Avecho Biotechnology Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Avecho Biotechnology Limited
ABN:	32 056 482 403
Reporting period:	For the period ended 30 June 2026
Previous period:	For the period ended 30 June 2025

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	89.4%	to	59,602
Loss from ordinary activities after tax attributable to the owners of Avecho Biotechnology Limited	down	28.1%	to	(1,923,629)
Loss for the period attributable to the owners of Avecho Biotechnology Limited	down	28.1%	to	(1,923,629)

The loss for the Consolidated Entity after providing for income tax amounted to $1,923,629 (30 June 2025: loss of $2,675,960).

Comments

The reported losses are typical of companies in the biotech sector at the Company's stage of development profile, reflecting the substantial upfront investment required. Further information on the results is detailed in the 'Review of operations' section of the Directors' report which is part of the Half-year Report.

3. Net tangible assets

	30 June 2026 Cents	31 December 2025 Cents
Net tangible assets per ordinary security	0.05	0.04

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Not applicable.

10. Review status

The financial statements were subject to a review by Grant Thornton Audit Pty Ltd and the review report is attached as part of the Half Year Report.

11. Attachments

The Half Year Report of Avecho Biotechnology Limited for the period ended 30 June 2026 is attached.

12. Signed

Signed  Date: 25 August 2026

Dr Gregory Collier
Chairman

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Avecho Biotechnology Limited

ABN 32 056 482 403

Half Year Report - 30 June 2026

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Avecho Biotechnology Limited
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30 June 2026

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Avecho Biotechnology Limited
Corporate directory
30 June 2026

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

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Avecho Biotechnology Limited (referred to hereafter as the 'Company' or 'parent entity' or 'Avecho') and the entities it controlled at the end of, or during, the half-year period ended 30 June 2026 (the 'period').

Directors

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

Dr Greg Collier (Chairman)
Dr Ross Murdoch (Non-Executive Director)
Ms Kathy Connell (Non-Executive Director)
Mr Matthew McNamara (Non-Executive Director - resigned on 25 May 2026)

Company secretary

Ms Naomi Lawrie

On 1 May 2026, the Company announced the appointment of Ms. Naomi Lawrie as Company Secretary, effective 1 May 2026, to replace Ms. Melanie Leydin following team reassignments within Vistra (Australia) Pty Ltd, the Company's secretarial and corporate compliance services provider.

Ms. Naomi Lawrie is a corporate lawyer and company secretary with more than 20 years of experience, particularly with health and technology companies.

Principal activities and review of operations

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, which has been demonstrated to enhance CBD absorption. The capsule is currently undergoing Phase III clinical development for the treatment of insomnia. During the period, the final participant in the interim analysis cohort completed treatment. Following a review of the interim data, Avecho received a positive and unanimous recommendation from the independent Data Monitoring Board (DMB) to continue the pivotal Phase III insomnia trial through to the originally planned enrolment of 519 participants.

Importantly, the DMB recommended that the trial continue with its originally planned sample size, with no increase in participant numbers required. This outcome is consistent with the treatment effect and data variability assumptions underpinning the study design and provides further support for the robustness of the trial's statistical framework.

Avecho believes the product's favourable safety and tolerability profile is an important aspect of its potential commercial positioning, particularly when compared with existing prescription sleep medications that may be associated with next-day impairment and overdose risks.

Following the positive recommendation, Avecho is progressing plans to recruit the remaining participants through its existing clinical site network, supplemented by additional sites identified to accelerate enrolment. The Company intends to activate these sites as quickly as possible and leverage the recruitment strategies, patient management processes and operational enhancements developed during the initial phase of the study.

Once the additional sites are operational, Avecho expects recruitment of the remaining participants to be completed within approximately 12 months.

Dividends

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

Review of financial results

The loss for the Consolidated Entity for half-year period to 30 June 2026 amounted to $1,923,629 (30 June 2025: loss of $2,675,960).

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- Total revenue decreased by 89% to $59,602 for the period (half-year ended 30 June 2025: $560,069), reflecting the intermittent and variable nature of product sales to Ashland & Themis.
- Research and development tax incentive and other income increased by 74% to $1,375,397 (30 June 2025: $792,575), primarily due to the R&D tax incentives of $1,369,052 (30 June 2025: $747,785).
- Expenses from operations decreased by 13% to $3,343,105 for the period (half-year ended 30 June 2025: $3,863,436). The reduction was primarily driven by lower research and development expenditure, which decreased by 13% to $1,819,144 (30 June 2025: $2,096,814).

  Research and development activities during the period remained focused on the Company's pivotal Phase III clinical trial evaluating its oral cannabidiol (CBD) capsule for the treatment of insomnia. Expenditure was lower than the prior corresponding period as the trial progressed through the interim analysis phase, culminating in the completion of treatment by the final participant in the interim cohort. The reduction in costs reflects the timing and nature of clinical trial activities undertaken during the period as the Company achieved this key development milestone.

At 30 June 2026, the Consolidated Entity held $6,609,515 in cash and cash equivalents (31 December 2025: $4,663,491). The net assets[(i)] of the Consolidated Entity (excluding the upfront licensing fee received from Sandoz) increased by $347,597 to $6,740,009 as at 30 June 2026 (31 December 2025: $6,392,412). Working capital, being current assets less current liabilities, was a surplus of $6,643,605 as at 30 June 2026 (31 December 2025: $6,347,425).

The net operating cash outflow for the half-year period was $49,468 (30 June 2025: inflow $4,643,806).

(i) The reported net assets as per the statement of financial position at 30 June 2026 was $1,907,247, which was net of the upfront licensing fee of $4,832,762 received from Sandoz in a previous accounting period. The upfront licensing fee is non-refundable, and the Consolidated Entity will be recognising the amount as revenue in the statement of profit or loss and other comprehensive income when/as performance conditions are satisfied as per AASB 15 Revenue from Contracts with Customers. Until such time, the upfront licensing fee is classified as a contract liability as per the requirements of AASB 15 Revenue from Contracts with Customers. The upfront licensing fee received is not expected to result in transfer of an economic resources of the Consolidated Entity and has therefore been added back in the analysis of the net assets above.

Significant changes in the state of affairs

On 29 April 2026, the Company advised that its listed options trading under ASX code AVEOA, exercisable at $0.012 each, would expire on 10 May 2026.

A total of 2,167,130,063 AVEOA options were on issue on 29 April 2026. Of these, a total of:
- 156,984,578 AVEOA options were exercised, raising approximately $1.9 million in cash before costs; and
- The remaining 2,010,145,485 AVEOA options expired unexercised on 10 May 2026.

On 1 May 2026, the Company announced the appointment of Ms. Naomi Lawrie as Company Secretary, effective 1 May 2026, to replace Ms. Melanie Leydin following team reassignments within Vistra (Australia) Pty Ltd, the Company's secretarial and corporate compliance services provider.

On 22 May 2026, the Consolidated Entity received $1.98 million under the Australian Government's Research and Development (R&D) Tax Incentive Scheme in respect of eligible R&D expenditure incurred during the year ended 31 December 2025.

On 25 May 2026, the Company announced the resignation of Mr. Matthew McNamara as a Non-Executive Director. Following his cessation of office, 1,584,650 unlisted options lapsed in accordance with their terms and conditions.

On 1 June 2026, the Company issued 7,923,243 unlisted options to an employee of the Company. The options have an exercise price of $0.0066 and expire on 27 November 2028. The options were issued pursuant to the terms of the Company's employee incentive arrangements.

On 24 June 2026, the Company announced a positive outcome from the interim analysis of its Phase III clinical trial evaluating its TPM®-enhanced cannabidiol (CBD) capsule for insomnia. The independent Data Monitoring Board unanimously recommended that the trial continue to its planned enrolment of 519 participants, confirming that the pre-specified interim analysis criteria had been met. The outcome represents a significant milestone for the program, reducing development risk and supporting the Company's ongoing regulatory and commercialisation activities.

During June 2026, the Company issued 33,277,616 fully paid ordinary shares following the exercise of employee and director options.

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

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Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2026 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.

Rounding of amounts

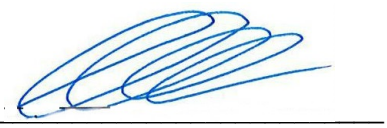
Avecho Biotechnology Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 and therefore the amounts contained in this report and in the financial statements have been rounded to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Dr Gregory Collier
Chairman

25 August 2026

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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 review of Avecho Biotechnology Limited for the half-year ended 30 June 2026. I declare that, to the best of my knowledge and belief, there have been:

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

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



J D Vasiliou
Partner – Audit & Assurance

Melbounre, 25 August 2026

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Avecho Biotechnology Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2026

	Note	Consolidated 30 June 2026 $	Consolidated 30 June 2025 $
Revenue from contracts with customers	4	59,602	560,069
Cost of sales		(15,523)	(165,168)
Gross profit		44,079	394,901
Research and development tax incentive and other income	5	1,375,397	792,575
Research and development expenses	6	(1,819,144)	(2,096,814)
Administration and corporate expenses	7	(1,474,789)	(1,698,013)
Finance costs		(49,172)	(68,609)
Loss before income tax expense		(1,923,629)	(2,675,960)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of Avecho Biotechnology Limited		(1,923,629)	(2,675,960)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of Avecho Biotechnology Limited		(1,923,629)	(2,675,960)
		Cents	**Cents**
Basic loss per share	12	(0.05)	(0.08)
Diluted loss per share	12	(0.05)	(0.08)

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

Avecho Biotechnology Limited
Consolidated statement of financial position
As at 30 June 2026

	Note	Consolidated 30 June 2026 $	Consolidated 31 December 2025 $
Assets			
Current assets			
Cash and cash equivalents		6,609,515	4,663,491
Trade and other receivables		1,459,037	2,204,549
Inventories		16,706	8,066
Other assets (prepaid assets)		74,580	180,522
Total current assets		8,159,838	7,056,628
Non-current assets			
Plant and equipment		8,975	20,746
Right-of-use assets		225,135	12,949
Other assets (term deposit)		15,730	15,730
Total non-current assets		249,840	49,425
Total assets		8,409,678	7,106,053
Liabilities			
Current liabilities			
Trade and other payables		931,688	198,289
Lease liabilities		80,279	14,473
Provisions		504,266	496,441
Total current liabilities		1,516,233	709,203
Non-current liabilities			
Contract liabilities	8	4,832,762	4,832,762
Lease liabilities		147,266	-
Provisions		6,170	4,438
Total non-current liabilities		4,986,198	4,837,200
Total liabilities		6,502,431	5,546,403
Net assets		1,907,247	1,559,650
Equity			
Issued capital	9	249,171,740	246,901,334
Reserves		28,467,510	28,466,690
Accumulated losses		(275,732,003)	(273,808,374)
Total equity		1,907,247	1,559,650

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

Avecho Biotechnology Limited
Consolidated statement of changes in equity
For the period ended 30 June 2026

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2025	244,605,505	28,055,984	(269,391,751)	3,269,738
Loss after income tax expense for the period	-	-	(2,675,960)	(2,675,960)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(2,675,960)	(2,675,960)
Transactions with owners in their capacity as owners:				
Share-based payments (note 13)	-	231,382	-	231,382
Issue of share capital	25,000	(25,000)	-	-
Balance at 30 June 2025	244,630,505	28,262,366	(272,067,711)	825,160

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2026	246,901,334	28,466,690	(273,808,374)	1,559,650
Loss after income tax expense for the period	-	-	(1,923,629)	(1,923,629)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,923,629)	(1,923,629)
Transactions with owners in their capacity as owners:				
Share-based payments (note 13)	-	188,629	-	188,629
Exercise of options (note 9)	2,291,406	(187,809)	-	2,103,597
Option exercise transaction costs	(21,000)	-	-	(21,000)
Balance at 30 June 2026	249,171,740	28,467,510	(275,732,003)	1,907,247

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

Avecho Biotechnology Limited
Consolidated statement of cash flows
For the period ended 30 June 2026

	Note	Consolidated 30 June 2026 $	Consolidated 30 June 2025 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		207,392	1,295,073
Upfront licensing fee from Sandoz	8	-	4,832,762
Receipts from R&D tax incentive and Export Market Development Grants		1,979,976	1,695,102
Payments to suppliers and employees (inclusive of GST)		(2,239,681)	(3,182,826)
Interest received		6,345	5,877
Finance costs paid		(3,500)	(2,182)
Net cash (used in)/from operating activities		(49,468)	4,643,806
Cash flows from investing activities			
Payments for property, plant and equipment		(2,000)	-
Net cash used in investing activities		(2,000)	-
Cash flows from financing activities			
Principal element of lease payments		(40,210)	(41,102)
Proceeds from exercise of options		2,103,597	-
Transaction costs related to exercise of options		(21,000)	-
R&D incentive loan received		1,579,000	-
R&D incentive loan repayment (including interest and fees)		(1,623,895)	(1,043,218)
Net cash from/(used in) financing activities		1,997,492	(1,084,320)
Net increase in cash and cash equivalents		1,946,024	3,559,486
Cash and cash equivalents at the beginning of the financial period		4,663,491	2,374,534
Cash and cash equivalents at the end of the financial period		6,609,515	5,934,020

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

Note 1. General information

The financial statements cover Avecho Biotechnology Limited as a consolidated entity consisting of Avecho Biotechnology Limited and the entities it controlled at the end of, or during, the half-year period to 30 June 2026 (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 25 August 2026.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2026 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2025 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Historical cost convention
The financial statements have been prepared under the historical cost convention.

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.

Going concern
The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity made a net loss of $1,923,629 for the half-year ended 30 June 2026 (30 June 2025: $2,675,960 loss). The continuing viability of the Consolidated Entity and its ability to continue as a going concern is dependent upon the successful progression and completion of its Phase III clinical development program for its proprietary CBD TPM® soft-gel capsule for insomnia, together with the Consolidated Entity's ability to access additional sources of funding as required to meet its operational and development commitments within one year from the date of signing the financial statements.

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.

Notwithstanding the above, the Directors determined that the use of the going concern basis of accounting is appropriate in preparing the financial statements. 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. These includes the following features:

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Note 2. Material accounting policy information (continued)

- The Consolidated Entity has prepared detailed cash flow forecasts and the Directors believe that they will have sufficient cash to fund the research and development and operations for the 12 months from signing the financial report;
- The Consolidated Entity had a working capital, being current assets less current liabilities, surplus as at 30 June 2026 of $6,643,605 (31 December 2025: $6,347,425), including cash and cash equivalents as at 30 June 2026 of $6,609,515 (31 December 2025: $4,663,491);
- The Consolidated Entity's cost base comprises a high proportion of discretionary expenditure. Accordingly, in the event of cash flow constraints, management has the ability to rapidly reduce costs to ensure the consolidated entity operates within its available funding;
- The Consolidated Entity has minimal contractual expenditure commitments, and the Board considers the present funds sufficient to maintain the working capital of the consolidated entity for a period of at least 12 months from the date of signing of this report;
- The Consolidated Entity has the ability to raise additional working capital through the issue of equity, as needed, and has a successful history in raising funds and has previously been well supported by its major shareholders;
- 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; and
  - Selling TPM® and Vital ET® products to Ashland and Themis.

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 half-year, the Consolidated Entity will be able to continue as a going concern.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of the business, and at amounts that differ from those stated in the consolidated financial statements. The consolidated financial statements does 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 necessarily incurred should the Consolidated Entity not continue as a going concern.

New Accounting Standards and Interpretations adopted
The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the half-year reporting period ended 30 June 2026. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

AASB18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027. The standard replaces *AASB 101 Presentation of Financial Statements*, with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 January 2027. As at reporting date, the Group has not completed an assessment on the impact of the standard.

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Note 2. Material accounting policy information (continued)

AASB 2024-2 Amendments to Australian Accounting Standards - Classification and measurement of financial instruments
Amends AASB 9 *Financial instruments* to introduce an option to derecognise financial liabilities settled through electronic transfer before the settlement date, clarifies how contractual cash flows should be assessed for financial assets with environmental, social and governance (ESG) and similar features, includes additional guidance in respect of non-recourse features and contractually linked instruments and amends specific disclosure requirements. The Group is currently evaluating the expected impact of these amendments on the consolidated financial statements. The amendments are applicable to annual reporting periods beginning on or after 1 January 2026. As at reporting date, the Group has not completed an assessment on the impact of the standard.

Note 3. Operating segments

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

Production
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.

Operating segment information

Consolidated - 30 June 2026	Production $	Human Health $	Corporate $	Total $
Sales to external customers	59,602	-	-	59,602
Cost of sales	(15,523)	-	-	(15,523)
Research and development tax incentive and other income	-	1,369,052	-	1,369,052
Research expenses	-	(1,494,448)	-	(1,494,448)
Employee and directors benefits expenses	(16,743)	(324,696)	(670,595)	(1,012,034)
Other operating expenses from continuing operations	(82,246)	-	(699,510)	(781,756)
Interest income	-	-	6,345	6,345
Depreciation and amortisation	-	-	(54,867)	(54,867)
Loss before income tax expense	(54,910)	(450,092)	(1,418,627)	(1,923,629)
Income tax expense				-
Loss after income tax expense				(1,923,629)
Assets				
Segment assets	1,850,841	1,371,830	5,187,007	8,409,678
Total assets				8,409,678
Liabilities				
Segment liabilities	4,841,173	716,550	944,708	6,502,431
Total liabilities				6,502,431

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Note 3. Operating segments (continued)

Consolidated - 30 June 2025	Production $	Human Health $	Corporate $	Total $
Sales to external customers	560,069	-	-	560,069
Cost of sales	(165,168)	-	-	(165,168)
Research and development tax incentive and other income	38,913	747,785	-	786,698
Research expenses	-	(1,716,426)	-	(1,716,426)
Employee and directors benefits expenses	(284,071)	(436,480)	(384,718)	(1,105,269)
Other operating expenses from continuing operations	(88,472)	-	(884,841)	(973,313)
Interest income	-	-	5,877	5,877
Depreciation and amortisation	-	-	(68,428)	(68,428)
Profit/(loss) before income tax expense	61,271	(1,405,121)	(1,332,110)	(2,675,960)
Income tax expense				-
Loss after income tax expense				(2,675,960)
Consolidated - 31 December 2025				
Assets				
Segment assets	1,912,017	1,982,754	3,211,282	7,106,053
Total assets				7,106,053
Liabilities				
Segment liabilities [(i)]	57,502	4,964,201	524,700	5,546,403
Total liabilities				5,546,403

Understanding segment results

Revenues from sales to external customers comprise the sale of TPM® and Vital ET® products on a wholesale basis, as well as royalties and licence income. Revenues of $59,602 were derived from two external customers (30 June 2025: $560,069). These revenues are attributed to the Production segment.

(i) The reported liabilities include the upfront licensing fee of $4,832,762 received from Sandoz during the half-year ended 30 June 2025. The upfront licensing fee is non-refundable and will be recognised as revenue in the statement of profit or loss and other comprehensive income when, or as, the relevant performance obligations are satisfied in accordance with *AASB 15 Revenue from Contracts with Customers*. Until such time, the upfront licensing fee is classified as a contract liability as per the requirements of *AASB 15 Revenue from Contracts with Customers*

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	
	30 June 2026 $	30 June 2025 $	30 June 2026 $	31 December 2025 $
Australia	-	117,807	249,840	49,425
Switzerland	16,602	442,262	-	-
Americas	-	-	-	-
India	43,000	-	-	-
France	-	-	-	-
	59,602	560,069	249,840	49,425

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Note 3. Operating segments (continued)

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

Note 4. Revenue from contracts with customers

	Consolidated	
	30 June 2026	30 June 2025
	$	$
Sale of goods and services transferred at a point in time	59,602	560,069

Note 5. Research and development tax incentive and other income

	Consolidated	
	30 June 2026	30 June 2025
	$	$
Research and development tax incentive	1,369,052	747,785
Export Market Development Grants (EMDG)	-	36,600
Other income	-	2,313
Interest income	6,345	5,877
	1,375,397	792,575

Note 6. Research and development expenses

	Consolidated	
	30 June 2026	30 June 2025
	$	$
Consultancy and laboratory consumables	2,606	31,925
Clinical development expenses	1,491,842	1,684,501
Employment expenses associated with research and development	324,696	380,388
	1,819,144	2,096,814

Note 7. Administration and corporate expenses

	Consolidated	
	30 June 2026	30 June 2025
	$	$
Director fees	129,485	134,071
Share based payments expenses	188,629	231,382
Salaries and other employee expenses (non - R&D)	369,223	359,428
Insurance expenses	93,293	174,362
Shareholder and listing expenses	143,698	104,516
Patent portfolio expenses	33,670	65,776
Occupancy expenses	30,273	25,194
Professional and consultancy fees	164,131	158,705
Depreciation of right-of-use assets and plant and equipment	54,867	68,428
Other sundry expenses	47,989	50,568
Investor relations	71,511	24,234
Travel expenses	35,600	20,503
Foreign exchange loss	112,420	280,846
	1,474,789	1,698,013

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Note 8. Contract liabilities

	Consolidated	
	30 June 2026 $	31 December 2025 $
Non-current liabilities		
Contract liabilities(i)	4,832,762	4,832,762
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial period are set out below:		
Opening balance	4,832,762	-
Payments received in advance during the period	-	4,832,762
Closing balance	4,832,762	4,832,762

(i) On 3 March 2025 Avecho announced it has signed an exclusive ten-year development and licensing agreement with Sandoz Group AG for the commercial rights to Avecho's Phase III cannabidiol capsule for insomnia in Australia. Avecho retains the rights to commercialise the product in all other territories, with Sandoz granted a first right of refusal for these markets. In consideration of the rights granted, Sandoz paid an upfront licensing fee of US$3M (approx. A$4.8M), which has been recognised as contract liability in these financial statements. Avecho will recognise the revenue on satisfaction of the entity's performance obligations under the development and licensing agreement.

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $4,832,762 as at 30 June 2026 ($4,832,762 as at 31 December 2025) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	30 June 2026 $	31 December 2025 $
Within 1 year	-	-
More than 1 year	4,832,762	4,832,762
	4,832,762	4,832,762

Note 9. Issued capital

	Consolidated			
	30 June 2026 Shares	31 December 2025 Shares	30 June 2026 $	31 December 2025 $
Ordinary shares - fully paid	3,863,725,873	3,673,463,679	249,171,740	246,901,334

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Note 9. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Opening balance	1 January 2026	3,673,463,679		246,901,334
Share issued on exercise of listed options	4 May 2026	1,807,146	$0.012	21,686
Share issued on exercise of listed options	6 May 2026	5,193,571	$0.012	62,323
Share issued on exercise of listed options	8 May 2026	3,316,013	$0.012	39,792
Share issued on exercise of listed options	12 May 2026	146,667,848	$0.012	1,760,164
Shares issued on exercise of employee options	24 June 2026	3,961,621	$0.006	26,147
Shares issued on exercise of employee & director options	26 June 2026	21,392,753	$0.006	141,192
Shares issued on exercise of employee options	29 June 2026	7,923,242	$0.006	52,293
Transfer from options reserve upon exercise of options				187,809
Option exercise transaction costs				(21,000)
Closing balance	30 June 2026	3,863,725,873		249,171,740

On 29 April 2026, the Company advised that its listed options trading under ASX code AVEOA, exercisable at $0.012 each, would expire on 10 May 2026.

A total of 2,167,130,063 AVEOA options were on issue on 29 April 2026. Of these, a total of:

- 156,984,578 AVEOA options were exercised, raising approximately $1.9 million in cash before costs; and
- The remaining 2,010,145,485 AVEOA options expired unexercised on 10 May 2026

Note 10. Contingent asset and liabilities

The Consolidated Entity provided a bank guarantee, secured by a NAB term deposit of $15,730 (31 December 2025: $15,730) as security for the corporate credit card facility and lease at its principal place of business.

The Directors are not aware of any other material contingent assets or contingent liabilities as at 30 June 2026 (31 December 2025: Nil).

Note 11. Events after the reporting period

No matter or circumstance has arisen since 30 June 2026 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 12. Loss per share

	Consolidated	
	30 June 2026 $	30 June 2025 $
Loss after income tax attributable to the owners of Avecho Biotechnology Limited	(1,923,629)	(2,675,960)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	3,717,986,625	3,171,069,573
Adjustments for calculation of diluted earnings per share:		
Weighted average number of ordinary shares used in calculating diluted loss per share	3,717,986,625	3,171,069,573

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Note 12. Loss per share (continued)

	Cents	Cents
Basic loss per share	(0.05)	(0.08)
Diluted loss per share	(0.05)	(0.08)

There are share options, which are excluded from the calculation of 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.

Note 13. 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). Options granted carry no dividend or voting rights and contain a service condition that the employee/director remain an employee/director at the prescribed vesting date.

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.

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

30 June 2026

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted *	Exercised	Lapsed **	Balance at the end of the period
26/04/2024	26/10/2027	$0.006	3,993,644	-	-	-	3,993,644
27/05/2025	27/11/2028	$0.007	142,618,373	-	(29,315,995)	(1,584,650)	111,717,728
14/05/2026	27/11/2028	$0.007	-	7,923,243	(3,961,621)	-	3,961,622
			146,612,017	7,923,243	(33,277,616)	(1,584,650)	119,672,994
Weighted average exercise price			$0.007	$0.007	$0.007	$0.007	$0.007

31 December 2025

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/forfeited/other	Balance at the end of the period
26/04/2024	26/10/2027	$0.006	3,993,644	-	-	-	3,993,644
27/05/2025	27/11/2028	$0.007	-	142,618,373	-	-	142,618,373
			3,993,644	142,618,373	-	-	146,612,017
Weighted average exercise price			$0.006	$0.007	$0.000	$0.000	$0.007

* On 1 June 2026, the Company issued 7,923,243 unlisted options to an employee of the Company. The options have an exercise price of $0.0066 and expire on 27 November 2028, subject to vesting conditions.

** On 25 May 2026, the Company announced that Mr. Matthew McNamara had resigned from his position as a Non-Executive Director. Following his cessation of office during the period, 1,584,650 unlisted options lapsed as the service conditions weren't met.

The Consolidated Entity valued the options using a Black-Scholes option pricing model, with the following inputs used to determine the fair value for options granted during the current period:

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Note 13. Share-based payments (continued)

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value per option at grant date
14/05/2026	27/11/2028	$0.014	$0.007	142.67%	-	4.678%	$0.011

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

	Consolidated	
	30 June 2026	**30 June 2025**
	$	**$**
Issue of shares as part of short-term incentive	-	25,000
Unlisted options to Executives and employees	175,158	181,000
Unlisted options to Directors	13,471	25,382
	188,629	231,382

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Avecho Biotechnology Limited
Directors' declaration
30 June 2026

In the directors' opinion:

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

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2026 and of its performance for the half-year financial period ended on that date; and

- there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Dr Gregory Collier
Chairman

25 August 2026

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Independent Auditor's Review Report

To the Members of Avecho Biotechnology Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Avecho Biotechnology Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, including material accounting policy information, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Avecho Biotechnology Limited does not comply with the *Corporations Act 2001* including:

a giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $1,923,629 during the half-year ended 30 June 2026. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2026 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



J D Vasiliou
Partner – Audit & Assurance

Melbourne, 25 August 2026

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