

Arovella Therapeutics

Q3 trading update confirms pipeline progression

Arovella's Q322 trading update confirms the progress of its development pipeline, with an emphasis on its lead asset, ALA-101. With the selection of a contract manufacturing organisation (CMO; production of the plasmid and lentiviral vector for ALA-101 began in January 2022) and signed service agreement with Q-Gen Cell Therapeutics (to manufacture CAR-iNKT cells), the company is progressing towards clinical development. Separately, Arovella secured a US patent for the oral spray formulation of anagrelide, which is under development and should expand the market opportunity for the drug and supplement its existing patents in Europe, Japan and Australia. At the end of Q322, cash stood at A\$8.1m, benefiting from funding activity during the quarter.

Year end	Revenue (A\$m)	PBT* (A\$m)	EPS* (A\$)	DPS (A\$)	P/E (x)	Yield (%)
06/20	0.5	(3.6)	(0.03)	0.0	N/A	N/A
06/21	0.3	(3.4)	(0.01)	0.0	N/A	N/A
06/22e	0.4	(7.5)	(0.01)	0.0	N/A	N/A
06/23e	2.4	(5.8)	(0.01)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

In the first four months of 2022, management made progress in transitioning its lead asset ALA-101 (CAR19-iNKT) to the clinic. Following the selection of a CMO (to produce the required plasmid and lentiviral for the manufacture of the iNKT cells) in January 2022, the company announced that it had signed a service agreement with Q-Gen (cell therapy manufacturer) to complete the second step in the process, to manufacture iNKT cells (April 2022). Arovella intends to convert the current service agreement with Q-Gen into a Master Manufacturing Services Agreement, which should support the extension of the manufacturing contract to later stages of clinical trials.

In another development, Arovella announced that the US Patent and Trademark Office (USPTO) intends to grant a US patent for its oral spray formulation of anagrelide (part of its legacy OroMist platform), which is mainly used in cancer treatment. The patent will offer protection until 2035 and adds to the existing patents already obtained in Europe, Japan and Australia. Anagrelide is targeted at reducing platelet counts in metastatic solid tumour cancers (increased platelet count has been implicated in decreasing progression-free survival in several solid tumours). With Arovella moving its strategic focus to immunoncology, the company will seek to further develop anagrelide through co-development partnerships (research or out-licensing).

On the financial side, Arovella ended the quarter with a cash balance of A\$8.1m. It raised gross proceeds of A\$6.6m through two rounds of institutional financing in February 2022 (including directors' contribution) and a share purchase plan ([see our previous report for more details](#)). The funds will be mainly utilised in manufacturing CAR19-iNKT cell components, preclinical studies for DKK1-CAR-iNKT and for operating purposes.

Quarterly activity report

Pharma & biotech

4 May 2022

Price **A\$0.04**

Market cap **A\$25m**

A\$1.42/US\$

Cash and cash equivalents (A\$m) at 31 March 2022 8.1

Shares in issue 658.8m

Free float 86%

Code ALA

Primary exchange ASX

Secondary exchange N/A

Share price performance



Business description

Arovella Therapeutics has historically been a drug delivery company focusing on developing oromucosal spray versions of established medicines. It has ex-North America rights to ZolpiMist, the spray version of Ambien for insomnia. It recently acquired a CAR-iNKT programme for haematological malignancies and a DKK1 antibody that has potential in multiple myeloma and solid tumours.

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