



ASX Announcement

30 July 2024

Avecho Quarterly Activities Report and Appendix 4C

Melbourne, Australia, 30 July 2024: Avecho Biotechnology Limited (ASX: AVE) ("Avecho" or the "Company") is pleased to release its Quarterly Activities Report and Appendix 4C for the quarter ended 30 June 2024.

During the quarter, 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. Further updates on the study are outlined below.

PHASE III STUDY BEGINS DOSING PATIENTS

In March 2024, the Company commenced patient recruitment for its Phase III Clinical Trial testing its oral cannabidiol TPM®-enhanced soft-gel capsule for insomnia.

The Trial is now actively recruiting patients across sites located in Melbourne, Sydney, Central Coast, Brisbane, and Perth. The treatment groups will compare nightly cannabidiol doses of 75 and 150mg cannabidiol against a placebo over an 8-week dosing period for their ability to improve insomnia.

The Trial sites were opened in stages, with the first site opened in Perth at the start of May 2024 and the final site opened in Central Coast NSW mid-July 2024. The Trial will now run at maximal capacity, dosing patients in all four states.

In May 2024, the Company dosed its first patient in Perth. Currently, there are 19 patients on study medication with a further 49 being referred to sites to confirm eligibility. Avecho has set rigorous inclusion and exclusion criteria for participation to enhance the chances of success in the trial and the ability to secure a subsequent regulatory approval.

Avecho's Trial is recruiting 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.

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

Avecho CEO, Dr Paul Gavin, said: *"We are excited to be executing our Phase III Clinical Trial for the treatment of insomnia. Patience is now key, as recruiting the right number of appropriate patients takes time, resources and determination. We continue to monitor emerging cannabidiol trials from around the world, as results from these studies could inform the timing of our next data milestone, the interim analysis. We are concurrently exploring opportunities with strategic commercial partners and/or licensees in Australia and abroad too."*

INCREASING THE FUNDING RUNWAY

While the Company continues to explore partnering opportunities and strategies to reduce trial costs, the Company has engaged Endpoint Capital to extend the funding runway.



Endpoint Capital provides financing to biotechnology companies undertaking preclinical and clinical trials in Australia who are eligible to receive Research and Development ("R&D") tax refunds. Endpoint provides advances on companies' future R&D tax reimbursement, allowing companies to access the funds from their annual R&D tax incentive immediately, without having to wait up to 18 months to receive it.

Avecho received the first A\$130k from Endpoint in June 2024 as an advance on its Q1 R&D tax return. Avecho expects a further ~A\$500k during Q3. By effectively receiving our tax refund immediately, the Company can spend these funds on the Phase III trial, deferring the need for additional dilutive equity raising.

CORPORATE

During the quarter ended 30 June 2024, the Company invested ~A\$805K in R&D activities and incurred employment, administration and corporate costs of ~A\$399K. In addition, the Company received R&D Grants of A\$1,066K during the quarter, for the year ended 31 December 2023 under the Australian Government's R&D Tax Incentive Scheme. At the end of the quarter, the Company held ~A\$4.8 million in cash.

Payments to related parties and their associates during the quarter, as outlined in Section 6 of the accompanying Appendix 4C to these quarterly activities report, were ~A\$63K.

For enquiries, please contact

Dr Paul Gavin
Chief Executive Officer
Avecho Biotechnology Limited
+61 3 9002 5000

This announcement has been authorised by the Board of Directors of Avecho Biotechnology Limited.

About Avecho

Avecho Biotechnology Limited develops and commercialises innovative Human and Animal Health products using its proprietary drug delivery system called Tocopheryl Phosphate Mixture (TPM®). 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 major projects include delivering TPM® enhanced injectable, oral and topical products for the human health market and is also developing TPM® to enhance the feed efficiency and health of livestock.

See more here - avecho.com.au

Forward-Looking Statements

Certain statements in this announcement are forward looking statements. Forward looking statements can generally be identified by the use of words such as "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "target", "may", "assume" and words of similar import. These forward-looking statements speak only as at the date of this announcement. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

No representation, warranty or assurance (express or implied) is given or made by AVE that the forward-looking statements contained in this announcement are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which



cannot be excluded, AVE and its respective officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward-looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this announcement or any error or omission therefrom.

Subject to any continuing obligation under applicable law or relevant listing rules of the ASX, AVE disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in these materials to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of AVE since the date of the announcement.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

AVECHO BIOTECHNOLOGY LIMITED

ABN

32 056 482 403

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	398	399
1.2 Payments for		
(a) research and development	(805)	(1,211)
(b) product manufacturing and operating costs	(37)	(107)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs*	(166)	(306)
(f) administration and corporate costs	(180)	(416)
(g) patent portfolio costs	(53)	(93)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	30	44
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,066	1,066
1.8 Other (EMDG)	-	-
1.9 Net cash from / (used in) operating activities	251	(628)

*A percentage of staff costs are reallocated to payments for research and development.

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(h) entities	-	-
(i) businesses	-	-
(j) property, plant and equipment	-	-
(k) investments	-	-
(l) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(m) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9(a)	Other – Payment of principal element of lease liabilities	(19)	(38)
3.9(b)	Others	-	-
3.10	Net cash from / (used in) financing activities	(19)	(38)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,607	5,504
4.2	Net cash from / (used in) operating activities (item 1.9 above)	251	(628)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(19)	(38)
4.5	Effect of movement in exchange rates on cash held	(1)	-
4.6	Cash and cash equivalents at end of period	4,838	4,838

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,822	4,591
5.2	Call deposits	16	16
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,838	4,607

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(63)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	251
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,838
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,838
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
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8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
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<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2024

Authorised by: By the Board of Avecho Biotechnology Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.