Avecho Biotechnology Limited

ABN 32 056 482 403

Annual Report - 31 December 2024

Directors	Dr Gregory Collier (Chairman) Dr Ross Murdoch (Non-Executive Director) Mr Matthew McNamara (Non-Executive Director) Ms Katherine 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 registry	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 consisting of Avecho Biotechnology Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled (referred to hereafter as the 'Consolidated Entity') at the end of, or during, the year ended 31 December 2024.

Directors

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

Dr Gregory Collier (Chairman)
Dr Ross Murdoch (Non-Executive Director)
Mr Matthew McNamara (Non-Executive Director)
Ms Katherine 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.

Avecho's lead asset is a proprietary cannabidiol ("CBD") TPM soft-gel capsule demonstrated to increase CBD absorption. The CBD capsule is currently undergoing Phase III clinical development for the treatment of insomnia.

Dividends

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

Review of operations

Phase III Clinical Trial Activities

During the year, the Company achieved a major milestone, commencing dosing on its pivotal Phase III Clinical Trial ("the Trial") for its proprietary TPM®-enhanced CBD 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, incentivising pharmaceutical development and a shift away from unregistered cannabinoid products. To date, no Phase III cannabidiol trials in Australia have succeeded: Avecho is aiming to be the first company to gain such approval with its oral CBD 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 EMA using the help of international sleep and regulatory 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 ongoing Trial recruited patients across sites located in Melbourne, Sydney, Central Coast NSW, Brisbane, and Perth during 2024. 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.

As of December 2024, approximately 70 participants had received study medication on the Phase III trial. Patient enrolment in 2024 was steady but slower than anticipated, due to the stringent inclusion and exclusion criteria used to define patient eligibility, as well as the careful design aimed at optimizing the trial's chances of success.

Insights from the 2024 recruitment phase revealed several opportunities to refine our approach for accelerating enrolment in 2025. Key improvements include adjustments to the inclusion/exclusion criteria and the addition of new of recruitment sites.

In December 2024, Avecho submitted an amendment to the human research ethics committee to revise the inclusion/exclusion criteria. The revisions were approved and were implemented starting January 2025, broadening eligibility to include a number of previously ineligible participants who had expressed interest in the study. These individuals have been contacted to confirm their continued interest in participating.

The amendment also approved two additional trial sites, one on the Gold Coast and one in Sydney, which are expected to begin operations in 2025. Additional sites may be added later in the year to further support recruitment efforts.

Business Development Activities

In 2024, the Company focused on advancing strategic business development efforts, with an emphasis on securing the ideal commercial partner for its Phase III CBD asset and finalizing a licensing agreement for the commercial rights to the Australian market.

Avecho CEO, Dr Paul Gavin, attended pharmaceutical partnering summits in the US, Singapore and Switzerland, and was an invited speaker at the 7th Annual CB1, CB2 & Cannabinoid Drug Development Summit in Boston to present the Company's research on mechanisms used to increase cannabinoid absorption from a range of dosage forms.

The Summit was a unique opportunity to present to key stakeholders interested in the potential of pharmaceutical cannabinoids in various territories, and was especially timely given Avecho's CBD product is in a pivotal Phase III trial heading towards an interim read-out.

This business development effort culminated in a landmark licensing and development agreement with Sandoz AG ("Sandoz"), as announced in March 2025. Sandoz is a global leader in generic pharmaceutical and biosimilar medicines that provides over 800 million patient treatments annually around the world. Under the terms of the agreement, Sandoz will pay Avecho a US$3 million (~A$4.8 million) upfront payment for the exclusive rights to commercialize the CBD capsule for insomnia in Australia, with a first right of refusal for additional international territories. Avecho is also eligible for up to $US16M in development milestones prior to commercialization, along with tiered royalties ranging from 14-19% on net sales. Avecho will oversee the manufacturing and supply of the CBD capsule through third-party CMOs and will supply the finished product to Sandoz for commercialization.

Manufacturing for VITAL-ET

Avecho continued to support its U.S, partner, Ashland LLC, in the production and supply of Vital-ET® for the global personal care market. The Company manufactured a total of 11 tonnes of Vital-ET during 2024. Ashland purchased the manufacturing rights to Vital-ET from Avecho in 2019. Avecho has continued to manufacture Vital-ET on Ashland's behalf, producing 38.7 T that has generated ~A$3.5M in revenue since selling the rights. A subsequent manufacturing campaign of 5.4 tonnes was completed in January 2025, with additional orders planned throughout the year.

Corporate Activities

On 26 April 2024, Katherine Connell was appointed as a Non-Executive Director of the Company. Katherine 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 amounted to $3,122,048 (31 December 2023: $3,436,561).

Total revenue decreased by 139% for the 2024 financial year to $1,132,672 (31 December 2023: $473,551), primarily due to increase in Vital ET® sales when compared to the 2023 financial year.

Other income increased to 62% to $1,893,782 (31 December 2023: $1,167,984), primarily due to higher R&D tax incentives of $1,635,464 (31 December 2023: $1,075,567). The overall increase in the research and development activities for the 2024 financial year compared to 2023 financial year was due to the Phase III Clinical Trial evaluating the efficacy of its oral cannabidiol capsule for the treatment of insomnia, which commenced during the 2024 financial year.

Expenses from continuing operations, excluding cost of sales, increased 25% to $5,687,756 (31 December 2023: $4,560,750), primarily due to higher research and development costs of $3,591,156 (31 December 2023: $2,117,263).

At 31 December 2024, the Consolidated Entity held $2,374,534 in cash and cash equivalents (31 December 2023: $5,504,396). The net assets of the Consolidated Entity increased by $3,108,032 to $3,269,738 as at 31 December 2024 (31 December 2023: $6,377,770). Working capital, being current assets less current liabilities, was $3,099,882 as at 31 December 2024 (31 December 2023: $6,160,327).

The net operating cash outflow for the year was $3,968,718 (31 December 2023: outflow $3,179,955), resulting from the operations of the Consolidated Entity.

Significant changes in the state of affairs

In March 2024, the Company entered into a R&D Advance Facility agreement with Endpoints Capital, to advance on the Company's 2024 R&D tax incentive. Repayment of the amounts advanced from Endpoints Capital coincide with receipt of R&D tax incentives and incur interest at 15.8% per annum.

On 26 April 2024, Ms Katherine Connell was appointed as Non-Executive Director, and the Company has offered 3,993,644 sign-on options ("Options"), which vest in four equal tranches as part of remuneration.

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.

On 29 November 2024, 13,977,753 Options over ordinary shares expired as the conditions attached with these securities were not, or became incapable of being, satisfied.

Matters subsequent to the end of the financial year

On 3 March 2025, the Company announced that it has signed a licensing and development agreement with Sandoz AG. Sandoz is a global leader in generic pharmaceutical and biosimilar medicines that provides over 800 million patient treatments annually around the world. Under the terms of the agreement, Sandoz will pay Avecho a US$3 million (~A$4.8 million) upfront payment for the exclusive rights to commercialize the CBD capsule for insomnia in Australia, with a first right of refusal for additional international territories. Avecho is also eligible for up to $US16M in development milestones prior to commercialization, along with tiered royalties ranging from 14-19% on net sales. Avecho will oversee the manufacturing and supply of the CBD capsule through third-party CMOs and will supply the finished product to Sandoz for commercialization.

No other matter or circumstance has arisen since 31 December 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.

Risks and uncertainties

The Consolidated Entity is subject to risks that are specific to the Consolidated Entity and the Consolidated Entity's business activities, as well as general risks.

Future funding risks

The Consolidated Entity had cash and cash equivalents of $2.4 million, and net assets of $3.3 million as at 31 December 2024. The Consolidated Entity requires additional financing in the future to sufficiently fund the continued research, development and operations and its other longer-term objectives. The Consolidated Entity's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Consolidated Entity and its Directors, including cyclical factors affecting the economy and share markets generally. If for any reason the Consolidated Entity was unable to raise future funds, its ability to achieve its milestones or continue future development / commercialisation of its technology / product would be significantly affected.

The Directors regularly review the cash flow requirements and ability to raise additional funding to ensure the Consolidated Entity's ability to generate sufficient cash inflows to settle its creditors and other liabilities.

Research and development risk
The Consolidated Entity's product range includes products that are in pre-clinical and clinical development phases and need to be further tested before they can be commercialised. Pre-clinical and clinical development of the Consolidated Entity's products could take several years to complete and might fail for several reasons including but not limited to lack of efficacy, failure to obtain regulatory approval, difficulty or failure to manufacture the Consolidated Entity's products on a large scale, or toxicity. The Consolidated Entity monitors product developments and engages proactively with key stakeholders to manage this risk.

Regulatory and licensing risks
The research, development, manufacture and sale of products is subject to a number of regulations prescribed by government authorities in Australia and overseas. Generally, there is a high rate of failure for drug candidates proceeding through pre-clinical and clinical trials. Further, even if the Consolidated Entity views the results of a trial to be positive, regulatory authorities may disagree with the Consolidated Entity's interpretation of the data. Thus, any product deploying Avecho' technology may be shown to be unsafe, non-efficacious, difficult or impossible to manufacture on a large scale, uneconomical to market, compete with superior products marketed by third parties, fail to secure meaningful reimbursement approval, or not be as attractive as alternative treatments.

The Consolidated Entity monitors legislative and regulatory developments and engages proactively with key stakeholders to manage this risk.

Dependence on service providers and third-party collaborators
There is no guarantee that the Consolidated Entity will be able to find suitable third-party providers to complete the development and commercialisation of its products. The Consolidated Entity therefore is exposed to the risk that any of these parties can experience problems related to operations, financial strength or other issues, and collaborative agreements may be terminable by the Consolidated Entity's service providers or partners. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Consolidated Entity's product development efforts, financial condition and results of operations.

The Consolidated Entity monitors commercial developments and engages proactively with key stakeholders to manage this risk.

Reliance on key personnel
The Consolidated Entity's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of the Consolidated Entity.

The Consolidated Entity maintains a mixture of permanent staff and expert consultants to advance its programs and ensure access to multiple skill sets. The Consolidated Entity reviews remunerations and staffing requirements regularly.

Intellectual property risk
The Consolidated Entity's ability to leverage its innovation and expertise is dependent on its ability to protect its intellectual property including maintaining patent protection for its product candidates and their respective targets and any improvements to it. A failure or inability to protect the Consolidated Entity's intellectual property rights could have an adverse impact on operating and financial performance. The Consolidated Entity may incur significant costs in maintaining or defending its intellectual property rights.

The Consolidated Entity proactively monitors applications and renewals of patents and licences; and requires relevant stakeholders to comply with the requirements set out in the confidentiality policy.

IT system failure and cyber security risks
Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters.

The Consolidated Entity is committed to preventing and reducing cyber security risks through outsourcing the IT management to a reputable services provider. In addition, the Consolidated Entity has an insurance policy covering IT and cyber security matters.

Environmental regulation

The Company is registered with relevant authorities to use certain compounds in the manufacture of goods. All waste chemicals are disposed of using accredited service providers with notification to the relevant authorities.

The Company is not aware of any breaches of any environmental regulations.

Information on directors

Name:	Dr Gregory Collier
Title:	Non-Executive Chairman
Qualifications:	PhD
Experience and expertise:	Dr Collier has more than 25 years' experience spanning operational, clinical and scientific aspects of pharmaceutical research, development and commercialisation. Dr Collier has led the planning and execution of multiple commercial transactions including in and out licensing deals and major M&A activities, and he has successfully taken a drug from discovery through to regulatory approval. Notably, Dr Collier steered ChemGenex Pharmaceuticals Limited from a research-based Company with a market capitalisation of $10 million to a Company with completed clinical trials and regulatory dossiers submitted to the FDA and EMA. In 2011, ChemGenex was sold to Cephalon Inc. (now subsidiary of Teva Pharmaceuticals Industries Limited) for $230 million. Prior to his commercial pharmaceutical career, Dr Collier had an outstanding academic career resulting in over 150 peer reviewed publications, and senior authorship on 33 patents. Dr Collier was the inaugural Alfred Deakin Professor at Deakin University, and also held positions at Melbourne University, Monash University and the University of Toronto. In 2010, Dr Collier was awarded the Roche Award of Excellence for his contribution to the biotechnology industry.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	9,833,333 ordinary shares
Interests in options:	11,749,999 quoted options

Name:	Dr Ross Murdoch
Title:	Non-Executive Director
Qualifications:	PhD GAICD
Experience and expertise:	Dr Murdoch joined Avecho as CEO in January 2015 and was appointed as director in April 2015. He has over 30 years' experience as a leader within the global healthcare, pharmaceutical and biotechnology industries. He has held senior management and executive positions in Australia, the USA and Europe, with responsibility for the strategy, development and commercialisation of products, product portfolios and the building and rebuilding of new and existing businesses. Highlights of his career include Senior Vice President at Shire Pharmaceuticals (one of the world's leading specialty pharmaceutical companies), based in the USA and Switzerland, where he founded and grew both the Emerging Products Business and Haematology Business and President and COO of Prana Biotechnology Limited based in Australia. Dr Murdoch has a BSc degree with honours from Monash University, a PhD in Clinical Pharmacology from the University of Melbourne and additional postgraduate training in Health Economics from Monash University Business School. He is also a Graduate of the Australian Institute of Company Directors.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	3,333,333 ordinary shares
Interests in options:	2,499,999 quoted options

Name:	Matthew McNamara
Title:	Non-Executive Director
Qualifications:	BSc (Hons), MBA
Experience and expertise:	Mr Matthew McNamara has over 30 years' executive and funds management experience in the healthcare and medical sciences sector. He has a BSc (Hons) in Molecular Biology, has an MBA, and is a GAICD. In 2003, he founded BioBridge Australia, a biotechnology commercialisation advisory company and advised a number of public biotechnology / investment companies. Mr McNamara is currently Director and Chief Investment Officer of Horizon 3 Healthcare, a healthcare fund manager that has invested in Avecho Biotechnology Limited through trustee Melbourne Securities Corporation Limited. Mr McNamara is presently a director of Microbio Pty Ltd, ESN Cleer Pty Ltd and Cardiac Dimensions Pty Ltd. He has held previous directorship in Adherium Ltd (ASX: ADR), Avita Medical Ltd (ASX: AVH), Bioxyne Ltd (ASX: BXN) and Saluda Medical Pty Ltd. Mr McNamara has also served as CIO of BioScience Manager Pty Ltd, and was CEO of SciCapital Pty Ltd, a Life Sciences Venture Capital fund.
Other current directorships:	None
Former directorships (last 3 years):	Adherium Ltd (ASX: ADR)
Interests in shares:	1,666,666 ordinary shares
Interests in options:	2,499,999 quoted options

Name:	Katherine Connell
Title:	Non-Executive Director
Experience and expertise:	Ms. Connell is a commercial executive with deep business development expertise across pharmaceutical, vaccine, medtech, consumer and digital health industries. Ms. Connell is currently Senior Client Partner and Head of Healthcare and Life Sciences Australia/New Zealand at Korn Ferry. For the past 20 years, Ms Connell has held senior executive leadership positions in biotechnology, pharmaceutical, medical device and consumer health sectors specialising in business development, licensing, acquisitions and venture investment, including 12 years at Johnson & Johnson as Senior Director, New Ventures ANZ.
Other current directorships:	Opthea Limited (ASX / NASDAQ: OPT)
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	Unlisted options 3,993,644

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Melanie Leydin - BBus (Acc. Corp Law) CA FGIA

Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. Ms Leydin is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Ms Leydin graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and from February 2000 to October 2021 was the principal of Leydin Freyer which was acquired by Vistra in November 2021. Ms Leydin is now Vistra Australia's Managing Director and Regional Managing Director. Vistra is a prominent provider of governance and compliance solutions and finance and accounting solutions in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Ms Leydin has over 30 years' experience in the accounting profession and over 20 years' experience holding Board positions including Company Secretary and CFO of ASX listed entities. Ms Leydin has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies, initial public offerings, secondary raisings and shareholder relations.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2024, and the number of meetings attended by each director were:

	Full Board	
	Held	**Attended**
Gregory Collier	7	7
Ross Murdoch	7	7
Matthew McNamara	7	7
Katherine Connell	5	5

Held: represents the number of meetings held during the time the director held office.

The full Board assumes the responsibility of the Remuneration & Nomination Committee and Audit & Risk Committee.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Relationship between remuneration and the Consolidated Entity's performance
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Consolidated Entity's executive remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitive and reasonable, enabling the Company to attract and retain key talent
- Aligned to the Company’s strategic and business objectives and creation of shareholder value
- Transparent and easily understood; and
- Acceptable to shareholders

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Consolidated Entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

Executive remuneration
The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity.

The executive remuneration framework has three components:
- Base pay and benefits
- Short-term incentives
- Long-term incentives through participation in Avecho Equity Incentive Plan (EIP)

A combination of these components comprises an executive’s total remuneration, with base pay and benefits at an appropriate level to competitive market benchmarks.

Base pay and benefits
Executives receive their base pay and benefits structured as a Total Remuneration Package (TRP) which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. Superannuation is included in the TRP.

Eligible employees can receive cash bonus based on a percentage of their fixed base salary should they meet expected KPIs. Executives including CEO and COO are eligible to receive up to 20% of their fixed base salary as a bonus. Executive bonus is set to be paid on an annual basis as 50% cash and 50% in terms of fully paid ordinary shares.

Bonus outcomes are discretionary and are based on performance criteria outlined in their respective contracts, the overall health of the business and other factors which may arise. The Board approves the total bonus pool, the corporate component as well as the total awarded to each KMP.

Long term incentives
On 23 May 2023, the shareholders approved the Equity Incentive Plan ("Plan") at its Annual General Meeting. The Plan would enable eligible directors, officers, employees, and contractors (including Executive and Non-Executive directors, officers, employees and contractors of the Company's subsidiaries) to receive shares, options to acquire shares in the Company, other securities, or rights or interests such as performance rights.

No directors or their associates can or can be issued shares, options or other securities or rights under the Plan unless shareholder approval of specific issues to them is obtained. Under the Plan the Company may acquire shares on market to be held on trust for directors or their associates.

The Company can issue up to 183 million equity securities (shares, options or other rights including performance rights each conditionally entitling the applicable holder to one fully paid ordinary shares upon exercise or achievement of the applicable milestone) over the next three years. Any additional issues under the Plan above that number would require further shareholder approval, unless the total number of securities issued does not exceed 5% of the then issued shares of the Company.

The objectives of the Plan are to:

- Provide eligible employees with an additional incentive to work to improve the performance of the Company;
- Attract and retain eligible employees essential for the continued growth and development of the Company;
- Promote and foster loyalty and support amongst eligible employees for the benefit of the Company;
- Enhance the relationship between the Company and eligible employees for the long-term mutual benefit of all parties; and
- Provide eligible employees with the opportunity to acquire shares, options or rights in the Company, in accordance with the Plan.

As at 31 December 2024, the Company issued nil performance rights (31 December 2023: nil) and 3,993,644 unlisted options (31 December 2023: 97,844,268) under the Plan.

Non-executive remuneration
The Company's remuneration strategy for non-executive directors is to remunerate them appropriately for their time and expertise, which has been determined to involve a combination of fixed fees and a non-performance based equity component. All non-executive directors receive a fixed fee.

	Consolidated	
	31 December 2024 $	31 December 2023 $
Chairman	100,000	100,000
Non-Executive Director	55,275	55,000

Fees are determined within an aggregate non-executive director's pool limit approved by shareholders. The aggregate currently stands at $400,000 and was approved by shareholders at 2014 Annual General Meeting. This amount, or part thereof, is divided among non-executive directors as determined by the Board and reflecting time and responsibility related to the Board and committees. The aggregate fees paid to non-executive directors was $248,092 (31 December 2023: $210,500). Director fees include statutory superannuation contributions as required under Australian superannuation guarantee legislation.

Non-executive director's fees are reviewed periodically by the Board. Other than a revision to superannuation as required under the Australian superannuation guarantee legislation, there have been no changes to non-executive director fees in either 31 December 2024 or 31 December 2023.

Other than statutory superannuation, Non-Executive Directors do not receive other retirement benefits nor do they participate in any short-term incentive programs. Non-Executive Directors are entitled to participate in the long-term incentive scheme as detailed in the Executive remuneration section.

Use of remuneration consultants
If remuneration consultants are to be engaged to provide remuneration recommendations as defined in section 9B of the Corporations Act 2001, then they are engaged by, and report directly to, the Board. No remuneration consultants were engaged to provide remuneration services during the financial year.

Voting and comments made at the Company's Annual General Meeting ('AGM') on 30 May 2024
At the Company's AGM held on 30 May 2024, 98.84% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
The key management personnel of the Consolidated Entity consisted of the following directors and executives of Avecho Biotechnology Limited:
- Gregory Collier (Chairman)
- Ross Murdoch (Non-Executive Director)
- Matthew McNamara (Non-Executive Director)
- Katherine Connell (Non-Executive Director)

Other key Executive personnel:
- Paul Gavin (Chief Executive Officer)
- Roksan Libinaki (Chief Operating Officer)

Details of the remuneration of key management personnel of the Consolidated Entity are set out in the following tables.

31 December 2024	Short-term benefits Salary and fees $	Short-term benefits Annual leave(i) $	Post-employment benefits Superannuation $	Long-term benefits Long service leave(i) $	Share-based payments Options(ii) $	Total $
Directors:						
Gregory Collier	100,000	-	-	-	-	100,000
Ross Murdoch(iii)	49,689	-	5,574	-	-	55,263
Matthew McNamara(iii)	49,689	-	5,574	-	-	55,263
Katherine Connell(iii)	33,746	-	3,820	-	8,487	46,053
Chief Executive Officer						
Paul Gavin	227,000	(2,588)	25,538	6,873	-	256,823
Other Key Management Personnel:						
Roksan Libinaki	241,667	3,239	27,208	30,209	-	302,323
	701,791	651	67,714	37,082	8,487	815,725

(i) Employee leave benefits represent annual leave and long service leave entitlements, measured on an accrual basis, and reflects the net movement in the entitlements over the year. Negative movement indicates leave taken that exceeds leave accrued during the year.
(ii) Represents value of options granted in prior periods recognised over the vesting period.
(iii) On 1 July 2024, Non-Executive Director fees during the year were updated as required under the Australian superannuation guarantee legislation. There have been no other changes to non-executive director fees in either 31 December 2024 or 31 December 2023.

31 December 2023	Short-term benefits Salary and fees $	Short-term benefits Annual leave(i) $	Post-employment benefits Superannuation $	Long-term benefits Long service leave(i) $	Share-based payments Options(ii) $	Total $
Directors:						
Gregory Collier	100,000	-	-	-	15,100	115,100
Ross Murdoch(iii)	49,887	-	5,363	-	10,066	65,316
Matthew McNamara(iii)	49,887	-	5,363	-	10,066	65,316
Chief Executive Officer						
Paul Gavin	227,000	(535)	24,402	8,787	32,142	291,796
Other Key Management Personnel:						
Roksan Libinaki	200,000	(2,857)	21,500	7,989	16,071	242,703
	626,774	(3,392)	56,628	16,776	83,445	780,231

(i) Employee leave benefits represent annual leave and long service leave entitlements, measured on an accrual basis, and reflects the net movement in the entitlements over the year. Negative movement indicates leave taken that exceeds leave accrued during the year.
(ii) Represents value of options granted in prior periods recognised over the vesting period. No new options were granted in the 2023 financial year as part of key management personnel remuneration.
(iii) On 1 July 2023, Non-Executive Director fees during the year were updated as required under the Australian superannuation guarantee legislation. There have been no other changes to non-executive director fees in either 31 December 2023.

Service agreements

Remuneration and other terms of employment for the executives are formalised in service agreements which include a position description that sets out duties, rights and responsibilities as well as entitlements on termination. All service agreements include provision that the Company can dismiss the employee at any time without notice if the employee is guilty of serious misconduct, becomes unable to pay debts or is found guilty by court of a criminal offence.

The entitlement to participate in Avecho Employee Incentive Plan is governed by the Equity Incentive Plan Rules and may not be specifically detailed in the service agreement.

Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause, any unvested options or rights will immediately be forfeited.

Name (Title)	Term of agreement and notice period	Base salary including superannuation*	Termination payments**
Paul Gavin (Chief Executive Officer)	No fixed term and a notice period of 6 months	$254,240	6 months
Roksan Libinaki (Chief Operating Officer)	No fixed term and a notice period of 3 months	$280,000	3 months

* Base salary quoted as at 31 December 2024, reviewed annually by the Board.
** Base salary payable if the Company terminates employee with notice and without cause.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other Key Management Personnel as part of compensation during the year ended 31 December 2024.

Options

Name	Number of options granted	Grant date	Vesting and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Katherine Connell	998,411	26/04/2024	26/04/2024	26/10/2027	$0.006	$0.004
Katherine Connell	998,411	26/04/2024	26/04/2025	26/10/2027	$0.006	$0.004
Katherine Connell	998,411	26/04/2024	26/04/2026	26/10/2027	$0.006	$0.004
Katherine Connell	998,411	26/04/2024	26/04/2027	26/10/2027	$0.006	$0.004

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2024 are set out below:

Name	Number of options granted during the year 31 December 2024	Number of options granted during the year 31 December 2023	Number of options vested during the year 31 December 2024	Number of options vested during the year 31 December 2023
Gregory Collier	-	-	1,497,616	1,497,616
Matthew McNamara	-	-	998,411	998,411
Ross Murdoch	-	-	998,411	998,411
Katherine Connell	3,993,644	-	998,411	-
Paul Gavin	-	-	-	9,984,109
Roksan Libinaki	-	-	-	4,992,055

Performance rights

There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2024 (31 December 2023: Nil).

Relationship between remuneration and the Consolidated Entity's performance

Typical of companies in the biotech sector at the Company's stage of development, performance metrics, such as total revenues or profitability, are not an appropriate measure of executive performance. The following table shows the Company's total revenues over the five-year period from 2019 to 2023.

	2024 $	2023 $	2022 $	2021 $	2020 $
Total revenue from continuing operations	1,132,672	473,551	1,129,260	793,600	384,627
Loss from continuing operations	(3,122,048)	(3,436,561)	(2,342,391)	(3,416,116)	(2,634,853)

The main focus is on growth in shareholder value through achievement of development and commercial milestones. The Board, however, recognises that share price performance is relevant and has linked share price performance to the vesting of executive long term equity incentives.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end (cents)	0.25	0.35	1.50	1.50	2.90
Basic earnings per share (cents per share)	(0.10)	(0.15)	(0.13)	(0.19)	(0.17)
Diluted earnings per share (cents per share)	(0.10)	(0.15)	(0.13)	(0.19)	(0.17)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Other	Balance at the end of the year
Ordinary shares					
Gregory Collier	9,833,333	-	-	-	9,833,333
Ross Murdoch	3,333,333	-	-	-	3,333,333
Matthew McNamara	1,666,666	-	-	-	1,666,666
Paul Gavin	13,434,174	-	-	-	13,434,174
Roksan Libinaki	12,249,999	-	-	-	12,249,999
	40,517,505	-	-	-	40,517,505

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
Options over ordinary shares					
Gregory Collier	17,740,464	-	-	(5,990,465)	11,749,999
Matthew McNamara	6,493,643	-	-	(3,993,644)	2,499,999
Ross Murdoch	6,493,643	-	-	(3,993,644)	2,499,999
Katherine Connell	-	3,993,644	-	-	3,993,644
Paul Gavin	42,436,435	-	-	(39,936,436)	2,499,999
Roksan Libinaki	20,510,555	-	-	(19,968,218)	542,337
	93,674,740	3,993,644	-	(73,882,407)	23,785,977

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Avecho Biotechnology Limited under option outstanding at the date of this report.

Grant date	Expiry date	Exercise price	Number under option
10/05/2023	10/05/2026	$0.012	486,430,104
22/11/2023	10/05/2026	$0.012	1,660,699,959
26/04/2024	26/10/2027	$0.006	3,993,644
			2,151,123,707

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options and performance rights

There were no shares issued on the exercise of options and performance rights during the year ended 31 December 2024 (31 December 2023: 4,537).

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the Company's breach of their agreement. The indemnity stipulates that the Company will meet the full amount of any such liabilities including a reasonable amount of legal costs.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 19 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional accountants (including independence standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Grant Thornton Audit Pty Ltd

There are no officers of the Company who are former partners of Grant Thornton Audit Pty Ltd.

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.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Dr Gregory Collier
Chairman

7 March 2025

Grant Thornton

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Melbourne VIC 3001

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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 audit of Avecho Biotechnology Limited for the year ended 31 December 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 audit; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

J Vasiliou

J D Vasiliou
Partner – Audit & Assurance

Melbourne, 7 March 2025

	Note	Consolidated 31 December 2024 $	31 December 2023 $
Revenue from contracts with customers	5	1,132,672	473,551
Cost of sales (including impairment of inventory)		(460,746)	(517,346)
Gross profit		671,926	(43,795)
Research and development tax incentive and other income	6	1,893,782	1,167,984
Research and development expenses	7	(3,591,156)	(2,117,263)
Administration and corporate expenses	8	(2,039,467)	(2,428,131)
Finance costs		(57,133)	(15,356)
Loss before income tax expense		(3,122,048)	(3,436,561)
Income tax expense	9	-	-
Loss after income tax expense for the year attributable to the owners of Avecho Biotechnology Limited		(3,122,048)	(3,436,561)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Avecho Biotechnology Limited		(3,122,048)	(3,436,561)
		Cents	**Cents**
Basic losses per share	27	(0.10)	(0.15)
Diluted losses per share	27	(0.10)	(0.15)

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

	Note	Consolidated 31 December 2024 $	31 December 2023 $
Assets			
Current assets			
Cash and cash equivalents	10	2,374,534	5,504,396
Trade and other receivables	11	2,246,461	1,099,563
Inventories		137,459	97,117
Other current assets		51,823	302,566
Total current assets		4,810,277	7,003,642
Non-current assets			
Plant and equipment		80,133	147,305
Right-of-use assets		90,651	168,363
Other assets		15,730	-
Total non-current assets		186,514	315,668
Total assets		4,996,791	7,319,310
Liabilities			
Current liabilities			
Trade and other payables	12	212,885	181,952
Contract liabilities		-	158,376
Borrowings	13	978,443	-
Lease liabilities		83,753	76,926
Provisions	14	435,314	426,061
Total current liabilities		1,710,395	843,315
Non-current liabilities			
Lease liabilities		14,472	98,225
Provisions	14	2,186	-
Total non-current liabilities		16,658	98,225
Total liabilities		1,727,053	941,540
Net assets		3,269,738	6,377,770
Equity			
Issued capital	15	244,605,505	244,605,505
Reserves	16	28,055,984	29,212,656
Accumulated losses		(269,391,751)	(267,440,391)
Total equity		3,269,738	6,377,770

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

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 year	-	-	(3,436,561)	(3,436,561)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,436,561)	(3,436,561)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	7,286,705	-	-	7,286,705
Share-based payments (note 28)	-	102,730	-	102,730
Share options lapsed	-	(100,500)	100,500	-
Issue of broker options	(210,000)	210,000	-	-
Balance at 31 December 2023	244,605,505	29,212,656	(267,440,391)	6,377,770

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 year	-	-	(3,122,048)	(3,122,048)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,122,048)	(3,122,048)
Transactions with owners in their capacity as owners:				
Share-based payments (note 28)	-	14,016	-	14,016
Share options lapsed (note 16)	-	(1,170,688)	1,170,688	-
Balance at 31 December 2024	244,605,505	28,055,984	(269,391,751)	3,269,738

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

	Note	Consolidated 31 December 2024 $	31 December 2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		566,234	758,215
Receipts from R&D tax incentive and Export Market Development Grants		1,066,298	723,888
Payments to suppliers and employees (inclusive of GST)		(5,655,323)	(4,686,095)
Finance costs paid		(7,538)	(11,479)
Interest received		61,611	35,516
Net cash used in operating activities	26	(3,968,718)	(3,179,955)
Cash flows from investing activities			
Payments for security deposits		(15,730)	-
Net cash used in investing activities		(15,730)	-
Cash flows from financing activities			
Proceeds from issue of shares		-	8,003,594
Costs paid for issue of shares		-	(716,529)
Payment of principal element of lease liabilities		(76,926)	(70,924)
Receipts from borrowings		931,512	-
Net cash from financing activities		854,586	7,216,141
Net (decrease)/ increase in cash and cash equivalents		(3,129,862)	4,036,186
Cash and cash equivalents at the beginning of the financial year		5,504,396	1,468,210
Cash and cash equivalents at the end of the financial year	10	2,374,534	5,504,396

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 (the ‘Company’ or ‘parent entity’) and the entities it controlled at the end of, or during, the year (collectively 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 7 March 2025.

Note 2. Material accounting policy information

The accounting policies that are material to the Consolidated Entity are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Avecho Biotechnology Limited as at 31 December 2024 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 2. Material accounting policy information (continued)

Where the Company loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Company recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 23.

Going concern

The 31 December 2024 financial statements have 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 $3,122,048 and incurred net operating cash outflows of $3,968,718 during the year. 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.

The Directors determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. The assessment of the going concern assumption is based on the Consolidated Entity's cash flow projections and application of a number of judgements and estimates including the following:

- As at 31 December 2024 the working capital position of the Consolidated Entity was a surplus of $3,099,882 and the Consolidated Entity had net assets of $3,269,738, including cash and cash equivalents of $2,374,534;
- On 3 March 2025, the Company announced that it has signed a licensing and development agreement with Sandoz. Under the terms of the agreement, Sandoz will pay Avecho a US$3 million (~A$4.8 million) upfront payment for the exclusive rights to commercialize the CBD capsule for insomnia in Australia, with a first right of refusal for additional international territories. Avecho is also eligible for up to $US16M in development milestones prior to commercialization, along with tiered royalties ranging from 14-19% on net sales;
- The Consolidated Entity has the ability to raise additional working capital through the issue of equity, as needed;
- The Consolidated Entity have a successful history of:
  - Being eligible for Research and Development (R&D) tax incentives and various other government grants
  - Licensing existing patented products;
  - Selling TPM® and Vital ET® products to Ashland and Themis;
  - raising funds and is well supported by its major shareholders; and
- Other avenues that may be available to the Consolidated Entity.

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.

Foreign currency translation

Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Avecho Biotechnology Limited's functional and presentation currency.

Note 2. Material accounting policy information (continued)

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Impairment of assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas of assumptions and estimates are:

Note 3. Critical accounting judgements, estimates and assumptions (continued)

R&D Tax Incentives
Under the Research and Development (R&D) Tax Incentive scheme, the Consolidated Entity receives a 18.5% refundable tax offset above the Consolidated Entity's tax rate, of eligible expenditures if its turnover is less than $20 million per annum provided it is not controlled by income tax exempt entities. A R&D plan is required to be filed with AusIndustry in the following financial year, and based on this filing, the Consolidated Entity would be able to the incentive in cash. Management performs a detailed review of the Consolidated Entity's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation. There is a significant degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme. This is to avoid the risk that expenses claimed are ineligible and the methodology adopted is not appropriate or not in accordance with the ATO guidelines including inaccurate calculations of the R&D tax incentive refund. For the period ended 31 December 2024 the Consolidated Entity has recorded R&D tax incentive of $1,645,372 (31 December 2023: $1,075,567), in relation to 2024 financial year. This R&D tax incentive is subject to the Consolidated Entity completing the R&D tax application process and income tax returns on a timely basis.

Share-based payment transactions
The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the binomial and Black-Scholes methods taking into account the terms and conditions upon which the instruments were granted, as discussed in note 28. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Note 4. 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
Production segment manufactures and sells TPM® and Vital ET® for the use in drug delivery and cosmetic formulations.

Human Health
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 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 4. Operating segments (continued)

Operating segment information

Consolidated - 31 December 2024	**Production $**	**Human Health $**	**Corporate $**	**Total $**
Sales to external customers	1,132,672	-	-	1,132,672
Cost of sales	(460,746)	-	-	(460,746)
Interest income	-	-	61,611	61,611
Research and development tax Incentive and other income	35,458	1,793,840	2,873	1,832,171
Depreciation and amortisation	(9,250)	-	(135,635)	(144,885)
Employee and directors benefit expense	(6,279)	(712,588)	(529,399)	(1,248,266)
Research expenses	-	(2,922,618)	-	(2,922,618)
Other operating expenses from continuing operations	(231,858)	(46,931)	(1,093,198)	(1,371,987)
Profit/(loss) before income tax expense	459,997	(1,888,297)	(1,693,748)	(3,122,048)
Income tax expense				-
Loss after income tax expense				(3,122,048)
Assets				
Segment assets	1,067,058	1,645,372	2,284,361	4,996,791
Total assets				4,996,791
Liabilities				
Segment liabilities	626	978,443	747,984	1,727,053
Total liabilities				1,727,053

Consolidated - 31 December 2023	**Production $**	**Human Health $**	**Corporate $**	**Total $**
Sales to external customers	473,551	-	-	473,551
Cost of sales	(517,346)	-	-	(517,346)
Interest income	-	-	35,516	35,516
Research and development tax incentive and other income	36,600	1,075,567	20,301	1,132,468
Depreciation and amortisation	(26,250)	-	(152,445)	(178,695)
Employee and directors benefit expense	(34,376)	(688,925)	(610,348)	(1,333,649)
Research expenses	-	(1,467,417)	-	(1,467,417)
Other operating expenses from continuing operations	(270,352)	-	(1,310,637)	(1,580,989)
Loss before income tax expense	(338,173)	(1,080,775)	(2,017,613)	(3,436,561)
Income tax expense				-
Loss after income tax expense				(3,436,561)
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

Note 4. Operating segments (continued)

Understanding segment results

Revenues from external customers comes from the sale of TPM® and Vital ET® products on a wholesale basis as well as licence revenue. Approximately 96% of revenue attributed to the Production segment was derived from a single external customer group (31 December 2023: 85%).

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	
	31 December 2024 $	31 December 2023 $	31 December 2024 $	31 December 2023 $
Australia	38,167	38,307	186,514	315,668
Switzerland	352,622	403,444	-	-
Americas	708,540	-	-	-
India	33,343	31,800	-	-
	1,132,672	473,551	186,514	315,668

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

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Revenue from contracts with customers

	Consolidated	
	31 December 2024 $	31 December 2023 $
Sale of goods transferred at a point in time	1,132,672	473,551

Accounting policy for revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. There is no significant variable consideration or financing elements in relation to the Consolidated Entity's revenue.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue arises mainly from manufacturing and sale of Vital ET® and TPM® and licence fees. To determine whether to recognise revenue, the Consolidated Entity follows a 5-step process:

1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligations are satisfied.

Note 5. Revenue from contracts with customers (continued)

Revenue is recognised either at a point in time or over time, when the Consolidated Entity satisfies performance obligations by transferring the promised goods or services to its customers.

The Consolidated Entity recognises contract liabilities for consideration received in respect to unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Consolidated Entity satisfies a performance obligation before it receives the consideration, the Consolidated Entity recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale of Vital ET® and TPM®
Revenue from sale of Vital ET® and TPM® for a fixed fee per kilogram is recognised when or as the Consolidated Entity transfers control of the assets to the customer. For sale of Vital ET®, invoices are due upon 45 days of invoice date. For sale of TPM®, a 50% down payment invoice is raised and paid, prior to completion of customer order. The remaining 50% invoice amount is issued on delivery. In both cases, revenue is recognised at a point in time when the goods are freight on board, at which point control has transferred to the customer and represents the point in time that there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

The Consolidated Entity has no retrospective volume discounts/rebates and no significant warranty claim history to reporting date which would require a significant warranty provision.

Note 6. Research and development tax incentive and other income

	Consolidated	
	31 December 2024 $	**31 December 2023 $**
Net foreign exchange gain	35,456	20,301
Research and development tax incentive	1,635,464	1,075,567
Export Market Development Grants (EMDG)	-	36,600
Project income	158,376	-
Other	2,875	-
Interest income	61,611	35,516
	1,893,782	1,167,984

Research and development tax incentive
Research and Development tax incentives are recognised in accordance with AASB 120: Accounting for Government Grants and Government Assistance. The Research and development tax credit is recognised when there is reasonable assurance that the grant will be received and all conditions have been complied with. The grant has been recognised as other income within the period.

Accounting policy for government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Consolidated Entity will comply with all attached conditions. Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Accounting policy for interest income
Interest income is recognised on a time proportion basis using the effective interest rate method.

Note 7. Research and development expenses

	Consolidated	
	31 December 2024 $	31 December 2023 $
Consultancy and laboratory consumables	55,771	33,273
Clinical development expenses	2,866,847	1,434,144
Employment expenses associated with research and development	668,538	649,846
	3,591,156	2,117,263

Note 8. Administration and corporate expenses

	Consolidated	
	31 December 2024 $	31 December 2023 $
Professional and consultancy fees	434,076	600,023
Insurance	339,902	343,140
Patent portfolio expenses	231,858	297,496
Salaries and other employee expenses (non - R&D)	199,645	267,637
Director fees	247,678	210,500
Superannuation expenses	118,388	102,936
Share based payments expenses (note 28)	14,017	102,730
Shareholder and listing expenses	167,012	190,924
Depreciation of right-of-use assets and plant and equipment	144,885	152,445
Amortisation of intangible assets	-	26,250
Occupancy expenses	52,716	-
Other sundry expenses	89,290	134,050
	2,039,467	2,428,131

Note 9. Income tax

	Consolidated	
	31 December 2024 $	31 December 2023 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,122,048)	(3,436,561)
Tax at the statutory tax rate of 25%	(780,512)	(859,140)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	3,504	25,683
Non-deductible R&D expenditure subject to incentive	730,655	618,509
Non-assessable income - R&D incentive	(408,866)	(268,892)
	(455,219)	(483,840)
Unused tax losses and tax offsets not recognised as deferred tax assets	455,219	483,840
Income tax expense	-	-

Note 9. Income tax (continued)

	Consolidated	
	31 December 2024 $	31 December 2023 $
Deferred tax assets not recognised		
The following items have not been brought to account as deferred tax assets:		
Payables, accrued expenses, and provisions	141,414	213,789
Intangibles	285,614	421,219
Property plant and equipment	47,365	13,704
Expense deductible in future periods	69,411	92,548
Other	1,894	1,697
Tax losses not recognised at current tax rate of 25% (31 December 2023: 25%)	46,740,876	46,050,374
Total deferred tax assets not recognised	47,286,574	46,793,331

The above deferred tax assets (net of deferred tax liabilities) have not been recognised in the statement of financial position as the recovery is uncertain.

Tax losses

Deferred tax assets have not been recognised in respect of carried forward tax losses.

Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Avecho Biotechnology Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2009. Avecho Biotechnology Limited is the head entity of the tax consolidated group.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Consolidated Entity has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

Accounting policy for income tax
The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Note 9. Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Avecho Biotechnology Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Note 10. Cash and cash equivalents

	Consolidated 31 December 2024 $	Consolidated 31 December 2023 $
Current assets		
Cash at bank	2,374,534	5,488,666
Short term deposits	-	15,730
	2,374,534	5,504,396

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Note 11. Trade and other receivables

	Consolidated	
	31 December 2024 $	31 December 2023 $
Current assets		
Trade receivables	569,311	-
R&D tax incentive credit receivable	1,645,372	1,076,206
Other receivables	31,778	23,357
	1,677,150	1,099,563
	2,246,461	1,099,563

Accounting policy for trade and other financial assets at amortised cost
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 45 days.

The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other financial assets at amortised cost are recognised at amortised cost, less any allowance for expected credit losses.

Fair value and credit risk
Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables.

Note 12. Trade and other payables

	Consolidated	
	31 December 2024 $	31 December 2023 $
Current liabilities		
Trade payables	60,634	94,903
Accrued expenses	128,155	63,500
Other payables	24,096	23,549
	212,885	181,952

Refer to note 17 for further information on financial risk management.

Trade payables are non-interest bearing and are generally settled on 30 day terms. Other payables are non-trade payables and non-interest bearing.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

The carrying amounts of trade and other payables are considered to be the same as fair values, due to their short term nature.

Note 13. Borrowings

	Consolidated 31 December 2024 $	31 December 2023 $
Current liabilities		
R&D Incentive loan	978,443	-

The Company entered into a R&D Advance Facility agreement with Endpoints Capital, to advance on the Company's 2024 R&D tax incentive. Repayment of the amounts advanced from Endpoints Capital coincide with receipt of R&D tax incentives and incur interest at 15.8% per annum. The facility is secured against the Company's 2024 R&D tax incentive.

Refer to note 17 for further information on financial risk management.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 14. Provisions

	Consolidated 31 December 2024 $	31 December 2023 $
Current liabilities		
Annual leave	130,277	153,059
Long service leave	305,037	273,002
	435,314	426,061
Non-current liabilities		
Long service leave	2,186	-
	437,500	426,061

Accounting policy for short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefits
Long term employee benefits includes long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Note 14. Provisions (continued)

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 15. Issued capital

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

Accounting policy for issued capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where Company purchases the Company's own equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Avecho Biotechnology Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Avecho Biotechnology Limited.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may, from time-to-time issue new shares or return capital to shareholders and / or adjust the amount of dividends paid to shareholders.

Note 16. Reserves

	Consolidated	
	31 December 2024 $	31 December 2023 $
Business combination reserve	27,812,871	27,812,871
Other equity-settled benefits	210,000	210,000
Foreign currency reserve	24,626	24,626
Employee equity-settled benefits reserve	8,487	1,165,159
	28,055,984	29,212,656

Note 16. Reserves (continued)

Business combinations reserve
The reserve is used to record fair value adjustments relating to the business combination.

Other equity-settled benefits reserve
The reserve is used to record the value of equity benefits provided to suppliers as part of their remuneration.

Employee share option and share plan reserve
The reserve is used to record the value of equity benefits, over the respective vesting periods, provided to employees and Directors as part of their remuneration. For further details refer to note 28.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Business combination reserve $	Other equity-settled benefits $	Foreign currency reserve $	Employee equity-settled benefits reserve $	Total $
Balance at 1 January 2024	27,812,871	210,000	24,626	1,165,159	29,212,656
Share-based payments	-	-	-	14,016	14,016
Options expired during the year	-	-	-	(1,170,688)	(1,170,688)
Balance at 31 December 2024	27,812,871	210,000	24,626	8,487	28,055,984

Note 17. Financial risk management

This note explains the Consolidated Entity's exposure to financial risks and how these risks could affect the Consolidated Entity's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Consolidated Entity's overall risk management program recognises the unpredictability of financial markets and seeks to minimise material adverse effects on the financial performance of the Consolidated Entity. Executive Leadership Team is responsible to the Board for the risk management program.

Risk	Source of exposure	Measurement	Management
Market risk - interest rate	Cash deposits at variable rates	Sensitivity analysis	n/a. The Consolidated Entity not exposed to significant interest rate risks.
Market risk - foreign exchange	Future commercial transactions	Cash flow forecasting	Cash flow forecasting over future foreign exchange transactions.
	Recognised financial assets and assets and liabilities not denominated in AUD	Cash flow forecasting	Cash flow forecasting over future foreign exchange transactions.
Credit risk	Cash and cash equivalents, trade receivables	Aging analysis	Apply credit limits.
Liquidity risk	Trade and other liabilities and future commercial transactions	Cash flow forecasting	Rolling cash flow forecasting over current and future cash flow requirements.

Note 17. Financial risk management (continued)

Market risk

Foreign currency risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Consolidated Entity's functional currency. The Consolidated Entity is exposed to foreign exchange risk arising from currency exposures of transactions in US Dollars. The Consolidated Entity sells TPM® and Vital ET® products and buys raw materials for their production which are largely denominated in US Dollars. The Consolidated Entity still has outstanding commitments related to ongoing research and development, which are denominated in US Dollars as well.

The Consolidated Entity regularly monitors the potential impact of movements in foreign exchange exposure and from time to time may take out short-term foreign exchange hedges for committed expenditures.

At 31 December 2024, the Consolidated Entity's had the following exposure to US dollar foreign currency not designated in cash flow hedges:

	Assets		Liabilities	
Consolidated	31 December 2024 $	31 December 2023 $	31 December 2024 $	31 December 2023 $
US dollars - AUD equivalent	897,309	2,242	-	(9,258)

Sensitivity
The Consolidated Entity is primarily exposed to changes in US/AUD exchange rates. The sensitivity of profit or loss to changes in the USD/AUD exchange rate arises mainly from US-denominated financial assets and liabilities.

	AUD/USD strengthened	AUD strengthened		AUD/USD weakened	AUD weakened	
Consolidated - 31 December 2024	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Net USD denominated financial assets	-	(81,574)	(81,574)	-	99,701	99,701

	AUD/USD strengthened	AUD strengthened		AUD/USD weakened	AUD weakened	
Consolidated - 31 December 2023	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Net USD denominated financial assets	10%	638	638	10%	(780)	(780)

Price risk
The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk
The Consolidated Entity does not hold significant interest-bearing assets or liabilities that are denominated in variable interest rates and therefore not exposed to significant interest rate movements.

Credit risk
Credit risk arises from the financial assets of the Consolidated Entity comprising cash and cash equivalents and trade and other receivables. Credit risk refers to the risk the counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with creditworthy counterparties and setting appropriate credit limits, as a means of mitigating the risk of financial loss from defaults.

Note 17. Financial risk management (continued)

The Consolidated Entity's exposure to counterparties are continuously monitored and the aggregate value of transactions concluded are with approved counterparties. The Consolidated Entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Consolidated Entity measures credit risk on a fair value basis.

The carrying value of financial assets recorded in the financial statements, net of any allowances for losses, represents the Consolidated Entity's maximum exposure to credit risk. Maturity analysis of financial assets and liabilities based on management's expectations as follows:

31 December 2024	≤ 6 months $	Total $
Financial assets		
Cash and cash equivalents	2,374,534	2,374,534
Trade and other receivables	569,311	569,311
Total financial assets	2,943,845	2,943,845

31 December 2023	≤ 6 months $	Total $
Financial assets		
Cash and cash equivalents	5,504,396	5,504,396

Liquidity risk
Prudent liquidity risk management implies maintain sufficient cash balances. Executive management and Directors regularly monitor the cash position of the Consolidated Entity, giving consideration to the level of expenditure and future project commitments.

Remaining contractual maturities
The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 31 December 2024	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	-	60,634	-	-	60,634
Interest-bearing - fixed rate					
Borrowings	15.80%	978,443	-	-	978,443
Lease liability	5.50%	86,994	14,570	-	101,564
Total non-derivatives		1,126,071	14,570	-	1,140,641

Note 17. Financial risk management (continued)

Consolidated - 31 December 2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	-	94,903	-	-	94,903
Interest-bearing - fixed rate					
Lease liability	5.50%	84,460	86,994	14,570	186,024
Total non-derivatives		179,363	86,994	14,570	280,927

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Due to the short term nature of the financial instruments, their carrying value is assumed to approximate their fair value.

Note 18. Key management personnel disclosures

Directors
The following persons were directors of Avecho Biotechnology Limited during the financial year:

Dr Gregory Collier (Chairman)
Dr Ross Murdoch (Non-Executive Director)
Mr Matthew McNamara (Non-Executive Director)
Ms Katherine Connell (Non-Executive Director)

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

Paul Gavin (Chief Executive Officer)
Roksan Libinaki (Chief Operating Officer)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	31 December 2024 $	31 December 2023 $
Short-term employee benefits	702,442	623,382
Post-employment benefits	67,714	56,628
Long-term benefits	37,082	16,776
Share-based payments	8,487	83,445
	815,725	780,231

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Consolidated Entity, and its network firms:

	Consolidated	
	31 December 2024 $	31 December 2023 $
Audit services		
Audit and review of the financial statements	77,559	87,680
Other services - network firms		
Tax compliance	19,000	21,630

Note 20. Contingent asset and liabilities

The Consolidated Entity provided bank guarantees in the form of term deposits totalling $15,730 (31 December 2023: $85,730) as security for the corporate credit card facility and the lease for the Company's principal place of business..

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

Note 21. Commitments

The Consolidated Entity does not have any commitments not recognised as liabilities at 31 December 2024 (31 December 2023: Nil).

Note 22. Related party transactions

Parent entity
Avecho Biotechnology Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Key management personnel
Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

Transactions with other related parties
There were no transactions with other related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	31 December 2024 $	31 December 2023 $
Loss after income tax	(4,066,906)	(2,371,969)
Total comprehensive loss	(4,066,906)	(2,371,969)

Statement of financial position

	Parent	
	31 December 2024 $	31 December 2023 $
Total current assets	3,767,814	6,906,036
Total assets	3,954,328	7,221,704
Total current liabilities	1,710,395	843,316
Total liabilities	1,727,053	941,541
Equity		
Issued capital	244,605,505	244,605,505
Other equity-settled benefits	210,000	210,000
Employee equity-settled benefits reserve	8,487	1,165,159
Accumulated losses	(242,596,717)	(239,700,501)
Total equity	2,227,275	6,280,163

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2024 (31 December 2023: Nil).

Contingent liabilities
The parent entity had no contingent liabilities as 31 December 2024 (31 December 2023: Nil).

Capital commitments - plant and equipment
The parent entity had no capital commitments for plant and equipment as at 31 December 2024 (31 December 2023: Nil).

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Principal place of business / Country of incorporation	Ownership interest 31 December 2024 %	31 December 2023 %
Vital Health Sciences Pty Ltd	Australia	100%	100%
Avecho Inc.[(i)]	USA	100%	100%

(i) There were no transactions or balances through US subsidiaries during the financial year ended 31 December 2024 (31 December 2023: Nil).

Note 25. Events after the reporting period

On 3 March 2025, the Company announced that it has signed a licensing and development agreement with Sandoz AG. Sandoz is a global leader in generic pharmaceutical and biosimilar medicines that provides over 800 million patient treatments annually around the world. Under the terms of the agreement, Sandoz will pay Avecho a US$3 million (~A$4.8 million) upfront payment for the exclusive rights to commercialize the CBD capsule for insomnia in Australia, with a first right of refusal for additional international territories. Avecho is also eligible for up to $US16M in development milestones prior to commercialization, along with tiered royalties ranging from 14-19% on net sales. Avecho will oversee the manufacturing and supply of the CBD capsule through third-party CMOs and will supply the finished product to Sandoz for commercialization.

No other matter or circumstance has arisen since 31 December 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 26. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 31 December 2024 $	31 December 2023 $
Loss after income tax expense for the year	(3,122,048)	(3,436,561)
Adjustments for:		
Depreciation and amortisation	144,885	178,695
Impairment of inventories	-	365,596
Share-based payments	14,016	102,730
Interest expense	46,931	-
Allowance for expected credit losses and debts written off	-	(360)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,146,899)	(353,569)
Increase in inventories	(40,342)	(60,734)
Increase in other current assets	250,739	(67,560)
Increase/(decrease) in trade and other payables	30,937	(94,463)
(Decrease)/increase in contract liabilities	(158,376)	158,376
Increase in provisions	11,439	27,895
Net cash used in operating activities	(3,968,718)	(3,179,955)

Note 27. Loss per share

	Consolidated 31 December 2024 $	Consolidated 31 December 2023 $
Loss after income tax attributable to the owners of Avecho Biotechnology Limited	(3,122,048)	(3,436,561)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	3,169,297,013	2,268,083,594
Weighted average number of ordinary shares used in calculating diluted earnings per share	3,169,297,013	2,268,083,594

	Cents	Cents
Basic losses per share	(0.10)	(0.15)
Diluted losses per share	(0.10)	(0.15)

As at 31 December 2024, the Consolidated Entity has 2,151,123,707 listed and unquoted 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.

Accounting policy for earnings per share
Basic loss per share is calculated by dividing:
- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted loss per share
Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential
- ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

Note 28. Share-based payments

The Consolidated Entity provides benefits to service providers in the form of share-based payments. Employees render services in exchange for rights over shares (equity-settled transactions). There is currently one scheme in place to provide these benefits to employees, being the Equity Incentive Plan (EIP)

All options granted to key management personnel have been issued in accordance with the provisions of the Equity Incentive Plan (EIP).

Set out below are summaries of options granted under the plan:

31 December 2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Expired	Balance at the end of the year
20/11/2020	20/05/2024	$0.017	83,866,515	-	(83,866,515)	-
28/05/2021	29/11/2024	$0.017	13,977,753	-	(13,977,753)	-
26/04/2024	26/10/2027	$0.006	-	3,993,644	-	3,993,644
			97,844,268	3,993,644	(97,844,268)	3,993,644
Weighted average exercise price		*$0.017*	*$0.017*	*$0.006*	*$0.017*	*$0.006*

Note 28. Share-based payments (continued)

31 December 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Expired	Balance at the end of the year
20/11/2020	20/05/2024	$0.017	83,866,515	-	-	83,866,515
28/05/2021	29/11/2024	$0.017	13,977,753	-	-	13,977,753
			97,844,268	-	-	97,844,268
Weighted average exercise price		*$0.017*	*$0.017*	*$0.000*	*$0.000*	*$0.017*

When a participant in the EIP ceases employment prior to the vesting of their options, the options are forfeited unless cessation of employment is due to retirement or death or otherwise provided by the Board of directors.

Reconciliation of share based payments expense recorded in the statement of profit and loss relating to each class of share based payment:

	Consolidated 31 December 2024 $	31 December 2023 $
Unlisted options to Executives and employees	-	67,498
Unlisted options to Directors	14,016	35,232
	14,016	102,730

Accounting policy for share-based payments
Share-based compensation benefits are provided to employees via the Avecho Employee Option Plan and an employee share scheme.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The fair value of options granted under the Avecho Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Avecho Biotechnology Limited	Body corporate	Australia	-	Australia
Vital Health Sciences Pty Ltd	Body corporate	Australia	100.00%	Australia
Avecho Inc.	Body corporate	USA	100.00%	Australia

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance for the financial year ended on that date;

- 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.

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Dr Gregory Collier
Chairman

7 March 2025

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Independent Auditor's Report

To the Members of Avecho Biotechnology Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Avecho Biotechnology Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, 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 year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of $3,122,048 and net operating cash outflows of $3,968,718 during the year ended 31 December 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 doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Research and development (R&D) tax incentive – Note 3 & 6	
Under the Research and Development (R&D) Tax Incentive scheme, the Group receives an additional deduction of 18.5% as a refundable tax offset in respect to eligible expenditures as defined by the R&D tax incentive legislation. An R&D plan is required to be filed with AusIndustry in the year following the expenditure, and based on this filing, the Group receives the incentive in cash. Management performs a detailed calculation of the Group's total research and development expenditure to determine the allowable claim under the R&D tax incentive legislation. Management are required to apply judgement in the interpretation of the R&D tax legislation to assess the eligibility of the R&D expenditure under the scheme. This area is a key audit matter due to the judgements and estimates associated with the calculation.	Our procedures included, amongst others: • Obtaining a detailed understanding of the underlying processes for claiming the R&D tax incentive, through discussion with individuals across the organisation and review of relevant documentation; • Assessing the design and implementation of relevant controls in relation to determining the R&D tax incentive at the year-end; • Obtaining an understanding of management's calculation model, identifying and assessing the key assumptions in the calculation; • Assessing the adequacy of the work of management's expert, including their competence and objectivity; • Engaging internal audit experts to assess the nature of the expenses claimed against the eligibility criteria of the R&D tax incentive scheme; • Validating the mathematical accuracy of the accrued R&D Tax Incentive; • Agreeing a sample of R&D expenditure within the calculation to underlying supporting documentation; • Comparing the estimates made in previous years to the amount of cash actually received after lodgement of the R&D tax incentive claim; • Inspecting copies of relevant correspondence with AusIndustry and the ATO related to historical claims; and • Assessing whether the disclosures in the financial statements, including on critical judgements and estimates, are appropriate.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of:

a the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and

b the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 9 to 14 of the Directors' report for the year ended 31 December 2024.

In our opinion, the Remuneration Report of Avecho Biotechnology Limited, for the year ended 31 December 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

JVasiliou

Grant Thornton Audit Pty Ltd
Chartered Accountants

Grant Thornton

J D Vasiliou
Partner – Audit & Assurance

Melbourne, 7 March 2025

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https://avecho.com.au/contact-us/

Company Secretary
Melanie Leydin

Share Registry
Shareholder information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:

Computershare Limited
GPO Box 2975 Melbourne VIC 3001 Australia
Tel: 1300 850 505
https://www.computershare.com/au

For all correspondence to the share registry, please provide your Security-holder Reference Number (SRN) or Holder Identification Number (HIN).

Change of address
Changes to your address can be updated online at https://www.computershare.com/au or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

Annual General Meeting
The Annual General Meeting will be held in on 27 May 2025. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately upon despatch.

The closing date for receipt of nomination for the position of Director is 3 April 2025. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on 3 April 2025, at the Company's Registered Office.

The Company notes that the deadline for the nominations for the position of Director is separate to voting on Director elections Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

Corporate Governance Statement
The Company's 2024 Corporate Governance Statement once released to the ASX will be available on the Company's website at https://avecho.com.au/investor-centre/.

Annual report mailing list
All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an annual report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

Securities exchange listing
Avecho Biotechnology Limited's shares are listed on the Australian Securities Exchange and trade under the ASX code AVE. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-Register System).

ASX Shareholder Disclosures
The following additional information is required by the Australian Securities Exchange in respect of listed public companies.
The information is current as of 6 February 2025.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of ordinary shares	% of ordinary shares
1 to 1,000	458	110,183	0.00
1,001 to 5,000	768	2,337,827	0.07
5,001 to 10,000	570	4,469,862	0.14
10,001 to 100,000	2,076	88,015,402	2.78
100,001 and over	1,667	3,074,363,739	97.00
Rounding			0.01
	5,539	3,169,297,013	100.00
Holding less than a marketable parcel	4,229	141,984,965	4.48

Quoted options	Number of holders of quoted options	Number of quoted options	% of quoted options
1 to 1,000	7	1,126	0.00
1,001 to 5,000	22	77,050	0.00
5,001 to 10,000	46	351,373	0.02
10,001 to 100,000	245	11,403,020	0.53
100,001 and over	461	2,135,297,494	99.45
	781	2,147,130,063	100.00

Unquoted options	Number of holders of unquoted options	Number of unquoted options	% of unquoted options
100,001 and over	1	3,993,644	100.00

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

		Ordinary shares Number held	% of total shares issued
1.	Mr Mark Gregory Kerr + Mrs Linda Marie Kerr <Lindmark Inv Staff S/F A/C>	349,133,188	11.02
2.	Ms Chunyan Niu	252,000,000	7.95
3.	Rosscope Pty Ltd <Ross Copeland Family A/C>	85,513,129	2.70
4.	Melbourne Securities Corporation Limited <Horizon 3 Biotech Fund A/C>	59,345,624	1.87
5.	HSBC Custody Nominees (Australia) Limited	58,323,186	1.84
6.	Jawess Pty Ltd <Kent Family Super Fund A/C>	50,000,000	1.58
7.	Servbond Pty Limited <Servbond Pty Ltd S/F A/C>	47,000,000	1.48
8.	Mr Brandon Armon Batagol	44,532,406	1.41
9.	10 Bolivianos Pty Ltd	43,796,359	1.38
10.	SKED Proprietary Limited <SKED Superannuation Fund A/C>	42,000,000	1.33
11.	Melbourne Securities Corporation Limited <Horizon 3 Healthcare A/C>	41,666,666	1.31
12.	BNP Paribas Noms Pty Ltd	39,367,251	1.24
13.	Scintilla Strategic Investments Limited	30,000,000	0.95
14.	Dr Maurice Arthur Trewhella+Mrs Elizabeth Trewhella <Simpetejen Super Fund A/C>	30,000,000	0.95
15.	Citicorp Nominees Pty Limited	28,336,058	0.89
16.	Dr Stephen Dennis Gipps	26,000,000	0.82
17.	King Corporate Pty Ltd	25,333,333	0.80
18.	Ashmat Investments Pty Ltd <Hester Investment A/C>	25,000,000	0.79
19.	Mr David Segal	23,000,000	0.73
20.	Mr Bin Liu	22,780,039	0.72
		1,323,127,239	41.76

	Quoted options over ordinary shares	
	Number held	% of total quoted options issued
1. Ms Chunyan Niu	374,999,999	17.47
2. Mr Mark Gregory Kerr + Mrs Linda Marie Kerr <Lindmark Inv Staff S/F A/C>	189,000,000	8.80
3. Mr Raymond Laurence Carroll	100,000,000	4.66
4. Jawess Pty Ltd <Kent Family Super Fund A/C>	81,000,000	3.77
5. Mr Peter Andrew Proksa	70,000,000	3.26
6. Melbourne Securities Corporation Limited <Horizon 3 Healthcare A/C>	62,499,999	2.91
7. Ignite Equity Pty Ltd	53,253,198	2.48
8. Dr Stephen Dennis Gipps	48,750,000	2.27
9. Mr Brandon Armon Batagol	45,899,304	2.14
10. Hirsch Financial Pty Ltd	30,000,000	1.40
11. King Corporate Pty Ltd	25,134,622	1.17
12. Lava Capital Pty Ltd	25,000,000	1.16
13. Netwealth Investments Limited <Wrap Services A/C>	24,999,998	1.16
14. Boutique Capital Pty Ltd <Phoenix Growth Fund A/C>	22,500,000	1.05
15. Kembla No 20 Pty Ltd <CAA A/C>	21,933,249	1.02
16. Mrs Susan Margaret Chudleigh + Mr John West Chudleigh	21,000,000	0.98
17. Ms Sihol Marito Gultom	20,000,000	0.93
18. Scintilla Strategic Investments Limited	20,000,000	0.93
19. Shriver Nominees Pty Ltd	18,000,000	0.84
20. Mr Anthony Graeme Halls + Mrs Simone Justine Halls <Ellalily Superfund A/C>	17,800,000	0.83
	1,271,770,369	59.23

	Unquoted options over ordinary shares	
	Number held	% of total unquoted options issued
1. Katherine Ellen Danielle Connell	3,993,644	100.00
	3,993,644	100.00

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares Number held
Mark Gregory Kerr & associates	249,133,188*

**as reported in the last Form 604 lodged on the ASX.*

Restricted Securities

There are no restricted securities on issue as at 6 February 2025.

On-market Buy-back

There is no current on-market buy-back in relation to the Company's securities.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Quoted and Unquoted options

Quoted and unquoted options do not have voting rights.

Unquoted performance rights

Unquoted performance rights do not have voting rights.