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 2025
Previous period:	For the period ended 30 June 2024

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	79.4%	to	560,069
Loss from ordinary activities after tax attributable to the owners of Avecho Biotechnology Limited	up	23.0%	to	(2,675,960)
Loss for the period attributable to the owners of Avecho Biotechnology Limited	up	23.0%	to	(2,675,960)

The loss for the Consolidated Entity after providing for income tax amounted to $2,675,960 (30 June 2024: $2,175,251).

Comments

Total revenue increased by 79.4% for the period to $560,069 (Half-year to 30 June 2024: $312,187).

Research and development tax incentive and other income increased by 9.3% to $792,575 (Half-year to 30 June 2024: $725,182), primarily due to the R&D tax incentives of $747,785 (Half-year to 30 June 2024: $523,731) attributable to the Phase III Clinical Trial.

Expenses from continuing operations increased by 24.3% to $3,863,436 (Half-year to 30 June 2024: $3,107,629), largely due to higher research and development costs of $2,096,814 which were 7.8% higher (Half-year to 30 June 2024: $1,945,144). The research and development activities were mainly attributable to the Phase III Clinical Trial evaluating the efficacy of its oral cannabidiol capsule for the treatment of insomnia. Administrative expenses increased to $1,698,013 (Half-year to 30 June 2024: $1,156,895) primarily due to share based payment expenses and foreign exchange losses.

At 30 June 2025, the Consolidated Entity held $5,934,020 in cash and cash equivalents (31 December 2024: $2,374,534). The net assets[(i)] of the Consolidated Entity (excluding the upfront licensing fee received from Sandoz during the half-year to 30 June 2025) increased by $2,388,184 to $5,657,922 as at 30 June 2025 (31 December 2024: $3,269,738). Working capital, being current assets less current liabilities, was a surplus of $5,543,367 as at 30 June 2025 (31 December 2024: $3,099,882).

The net operating cash inflow for the half-year period was $4,532,100 (Half-year to 30 June 2024: outflow $628,245). This amount includes the $4,832,762 upfront licensing fee received from Sandoz during the half-year to 30 June 2025.

(i) The reported net assets as per the statement of financial position at 30 June 2025 was $825,160, which was net of the upfront licensing fee of $4,832,762 received from Sandoz during the half-year to 30 June 2025. 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 therefore this amount is added back in the analysis of the net assets above for comparative purposes to the net assets of the Consolidated Entity at the start of the half-year to 30 June 2025, being 31 December 2024.

3. Net tangible assets

	30 June 2025 Cents	31 December 2024 Cents
Net tangible assets per ordinary security	0.03	0.10

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit status

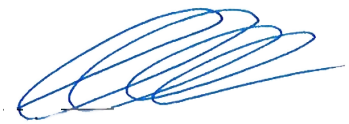
The financial statements were subject to a review by Grant Thornton Audit Pty Ltd and the review report is attached as part of the Half Year Report.

11. Attachments

Details of attachments (if any):

The Half Year Report of Avecho Biotechnology Limited for the period ended 30 June 2025 is attached.

12. Signed

Signed 

Date: 28 August 2025

Dr Gregory Collier
Chairman

Avecho Biotechnology Limited

ABN 32 056 482 403

Half Year Report - 30 June 2025

Avecho Biotechnology Limited
Contents
30 June 2025

Avecho Biotechnology Limited
Corporate directory
30 June 2025

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

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Avecho Biotechnology Limited (referred to hereafter as the 'Company' or 'parent entity' or 'Avecho') and the entities it controlled at the end of, or during, the half-year period ended 30 June 2025 (the 'period').

Directors

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

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

Principal activities

Avecho 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 period.

Review of operations

The loss for the Consolidated Entity after providing for income tax for the half-year to 30 June 2025 amounted to $2,675,960 (Half-year to 30 June 2024: $2,175,251).

Licensing agreement

In March 2025, Avecho entered into a licensing agreement with Sandoz AG (Sandoz) for the exclusive commercialisation rights of its TPM®-enhanced CBD product in Australia. Sandoz is a global leader in generic pharmaceutical and biosimilar medicines that provides over 800 million patient treatments annually around the world. Avecho and Sandoz met in April 2025 to commence planning the path toward TGA registration and commercialization, with an initial focus on increasing the rate of recruitment on the Phase III clinical trial. Several initiatives are now underway which have accelerated recruitment as the trial proceeds towards an interim analysis. The interim readout, targeted for early 2026, will be a key milestone in Avecho's commercial strategy**.**

Phase III Clinical Trial Activities

During the 2024 financial year, the Company achieved a major milestone, commencing dosing on its pivotal Phase III Clinical Trial ("the Trial") for its proprietary TPM®-enhanced CBD soft-gel capsule targeting insomnia.

The Trial is a multi-centre, randomised, double-blind, placebo-controlled study assessing nightly doses of 75 mg and 150 mg of CBD against placebo over an eight-week period. Primary endpoints assess validated measures of sleep quality and duration.

Approximately 70 participants had been dosed with study medication by the end of December 2024. Following a seasonal recruitment pause, participant enrolment resumed in March 2025. Three new trial sites commenced operations during the period – two in Sydney and one on the Gold Coast – contributing to an accelerated pace of recruitment. As announced on 29 July 2025, a total of 131 patients have received study medication, with a target of 210 required to complete the planned interim analysis.

The Company anticipates completing enrolment for the interim analysis cohort in the second half of calendar year 2025, with interim results expected in early 2026. Avecho continues to work closely with Sandoz on planning and execution activities to ensure timely trial delivery and regulatory readiness.

Licensing expansion
Following the successful licensing of Australian rights to Sandoz, Avecho has broadened its business development efforts to target additional international markets. During the second quarter, CEO Dr Paul Gavin attended the BIO International Convention in the United States and conducted follow-up meetings across Europe to engage with a range of potential commercial partners. Licensing discussions remain active across multiple jurisdictions as the Company seeks to secure further agreements beyond Australia.

Corporate update
In May 2025, the Company received R&D Grants of $1,695,102 for the year ended 30 December 2024 under the Australian Government's R&D Tax Incentive Scheme. The Company repaid $931,512 R&D advances provided by Endpoints Capital. The loan arrangement enabled the Company to access anticipated R&D tax refunds earlier during the 2024 financial year, allowing timely reinvestment into the Phase III program.

Review of financial results

The loss for the Consolidated Entity after providing for income tax for half-year period to 30 June 2025 amounted to $2,675,960 (Half-year to 30 June 2024: loss of $2,175,251).

- Total revenue increased by 79.4% for the period to $560,069 (Half-year to 30 June 2024: $312,187)
- Research and development tax incentive and other income increased by 9.3% to $792,575 (Half-year to 30 June 2024: $725,182), primarily due to the R&D tax incentives of $747,785 (Half-year to 30 June 2024: $523,731).
- Expenses from continuing operations increased by 24.3% to $3,863,436 (Half-year to 30 June 2024: $3,107,629), largely due to higher administrative expenses of $1,698,013 (Half-year to 30 June 2024: $1,156,895). Research and development costs of $2,096,814 were 7.8% higher (Half-year to 30 June 2024: $1,945,144). The research and development activities were mainly attributable to the Phase III Clinical Trial evaluating the efficacy of its oral cannabidiol capsule for the treatment of insomnia.

At 30 June 2025, the Consolidated Entity held $5,934,020 in cash and cash equivalents (31 December 2024: $2,374,534). The net assets[(i)] of the Consolidated Entity (excluding the upfront licensing fee received from Sandoz during the half-year to 30 June 2025) increased by $2,388,184 to $5,657,922 as at 30 June 2025 (31 December 2024: $3,269,738). Working capital, being current assets less current liabilities, was a surplus of $5,543,367 as at 30 June 2025 (31 December 2024: $3,099,882).

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Significant changes in the state of affairs

On 3 March 2025, Avecho 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. 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. On 28 March 2025, the Company announced the receipt of the US$3M (~A$4.79M) from Sandoz AG.

On 16 April 2025, the Company issued 4,166,666 fully paid ordinary shares at an issue price of $0.006 (0.60 cents) per share to employees under the Company's Equity Incentive Plan.

On 27 May 2025, the Company issued 142,618,373 Options to directors and employees at an exercise price of $0.0066 (0.66 cents), expiring on 27 November 2028, subject to various vesting conditions.

On 28 May 2025, the Consolidated Entity received R&D Grants of $1.7m for the year ended 31 December 2024 under the Australian Government's R&D Tax Incentive Scheme.

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

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2025 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

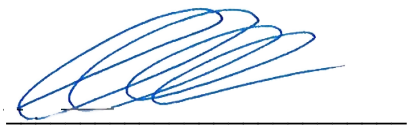
The Consolidated Entity is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, 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

28 August 2025

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

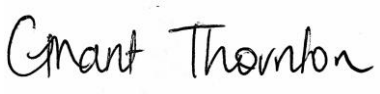
Auditor's Independence Declaration

To the Directors of Avecho Biotechnology Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Avecho Biotechnology Limited for the half-year ended 30 June 2025. I declare that, to the best of my knowledge and belief, there have been:

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

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



Grant Thornton Audit Pty Ltd
Chartered Accountants

J D Vasiliou
Partner – Audit & Assurance

Melbourne, 28 August 2025

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Avecho Biotechnology Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 June 2025

	Note	Consolidated Half-year to 30 June 2025 $	Consolidated Half-year to 30 June 2024 $
Revenue from contracts with customers	4	560,069	312,187
Cost of sales		(165,168)	(104,991)
Gross profit		394,901	207,196
Research and development tax incentive and other income	5	792,575	725,182
Research and development expenses	6	(2,096,814)	(1,945,144)
Administration and corporate expenses	7	(1,698,013)	(1,156,895)
Finance costs		(68,609)	(5,590)
Loss before income tax expense		(2,675,960)	(2,175,251)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of Avecho Biotechnology Limited		(2,675,960)	(2,175,251)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of Avecho Biotechnology Limited		(2,675,960)	(2,175,251)
		Cents	**Cents**
Basic loss per share	13	(0.08)	(0.07)
Diluted loss per share	13	(0.08)	(0.07)

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 2025

	Note	Consolidated 30 June 2025 $	Consolidated 31 December 2024 $
Assets			
Current assets			
Cash and cash equivalents		5,934,020	2,374,534
Trade and other receivables		895,311	2,246,461
Inventories		137,508	137,459
Other current assets		107,286	51,823
Total current assets		7,074,125	4,810,277
Non-current assets			
Plant and equipment		50,551	80,133
Right-of-use assets		51,805	90,651
Other current assets		15,730	15,730
Total non-current assets		118,086	186,514
Total assets		7,192,211	4,996,791
Liabilities			
Current liabilities			
Trade and other payables		660,980	212,885
Contract liabilities	8	295,051	-
Borrowings	9	-	978,443
Lease liabilities		57,123	83,753
Provisions		517,604	435,314
Total current liabilities		1,530,758	1,710,395
Non-current liabilities			
Contract liabilities	8	4,832,762	-
Lease liabilities		-	14,472
Provisions		3,531	2,186
Total non-current liabilities		4,836,293	16,658
Total liabilities		6,367,051	1,727,053
Net assets		825,160	3,269,738
Equity			
Issued capital	10	244,630,505	244,605,505
Reserves		28,262,366	28,055,984
Accumulated losses		(272,067,711)	(269,391,751)
Total equity		825,160	3,269,738

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 2025

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

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	-	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

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 2025

	Note	Consolidated Half-year to 30 June 2025 $	Consolidated Half-year to 30 June 2024 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,295,073	398,326
Upfront licensing fee from Sandoz	8	4,832,762	-
Receipts from R&D tax incentive and Export Market Development Grants		1,695,102	1,066,298
Payments to suppliers and employees (inclusive of GST)		(3,182,826)	(2,130,846)
Interest received		5,877	42,262
Finance costs paid		(2,182)	(4,285)
Interest paid on R&D incentive loan		(111,706)	-
Net cash from/(used in) operating activities		4,532,100	(628,245)
Cash flows from financing activities			
Principal and interest element of lease payments		(41,102)	(37,741)
Repayment of principal borrowings	9	(931,512)	-
Net cash used in financing activities		(972,614)	(37,741)
Net increase/(decrease) in cash and cash equivalents		3,559,486	(665,986)
Cash and cash equivalents at the beginning of the financial period		2,374,534	5,504,396
Cash and cash equivalents at the end of the financial period		5,934,020	4,838,410

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 2025 (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 28 August 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2025 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 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Going concern
The 2025 half-year report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realization of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity incurred a loss after tax of $2,675,960 during the Half-year period to 30 June 2025. 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 30 June 2025, the working capital position, being current assets less current liabilities, of the Consolidated Entity was a surplus of $ 5,543,367 including cash and cash equivalents of $5,934,020;
- The Consolidated Entity has the ability to raise additional working capital through the issue of equity, as needed, and has a successful history in raising funds and is well supported by its major shareholders;
- On 3 March 2025, the Company announced that it had signed a licensing and development agreement with Sandoz. Under the terms of the agreement, Sandoz paid 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; and
- The Consolidated Entity has a successful history of;
  - Being eligible for Research and Development (R&D) tax incentives and various other government grants;
  - Licensing existing patented products; and
  - Selling TPM® and Vital ET® products to Ashland and Themis.

Note 2. Material accounting policy information (continued)

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

New Accounting Standards and Interpretations adopted
The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, which had no impact on the half-year financial report.

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

Note 3. Operating segments

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

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

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

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

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

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

Note 3. Operating segments (continued)

Operating segment information

Consolidated - Half-year to 30 June 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)
Assets				
Segment assets	1,704,987	734,655	4,752,569	7,192,211
Total assets				7,192,211
Liabilities				
Segment liabilities	295,054	5,372,456	699,541	6,367,051
Total liabilities				6,367,051

Consolidated - Half-year to 30 June 2024	Production $	Human Health $	Corporate $	Total $
Sales to external customers	312,187	-	-	312,187
Cost of sales	(104,991)	-	-	(104,991)
Research and development tax incentive and other income	159,189	523,731	-	682,920
Research expenses	-	(1,601,287)	-	(1,601,287)
Employee and directors benefits expenses	(38,207)	(378,197)	(262,428)	(678,832)
Other operating expenses from continuing operations	(106,497)	-	(646,299)	(752,796)
Interest income	-	-	42,262	42,262
Depreciation and amortisation	-	-	(74,714)	(74,714)
Profit/(loss) before income tax expense	221,681	(1,455,753)	(941,179)	(2,175,251)
Income tax expense				-
Loss after income tax expense				(2,175,251)
Consolidated - 31 December 2024				
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

Understanding segment results

Revenues from external customers comes from the sale of TPM® and Vital ET® products on a wholesale basis as well as royalties and licences. Revenues of approximately $560,069 was derived from a single external customer group (Half-year to 30 June 2024: $286,844). These revenues are attributed to the Production segment.

Note 3. Operating segments (continued)

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

Geographical information

	Sales, Licences and Royalties		Geographical non-current assets	
	Half-year to 30 June 2025 $	Half-year to 30 June 2024 $	30 June 2025 $	31 December 2024 $
Australia	117,807	14,892	118,086	186,514
Switzerland	442,262	271,952	-	-
India	-	25,343	-	-
	560,069	312,187	118,086	186,514

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

Note 4. Revenue from contracts with customers

	Consolidated	
	Half-year to 30 June 2025 $	Half-year to 30 June 2024 $
Sale of goods and services transferred at a point in time	560,069	312,187

Note 5. Research and development tax incentive and other income

	Consolidated	
	Half-year to 30 June 2025 $	Half-year to 30 June 2024 $
Research and development tax incentive	747,785	523,731
Export Market Development Grants (EMDG)	36,600	-
Project income*	-	158,376
Other	2,313	813
Interest income	5,877	42,262
	792,575	725,182

* Represents the amounts received for provision of R&D project management services for a customer. The agreement was terminated during FY24.

Note 6. Research and development expenses

	Consolidated	
	Half-year to 30 June 2025 $	Half-year to 30 June 2024 $
Consultancy and laboratory consumables	31,925	30,659
Clinical development expenses	1,684,501	1,570,628
Employment expenses associated with research and development	380,388	343,857
	2,096,814	1,945,144

Note 7. Administration and corporate expenses

	Consolidated	
	Half-year to 30 June 2025 $	Half-year to 30 June 2024 $
Director fees	134,071	115,178
Share based payments expenses	231,382	14,017
Salaries and other employee expenses (non - R&D)	359,428	205,780
Insurance expenses	174,362	171,815
Shareholder and listing expenses	104,516	95,766
Patent portfolio expenses	65,776	128,142
Occupancy expenses	25,194	31,602
Professional and consultancy fees	158,705	167,684
Depreciation of right-of-use assets and plant and equipment	68,428	74,714
Other sundry expenses	50,568	18,563
Investor relations	24,234	115,025
Travel expenses	20,503	7,809
Foreign exchange loss	280,846	10,800
	1,698,013	1,156,895

Note 8. Contract liabilities

	Consolidated	
	30 June 2025 $	31 December 2024 $
Current liabilities		
Contract liabilities	295,051	-
Non-current liabilities		
Contract liabilities(i)	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	-	-
Payments received in advance during the period	5,127,813	-
Closing balance	5,127,813	-

Note 8. Contract liabilities (continued)

(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 $5,127,813 as at 30 June 2025 ($nil as at 31 December 2024) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	30 June 2025 $	31 December 2024 $
Within 6 months	295,051	-
6 to 12 months	-	-
12 to 24 months	-	-
More than 24 months	4,832,762	-
	5,127,813	-

Note 9. Borrowings

	Consolidated	
	30 June 2025 $	31 December 2024 $
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. The facility was secured against the Company's 2024 R&D tax incentive. Repayment of the amounts advanced from Endpoints Capital coincides with receipt of R&D tax incentives and incurred interest expenses of $111,706 at 15.8% per annum. The loan was fully repaid during the period upon receipt of the 2024 R&D tax incentive.

Note 10. Issued capital

	Consolidated			
	30 June 2025 Shares	31 December 2024 Shares	30 June 2025 $	31 December 2024 $
Ordinary shares - fully paid	3,173,463,679	3,169,297,013	244,630,505	244,605,505

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2025	3,169,297,013		244,605,505
Issue of shares to employees	16 April 2025	4,166,666	$0.006	25,000
Balance	30 June 2025	3,173,463,679		244,630,505

Note 10. Issued capital (continued)

(i) The shares issued to employees in respect of Short-Term Incentives issued under the Company's Equity Incentive Plan Rules.

Note 11. Contingent asset and liabilities

The Consolidated Entity provided bank guarantees in the form of term deposits totalling $15,730 (31 December 2024: $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 2025 (31 December 2024: Nil).

Note 12. Events after the reporting period

No matter or circumstance has arisen since 30 June 2025 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 13. Loss per share

	Consolidated	
	Half-year to 30 June 2025 $	Half-year to 30 June 2024 $
Loss after income tax attributable to the owners of Avecho Biotechnology Limited	(2,675,960)	(2,175,251)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	3,171,069,573	3,169,297,013
Weighted average number of ordinary shares used in calculating diluted loss per share	3,171,069,573	3,169,297,013
	Cents	**Cents**
Basic loss per share	(0.08)	(0.07)
Diluted loss per share	(0.08)	(0.07)

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

Avecho Biotechnology Limited
Directors' declaration
30 June 2025

In the directors' opinion:

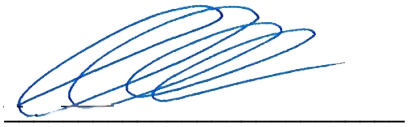
- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2025 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

28 August 2025

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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 2025, 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 2025 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.

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Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $2,675,960 during the half-year ended 30 June 2025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 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, 28 August 2025