specific tumours and make 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;^{1,2}
- Can modify the tumour microenvironment and kill pro-tumour cells such as myeloid-derived suppressor cells (MDSCs) and tumour associated macrophages (TAMs); and
- Can recruit other immune cells to aid in tumour destruction.

Arovella has recently secured a global, exclusive licence 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 sequence to develop a world-first CAR-iNKT cell therapy targeting CLDN18.2. CLDN18.2 is a validated target which is expressed in gastric cancers (GC), gastroesophageal junction cancers (GEJC) and pancreatic Cancer (PC). Initial proof-of-concept data to demonstrate the potential of this approach is expected to be available in H1 CY24.

¹ <https://ascopubs.org/doi/pdf/10.1200/JCO.2006.08.5787>

² <https://aacrjournals.org/clincancerres/article/11/20/7322/188684/Increased-Intratumor-V-24-Positive-Natural-Killer>

In October, the Company held a webinar to update investors on the CLDN18.2 technology. A recording of the webinar can be viewed by clicking on the image below.

ASX:ALA



CLDN18.2 License

Novel monoclonal antibody sequence targeting Claudin 18.2 for use in cell therapy

October 2023



Introducing Claudin 18.2 (CLDN18.2)

A promising solid tumour target



CLDN18.2 overexpression has been **identified in several types of cancers**

gastric cancer (GC)

gastroesophageal junction cancer (GEJC)

pancreatic cancer (PC)

esophageal cancer (EC)

ovarian adenocarcinoma (OAC)

lung cancers (LC)



Validated target

with first monoclonal antibody expected to be approved in 2024



Gastric cancer

market alone expected to reach **\$10.7 billion** by 2031¹

1. <https://www.alliedmarketresearch.com/gastric-cancer-market-A74458#:~:text=The%20global%20gastric%20cancer%20market,cells%20lining%20of%20the%20stomach>

INVESTOR RELATIONS AND NEWS

In July, CEO Dr Michael Baker presented at the 17th Bioshares Biotech Summit in Hobart. A copy of the presentation is available on the Company's website.

In September, CEO Dr Michael Baker undertook an investor roadshow in Australia to engage with existing and potential investors and to provide an update on the Company's recent progress. A copy of the presentation is available on the Company's website.

FINANCIAL UPDATE

The net cash used in operating activities during the quarter was \$1.99 million compared with \$2.00 million for the previous quarter to 30 June 2023. The total of \$1.78 million for research and development and staff costs represent approximately 89% of the cash used in operating activities.

In July, the Company finalised its SPP for Eligible Shareholders which raised \$2.2 million. This is in addition to the \$4.1 million raised in June via a Placement to institutional and sophisticated investors, bringing total funds raised to \$6.3 million. The Placement and SPP were completed at an issue price of 4.5 cents per Share.

Arovella is now in a solid financial position with a closing cash balance at the end of the September quarter of \$5.32 million, compared to \$5.18 million at the end of the previous quarter. In addition, the Company's cash position will be strengthened upon receipt of its R&D Tax Incentive receivable of approximately \$2 million, which is expected to be received in Q4 CY23.

The funds raised will be used to advance Arovella's lead product, ALA-101, towards a phase 1 clinical trial for patients with CD19-positive non-Hodgkin's lymphoma and to strengthen Arovella's iNKT cell therapy pipeline.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of Appendix 4C incorporates directors' fees, remuneration and superannuation at commercial rates.

For and on behalf of the Board and for further information, please contact:

Dr Michael Baker
Chief Executive Officer & Managing Director
Arovella Therapeutics Ltd
investor@arovella.com

NOTES TO EDITORS:**About Arovella Therapeutics Ltd**

Arovella Therapeutics Ltd (ASX: ALA) is a biotechnology company focused on developing its invariant natural killer T (iNKT) cell therapy platform from Imperial College London to treat blood cancers and solid tumours. Arovella is also expanding into solid tumour treatment through its DKK1-peptide targeting technology licenced from MD Anderson and CLDN18.2-targeting technology licensed from Sparx Group.

Additional tumour targeting technologies are anticipated to be used in conjunction with Arovella's iNKT cell therapy platform. Arovella's lead product is ALA-101. ALA-101 consists of CAR19-iNKT cells that have been modified to produce a Chimeric Antigen Receptor (CAR) that targets CD19. CD19 is an antigen found on the surface of numerous cancer types. iNKT cells also contain an invariant T cell receptor (iTCR) that targets α -GalCer bound CD1d, another antigen found on the surface of several cancer types. ALA-101 is being developed as an allogeneic cell therapy, which means it can be given from a healthy donor to a patient.

Glossary: **iNKT cell** – invariant Natural Killer T cells; **CAR** – Chimeric Antigen Receptor that can be introduced into immune cells to target cancer cells; **TCR** – T cell receptors are a group of proteins found on immune cells that recognise fragments of antigens as peptides bound to MHC complexes; **B-cell lymphoma** – A type of cancer that forms in B cells (a type of immune system cell); **CD1d** – Cluster of differentiation 1, which is expressed on some immune cells and cancer cells; **aGalCer** – alpha-galactosylceramide is a specific ligand for human and mouse natural killer T cells. It is a synthetic glycolipid.

For more information, visit www.arovella.com.

This announcement contains certain statements which may constitute forward-looking statements or information ("forward-looking statements"), including statements regarding negotiations with third parties and regulatory approvals. These forward-looking statements are based on certain key expectations and assumptions, including assumptions regarding the actions of third parties and financial terms. These factors and assumptions are based upon currently available information, and the forward-looking statements herein speak only of the date hereof. Although the expectations and assumptions reflected in the forward-looking statements are reasonable in the view of the Company's directors and management, reliance should not be placed on such statements as there is no assurance that they will prove correct. This is because forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. These risks include but are not limited to: uncertainties and other factors that are beyond the control of the Company; global economic conditions; the risk associated with foreign currencies; and risk associated with securities market volatility. The Company assumes no obligation to update any forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements, except as required by Australian securities laws and ASX Listing Rules.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Arovella Therapeutics Limited

ABN

35 090 987 250

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(1,357)	(1,357)
(b) product manufacturing and operating costs	(4)	(4)
(c) advertising and marketing	(47)	(47)
(d) leased assets	-	-
(e) staff costs	(420)	(420)
(f) administration and corporate costs	(275)	(275)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	27	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	91	91
1.9 Net cash from / (used in) operating activities	(1,985)	(1,985)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant, and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,216	2,216
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(113)	(113)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,103	2,103

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,175	5,175
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,985)	(1,985)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,103	2,103
4.5	Effect of movement in exchange rates on cash held	22	22
4.6	Cash and cash equivalents at end of period	5,315	5,315

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,315	5,175
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,315	5,175

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	188
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

The amount at 6.1 includes payment of director's fees and salaries and consulting fees, excluding GST where applicable.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<div style="border: 1px solid black; padding: 5px; min-height: 100px;"> <p>N/A</p> </div>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,985)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,315
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,315
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.7
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: N/A</p>	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: N/A</p>	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<p>Answer: N/A</p>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 October 2023

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.