

3 March 2025

Arovella Therapeutics Limited (ASX: ALA) – Letter from Managing Director and CEO

Dear Arovella Shareholder,

I am writing to provide you with an update on recent developments that have impacted your Company.

On 10 January 2025, we announced a \$20 million placement, backed by an Australian private investor, which had agreed to subscribe for \$15 million in Arovella shares at a close-to-market subscription price, under a binding subscription agreement. The Board of Directors and the management team collectively agreed that this capital raise, on such favourable terms, represented an excellent outcome for Arovella. Unfortunately, as announced by Arovella on 26 February 2025, the investor failed to meet the settlement obligations, and was in breach of its obligations under the subscription agreement. Arovella is seeking remedy under this agreement.

Whilst this was a disappointing outcome for Arovella, we wish to reassure you that the investor's default should not be taken as indicative of any internal challenges within Arovella. The Company remained focussed on raising the funds needed to execute its business objectives, as evidenced by its swift action to withdraw the January Placement, and implement a new and separate \$15 million capital raise. Regrettably, conducting this new raise during a voluntary suspension meant that it could not be completed on terms as favourable as initially envisaged.

Nevertheless, I am pleased to share that we have successfully welcomed outstanding, high-quality investors to our register. The \$15 million raised has strengthened our already robust cash position, which stood at \$11.8 million as of 31 December 2024. Additionally, we will further supplement our financial position by accessing the Research and Development Tax Incentive (RDTI). The Company also has approximately 156 million outstanding options with an exercise price of \$0.15 that expire in May 2027. If these options are exercised, it would raise an additional \$23.4 million for the Company's development efforts.

Rest assured that this situation in no way affects the ongoing development of ALA-101 or the other promising programs in our pipeline. We remain unwavering in our enthusiasm for the potential of our platform, and our primary focus remains advancing ALA-101 into clinical trials. We are fully committed to this objective and eager to share progress related to our IND filing and the startup of clinical trial activities. Following the \$15m Placement, Arovella is funded to complete enrolment of the phase 1 clinical trial for ALA-101 and report initial safety and efficacy data, both potentially important value drivers for the company. The capital raised will also support the development of Arovella's solid tumour programs and pipeline expansion efforts.

We extend our heartfelt thanks for your continued support of Arovella. We are more determined than ever to build value for our shareholders over the months and years ahead.

Yours faithfully,



Dr. Michael Baker
Managing Director & CEO