Avecho Biotechnology Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Avecho Biotechnology Limited
ABN:	32 056 482 403
Reporting period:	For the period ended 30 June 2024
Previous period:	For the period ended 30 June 2023

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	30.1%	to	312,187
Loss from ordinary activities after tax attributable to the owners of Avecho Biotechnology Limited	up	2.2%	to	(2,175,251)
Loss for the period attributable to the owners of Avecho Biotechnology Limited	up	2.2%	to	(2,175,251)

Comments

Total revenue decreased by 30% for the period to $312,187 (Half-year to 30 June 2023: $446,439), mainly attributable to a decrease in Vital ET® sales made to Ashland during the period.

Research and development tax incentive and other income increased by 80% to $725,182 (Half-year to 30 June 2023: $402,853), largely attributed to higher R&D tax incentives of $523,731 (Half-year to 30 June 2023: $379,986).

Expenses from continuing operations increased by 9% to $3,107,629 (Half-year to 30 June 2023: $2,848,496), largely due to higher research and development costs of $1,945,144 (Half-year to 30 June 2023: $1,111,026). Administrative expenses of $1,156,895 were 33% lower (Half-year to 30 June 2023: $1,729,901). Overall increase in the research and development activities compared to the Half-year to 30 June 2023 was mainly attributable to the Company moving into the Phase-III trial designed to test the Company's proprietary CBD soft-gel capsule for the treatment of insomnia during the period.

At 30 June 2024, the Consolidated Entity held $4,838,410 in cash and cash equivalents (31 December 2023: $5,504,396).

The net assets of the Consolidated Entity decreased by $2,161,235 to $4,216,535 as at Half-year to 30 June 2024 (31 December 2023: $6,377,770). Working capital, being current assets less current liabilities, was a surplus of $4,034,350 (31 December 2023: $6,160,327).

The net operating cash outflow for the period was $628,245 (Half-year to 30 June 2023: outflow $400,397).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.13	0.20

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 status

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

11. Attachments

Details of attachments (if any):

The Half Year Report of Avecho Biotechnology Limited for the period ended 30 June 2024 is attached.

12. Signed

Signed _____ Date: 26 August 2024

Dr Gregory Collier
Chairman

Avecho Biotechnology Limited

ABN 32 056 482 403

Half Year Report - 30 June 2024

Avecho Biotechnology Limited
Contents
30 June 2024

Avecho Biotechnology Limited
Corporate directory
30 June 2024

Directors	Dr Gregory Collier (Chairman) Dr Ross Murdoch (Non-Executive Director) Mr Matthew McNamara (Non-Executive Director) Ms Kathy Connell (Non-Executive Director)
Chief Executive Officer	Dr Paul Gavin
Company Secretary	Ms Melanie Leydin
Registered office and Principal place of business	Unit A8, 2A Westall Road Clayton VIC 3168 Australia Telephone: +61 3 9002 5000 Email: info@avecho.com.au
Share register	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford VIC 3067 Australia Telephone: +61 3 9415 5000 Fax: +61 3 9473 2500
Auditor	Grant Thornton Audit Pty Ltd Collins Square Tower 5 727 Collins Street Melbourne VIC 3008
Stock exchange listing	Avecho Biotechnology Limited securities are listed on the Australian Securities Exchange. (ASX code: AVE)
Website	www.avecho.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Avecho Biotechnology Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year period ended 30 June 2024 (the 'period').

Directors

The following persons were directors of Avecho Biotechnology Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Dr Greg Collier (Chairman)
Dr Ross Murdoch (Non-Executive Director)
Mr Matthew McNamara (Non-Executive Director)
Ms Kathy Connell (Non-Executive Director appointed on 26 April 2024)

Principal activities

Avecho Biotechnology Limited develops and commercialises innovative Human and Animal Health products using its proprietary drug delivery system called TPM® (Tocopherol Phosphate Mixture). TPM® is derived from Vitamin E using unique, proprietary and patented processes and is proven to enhance the solubility and oral, dermal and transdermal absorption of drugs and nutrients.

The Consolidated Entity's major projects include delivering TPM® enhanced injectable, oral and topical products for the human health market, including the recently announced application of TPM® to cannabinoids. The Company is also developing TPM® to enhance feed efficiency and health of livestock.

Dividends

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

Review of operations

Phase III Clinical Trial Activities

During the period, the Company achieved a major milestone, commencing dosing on its pivotal Phase III Clinical Trial ("the Trial") for its proprietary TPM®-enhanced CBD soft-gel capsule targeting insomnia.

In February 2024, Avecho met with the Australian Therapeutic Goods Administration (TGA) to confirm the final Phase III clinical trial design and submission strategy. During 2020, the TGA announced it would allow cannabidiol products to be sold over the counter in Australia subject to appropriate regulatory approvals, therefore incentivising pharmaceutical development and a shift away from unregistered cannabinoid products. To date, no Phase III cannabidiol trials in Australia have succeeded: Avecho is targeting to be the first company to gain such approval with its oral CBD TPM soft-gel capsule for the treatment of insomnia.

Avecho's study has been designed to be relevant to the requirements of the TGA, the FDA and the EMEA using the help of a number of international sleep experts. In refining the final trial design, Avecho also reviewed the protocols and reported results of the unsuccessful Phase III trials, to ensure its study incorporated the learnings to maximise its strengths. A review of the key differentiating features of Avecho's study was presented to the TGA for comment during the meeting. The TGA did not recommend any changes to Avecho's trial design and submission strategy, and the program commenced as planned.

In March 2024, the Company commenced patient recruitment for its Phase III trial, seeking eligible participants who are 18 years or older; who have had difficulty getting to sleep, staying asleep and/or waking up earlier in the morning than desired, for at least the past three months (or are diagnosed with insomnia); and/or have a regular time period spent in bed, either sleeping or trying to sleep. The first patient was successfully dosed with study medication in May 2024.

The Trial continues recruitment of patients across sites located in Melbourne, Sydney, Central Coast, Brisbane, and Perth. The treatment groups will compare nightly cannabidiol doses of 75mg and 150mg cannabidiol against a placebo over an 8-week dosing period for their ability to improve insomnia. The Trial sites were opened in stages, with the first site opened in Perth at the start of May 2024 and the final site opened in Central Coast NSW mid-July 2024. The Trial is now running at maximal capacity, dosing participants in all four states.

Patients interested in participating are invited to visit the clinical trial recruitment portal at cbdinsomniastudy.com

Corporate Activities

On 26 April 2024, Kathy Connell was appointed as a Non-Executive Director of the Company. Kathy Connell is an internationally recognised healthcare and lifesciences leader with extensive investment and licensing expertise, with a solid track record of value creating deals across pharmaceuticals, medtech, vaccines consumer and digital healthcare for some of the world's largest companies.

In addition, in June 2024, the Company received R&D Grants of $1,066,298 for the year ended 31 December 2023 under the Australian Government's R&D Tax Incentive Scheme. The Company has engaged Endpoints Capital to provide advances on future R&D tax refunds, so that these funds might be accessed to reinvest in the Phase III program.

Review of financial results

The loss for the Consolidated Entity after providing for income tax for period amounted to $2,175,251 (Half-year to 30 June 2023: loss of $2,127,514).

- Total revenue decreased by 30% for the period to $312,187 (Half-year to 30 June 2023: $446,439), mainly attributable to a decrease in Vital ET® sales made to Ashland during the period.
- Research and development tax incentive and other income increased by 80% to $725,182 (Half-year to 30 June 2023: $402,853), largely attributed to higher R&D tax incentives of $523,731 (Half-year to 30 June 2023: $379,986).
- Expenses from continuing operations increased by 9% to $3,107,629 (Half-year to 30 June 2023: $2,848,496), largely due to higher research and development costs of $1,945,144 (Half-year to 30 June 2023: $1,111,026). Administrative expenses of $1,156,895 were 33% lower (Half-year to 30 June 2023: $1,729,901). Overall increase in the research and development activities compared to the Half-year to 30 June 2023 was mainly attributable to the Company moving into the Phase-III trial designed to test the CBD soft-gel capsule for the treatment of insomnia during the period.

As at 30 June 2024, the Consolidated Entity held $4,838,410 in cash and cash equivalents (31 December 2023: $5,504,396). The net assets of the Consolidated Entity decreased by $2,161,235 to $4,216,535 as at 30 June 2024 (31 December 2023: $6,377,770). Working capital, being current assets less current liabilities, was a surplus of $4,034,350 (31 December 2023: $6,160,327).

The net operating cash outflow for the period was $628,245 (Half-year to 30 June 2023: outflow $400,397).

Significant changes in the state of affairs

On 26 April 2024, Ms Kathy Connell was appointed as Non-Executive Director.

On 20 May 2024, 83,866,515 Options over ordinary shares expired as the conditions attached with these securities were not, or became incapable of being, satisfied.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial period.

Matters subsequent to the end of the financial period

The Company received $130,512 in July 2024 and $500,356 in August 2024 from Endpoints Capital as an advance on its 2024 R&D tax incentive. The Company intends to continue to receive R&D tax incentive advances from Endpoints Capital to fund continuing costs associated with the Phase III trial. Repayment of the amounts advanced from Endpoints Capital coincide with receipt of R&D tax incentives and incur interest at 15.8% per annum.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

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.

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

Dr Gregory Collier
Chairman

26 August 2024

Grant Thornton Audit Pty Ltd
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Melbourne VIC 3008
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Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Avecho Biotechnology Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Avecho Biotechnology Limited for the half-year ended 30 June 2024. I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
Chartered Accountants

J D Vasiliou
Partner – Audit & Assurance

Melbourne, 26 August 2024

Avecho Biotechnology Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2024

	Note	Consolidated Half-year to 30 June 2024 $	Consolidated Half-year to 30 June 2023 $
Revenue from contracts with customers	4	312,187	446,439
Cost of sales		(104,991)	(128,310)
Gross profit		207,196	318,129
Research and development tax incentive and other income	5	725,182	402,853
Research and development expenses	6	(1,945,144)	(1,111,026)
Administration and corporate expenses	7	(1,156,895)	(1,729,901)
Finance costs		(5,590)	(7,569)
Loss before income tax expense		(2,175,251)	(2,127,514)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of Avecho Biotechnology Limited		(2,175,251)	(2,127,514)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of Avecho Biotechnology Limited		(2,175,251)	(2,127,514)
		Cents	**Cents**
Basic loss per share	11	(0.07)	(0.11)
Diluted loss per share	11	(0.07)	(0.11)

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

Avecho Biotechnology Limited
Consolidated statement of financial position
As at 30 June 2024

	Note	Consolidated 30 June 2024 $	Consolidated 31 December 2023 $
Assets			
Current assets			
Cash and cash equivalents		4,838,410	5,504,396
Trade and other receivables		549,325	1,099,563
Inventories		96,118	97,117
Other current assets		139,767	302,566
Total current assets		5,623,620	7,003,642
Non-current assets			
Plant and equipment		111,448	147,305
Right-of-use assets		129,507	168,363
Total non-current assets		240,955	315,668
Total assets		5,864,575	7,319,310
Liabilities			
Current liabilities			
Trade and other payables		975,192	181,952
Contract liabilities		85,326	158,376
Lease liabilities		80,288	76,926
Provisions		448,464	426,061
Total current liabilities		1,589,270	843,315
Non-current liabilities			
Lease liabilities		57,122	98,225
Provisions		1,648	-
Total non-current liabilities		58,770	98,225
Total liabilities		1,648,040	941,540
Net assets		4,216,535	6,377,770
Equity			
Issued capital	8	244,605,505	244,605,505
Reserves		28,314,205	29,212,656
Accumulated losses		(268,703,175)	(267,440,391)
Total equity		4,216,535	6,377,770

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

Avecho Biotechnology Limited
Consolidated statement of changes in equity
For the period ended 30 June 2024

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2023	237,528,800	29,000,426	(264,104,330)	2,424,896
Loss after income tax expense for the period	-	-	(2,127,514)	(2,127,514)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(2,127,514)	(2,127,514)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,835,521	-	-	1,835,521
Share-based payments	-	61,955	-	61,955
Balance at 30 June 2023	239,364,321	29,062,381	(266,231,844)	2,194,858

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2024	244,605,505	29,212,656	(267,440,391)	6,377,770
Loss after income tax expense for the period	-	-	(2,175,251)	(2,175,251)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(2,175,251)	(2,175,251)
Transactions with owners in their capacity as owners:				
Share-based payments	-	14,016	-	14,016
Share options lapsed	-	(912,467)	912,467	-
Balance at 30 June 2024	244,605,505	28,314,205	(268,703,175)	4,216,535

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

Avecho Biotechnology Limited
Consolidated statement of cash flows
For the period ended 30 June 2024

	Consolidated	
	Half-year to 30 June 2024 $	**Half-year to 30 June 2023 $**
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	398,326	709,751
Receipts from R&D tax incentive and Export Market Development Grants	1,066,298	687,288
Payments to suppliers and employees (inclusive of GST)	(2,130,846)	(1,796,153)
	(666,222)	(399,114)
Interest received	42,262	4,930
Finance costs paid	(4,285)	(6,213)
Net cash used in operating activities	(628,245)	(400,397)
Net cash from investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of shares	-	1,945,793
Share issue transaction costs	-	(110,272)
Principal and interest element of lease payments	(37,741)	(34,988)
Net cash (used in)/from financing activities	(37,741)	1,800,533
Net (decrease)/increase in cash and cash equivalents	(665,986)	1,400,136
Cash and cash equivalents at the beginning of the financial period	5,504,396	1,468,210
Cash and cash equivalents at the end of the financial period	4,838,410	2,868,346

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

Note 1. General information

The financial statements cover Avecho Biotechnology Limited as a consolidated entity consisting of Avecho Biotechnology Limited and the entities it controlled at the end of, or during, the Half-year period to 30 June 2024 (the 'Consolidated Entity'). The financial statements are presented in Australian dollars, which is Avecho Biotechnology Limited's functional and presentation currency.

Avecho Biotechnology Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Refer to the corporate directory for further information.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going concern

The 2024 half-year report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realization of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity made a loss after tax of $2,175,251 and incurred net operating cash outflows of $628,245 during the Half-year period to 30 June 2024. The continuing viability of the Consolidated Entity and its ability to continue as a going concern is dependent upon the Consolidated Entity being successful in its continuing efforts in R&D activities, potential licensing on existing products and accessing additional sources of capital to meet the commitments.

As a result of these matters there is a material uncertainty that may cast significant doubt upon the Consolidated Entity’s ability to continue as a going concern and therefore whether the Consolidated Entity will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

In considering the ability of the Consolidated Entity to continue as a going concern the Directors considered the following matters:

- As at 30 June 2024, the working capital position, being current assets less current liabilities, of the Consolidated Entity was a surplus of $4,034,350 and the Consolidated Entity had net assets of $4,216,535, including cash and cash equivalents of $4,838,410;
- The Consolidated Entity has the ability to raise additional working capital through the issue of equity, as needed, and has a successful history in raising funds and is well supported by its major shareholders;
- During the period the Company engaged Endpoints Capital who provides advances on the Company’s anticipated future R&D tax incentives. The Company received $130,512 in July 2024 and $500,356 in August 2024 from Endpoints Capital as an advance on its 2024 R&D tax incentive. The Company intends to continue to receive R&D tax incentive advances from Endpoints Capital to fund continuing costs associated with the Phase III trial;
- The Consolidated Entity has a successful history of;
  - Being eligible for Research and Development (R&D) tax incentives and various other government grants;
  - Licensing existing patented products; and
  - Selling TPM® and Vital ET® products to Ashland and Themis.

Note 2. Material accounting policy information (continued)

The Directors will continue to monitor the ongoing funding requirements of the Consolidated Entity. As a consequence of the above, the directors believe that, notwithstanding the Consolidated Entity's operating results for the year, the Consolidated Entity will be able to continue as a going concern and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

New Accounting Standards and Interpretations adopted

The Consolidated Entity 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, which had no impact on the half-year financial report.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments
The Consolidated Entity is organised into two operating segments based on differences in products and services provided:

Production segment
The Production segment manufactures and sells TPM® and Vital ET® for the use in drug delivery and cosmetic formulations.

Human Health segment
The Human Health portfolio covers delivery of pharmaceutical products through gels, injectables and patches including conduct of research and development activities.

Minimal activities are conducted under the Animal Health and Nutrition segments and therefore these are not separately identified nor monitored.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - Half-year to 30 June 2024	Production $	Human Health $	Corporate $	Total $
Sales to external customers	312,187	-	-	312,187
Cost of sales	(104,991)	-	-	(104,991)
Interest income	-	-	42,262	42,262
Research and development tax incentive and other income	159,189	523,731	-	682,920
Research expenses	-	(1,601,287)	-	(1,601,287)
Employee and directors benefits expenses	(38,207)	(378,197)	(262,428)	(678,832)
Other operating expenses from continuing operations	(106,497)	-	(646,299)	(752,796)
Depreciation and amortisation	-	-	(74,714)	(74,714)
Profit/(loss) before income tax expense	221,681	(1,455,753)	(941,179)	(2,175,251)
Income tax expense				-
Loss after income tax expense				(2,175,251)
Assets				
Segment assets	498,406	548,723	4,817,446	5,864,575
Total assets				5,864,575
Liabilities				
Segment liabilities	93,287	793,044	761,709	1,648,040
Total liabilities				1,648,040

Consolidated - Half-year to 30 June 2023	Production $	Human Health $	Corporate $	Total $
Sales to external customers	446,439	-	-	446,439
Cost of sales	(128,310)	-	-	(128,310)
Interest income	-	-	4,930	4,930
Research and development tax incentive and other income	-	379,986	17,937	397,923
Research expenses	-	(812,685)	-	(812,685)
Employee and directors benefits expenses	(30,758)	(303,502)	(354,880)	(689,140)
Other operating expenses from continuing operations	(376,340)	-	(865,994)	(1,242,334)
Depreciation and amortisation	(26,250)	-	(78,087)	(104,337)
Loss before income tax expense	(115,219)	(736,201)	(1,276,094)	(2,127,514)
Income tax expense				-
Loss after income tax expense				(2,127,514)
Consolidated - 31 December 2023				
Assets				
Segment assets	138,630	1,076,206	6,104,474	7,319,310
Total assets				7,319,310
Liabilities				
Segment liabilities	483	213,413	727,644	941,540
Total liabilities				941,540

Understanding segment results

Revenues from external customers comes from the sale of TPM® and Vital ET® products on a wholesale basis as well as royalties and licences. Revenues of approximately $286,844 was derived from a single external customer group (Half-year to 30 June 2023: $439,439). These revenues are attributed to the Production segment.

Note 3. Operating segments (continued)

The Consolidated Entity is domiciled in Australia. The amount of its revenue from external customers broken down by location of customers is shown below.

Geographical information

	Sales, Licences and Royalties		Geographical non-current assets	
	Half-year to 30 June 2024 $	Half-year to 30 June 2023 $	30 June 2024 $	31 December 2023 $
Australia	14,892	38,307	240,955	315,668
Switzerland	271,952	401,132	-	-
India	25,343	7,000	-	-
	312,187	446,439	240,955	315,668

The geographical non-current assets above are measured in the same way as the financial statements. These assets are allocated based on the operations of the segments and physical location of assets.

Note 4. Revenue from contracts with customers

	Consolidated	
	Half-year to 30 June 2024 $	Half-year to 30 June 2023 $
From continuing operations		
Sale of goods and services transferred at a point in time	312,187	446,439

Note 5. Research and development tax incentive and other income

	Consolidated	
	Half-year to 30 June 2024 $	Half-year to 30 June 2023 $
Net foreign exchange gain	-	17,937
Research and development tax incentive	523,731	379,986
Project income*	158,376	-
Interest income	42,262	4,930
Other	813	-
	725,182	402,853

* Represents the amounts received for provision of R&D project management services for a customer. The agreement was terminated during the period and the Company recognised the advances received as other income.

Note 6. Research and development expenses

	Consolidated Half-year to 30 June 2024 $	Consolidated Half-year to 30 June 2023 $
Consultancy and laboratory consumables	30,659	15,160
Clinical development expenses	1,570,628	809,496
Employment expenses associated with research and development	343,857	286,370
	1,945,144	1,111,026

Note 7. Administration and corporate expenses

	Consolidated Half-year to 30 June 2024 $	Consolidated Half-year to 30 June 2023 $
Director fees	115,178	105,250
Share based payments expenses	14,017	61,955
Salaries and other employee expenses (non - R&D)	205,780	235,566
Provision for impairment of inventory	-	251,764
Insurance expenses	171,815	164,693
Shareholder and listing expenses	95,766	110,314
Patent portfolio expenses	128,142	153,626
Occupancy expenses	31,602	25,341
Allowance for credit losses and uncollectable debtors written-off	-	28
Investor relations	115,025	330,837
Professional and consultancy fees	167,684	180,765
Depreciation of right-of-use assets and plant and equipment	74,714	78,087
Amortisation of intangible assets	-	26,250
Other sundry expenses	37,172	5,425
	1,156,895	1,729,901

Note 8. Equity - issued capital

	Consolidated 30 June 2024 Shares	Consolidated 31 December 2023 Shares	Consolidated 30 June 2024 $	Consolidated 31 December 2023 $
Ordinary shares - fully paid	3,169,297,013	3,169,297,013	244,605,505	244,605,505

Note 9. Contingent asset and liabilities

The Consolidated Entity provided bank guarantees in the form of term deposits totalling $15,730 (31 December 2023: $15,730) as security for the corporate credit card facility and lease at its principal place of business.

The Directors are not aware of any other contingent assets or contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

Note 10. Events after the reporting period

The Company received $130,512 in July 2024 and $500,356 in August 2024 from Endpoints Capital as an advance on its 2024 R&D tax incentive. The Company intends to continue to receive R&D tax incentive advances from Endpoints Capital to fund continuing costs associated with the Phase III trial. Repayment of the amounts advanced from Endpoints Capital coincide with receipt of R&D tax incentives and incur interest at 15.8% per annum.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 11. Loss per share

	Consolidated	
	Half-year to 30 June 2024 $	Half-year to 30 June 2023 $
Loss after income tax attributable to the owners of Avecho Biotechnology Limited	(2,175,251)	(2,127,514)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	3,169,297,013	1,931,035,554
Weighted average number of ordinary shares used in calculating diluted loss per share	3,169,297,013	1,931,035,554
	Cents	**Cents**
Basic loss per share	(0.07)	(0.11)
Diluted loss per share	(0.07)	(0.11)

There are share options, which are excluded from the calculation of basic and diluted earnings per share. These equity instruments are considered to be anti-dilutive, as their inclusion would not decrease earnings per share nor increase the loss per share, from continuing operations.

Avecho Biotechnology Limited
Directors' declaration
30 June 2024

In the directors' opinion:

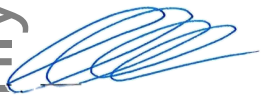
- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the half-year financial period ended on that date; and

- there are reasonable grounds to believe that the Consolidated Entity 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



Dr Gregory Collier
Chairman

26 August 2024

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Independent Auditor's Review Report

To the Members of Avecho Biotechnology Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Avecho Biotechnology Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, including material accounting policy information, other 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 Avecho Biotechnology Limited does not comply with the *Corporations Act 2001* including:

a giving a true and fair view of the Group's financial position as at 30 June 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 responsibilities are further described in the *Auditor's Responsibilities 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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $2,175,251 and net operating cash outflows of $628,245 during the half-year ended 30 June 2024. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year 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. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 Group's financial position as at 30 June 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

J D Vasiliou
Partner – Audit & Assurance

Melbourne, 26 August 2024