

Avecho Biotechnology Limited

ABN 32 056 482 403

Preliminary Final Report - 31 December 2024

1. Company details

Name of entity:	Avecho Biotechnology Limited
ABN:	32 056 482 403
Reporting period:	For the year ended 31 December 2024
Previous period:	For the year ended 31 December 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	139.2% to	1,132,672
Loss from ordinary activities after tax attributable to the owners of Avecho Biotechnology Limited	down	9.2% to	(3,122,048)
Loss for the year attributable to the owners of Avecho Biotechnology Limited	down	9.2% to	(3,122,048)

The loss for the Consolidated Entity after providing for income tax amounted to \$3,122,048 (31 December 2023: \$3,436,561).

Explanation of loss from ordinary activities after tax

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

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

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

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

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.10	0.20

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

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 details

Details of audit:

The financial statements are currently in the process of being audited by Grant Thornton Audit Pty Ltd. The Company expects to receive an unqualified audit opinion.

11. Attachments

Details of attachments (if any):

Preliminary Final Report of Avecho Biotechnology Limited for the year ended 31 December 2024 is attached.

12. Signed

Signed



Dr Gregory Collier
Chairman

Date: 28 February 2025

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Avecho Biotechnology Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024



		Consolidated	
	Note	31 December 2024	31 December 2023
		\$	\$
Revenue from contracts with customers	2	1,132,672	473,551
Cost of sales (including impairment of inventory)		<u>(460,746)</u>	<u>(517,346)</u>
Gross profit		<u>671,926</u>	<u>(43,795)</u>
Research and development tax incentive and other income	3	1,893,782	1,167,984
Research and development expenses	4	(3,591,156)	(2,117,263)
Administration and corporate expenses	5	(2,039,467)	(2,428,131)
Finance costs		<u>(57,133)</u>	<u>(15,356)</u>
Loss before income tax expense		(3,122,048)	(3,436,561)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the year attributable to the owners of Avecho Biotechnology Limited		(3,122,048)	(3,436,561)
Other comprehensive loss for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the year attributable to the owners of Avecho Biotechnology Limited		<u>(3,122,048)</u>	<u>(3,436,561)</u>
		Cents	Cents
Basic losses per share		(0.10)	(0.15)
Diluted losses per share		(0.10)	(0.15)

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

		Consolidated	
	Note	31 December 2024	31 December 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		2,374,534	5,504,396
Trade and other receivables	6	2,246,461	1,099,563
Inventories		137,459	97,117
Other current assets		51,823	302,566
Total current assets		<u>4,810,277</u>	<u>7,003,642</u>
Non-current assets			
Plant and equipment		80,133	147,305
Right-of-use assets		90,651	168,363
Other assets		15,730	-
Total non-current assets		<u>186,514</u>	<u>315,668</u>
Total assets		<u>4,996,791</u>	<u>7,319,310</u>
Liabilities			
Current liabilities			
Trade and other payables	7	212,885	181,952
Contract liabilities		-	158,376
Borrowings	8	978,443	-
Lease liabilities		83,753	76,926
Provisions		435,314	426,061
Total current liabilities		<u>1,710,395</u>	<u>843,315</u>
Non-current liabilities			
Lease liabilities		14,472	98,225
Provisions		2,186	-
Total non-current liabilities		<u>16,658</u>	<u>98,225</u>
Total liabilities		<u>1,727,053</u>	<u>941,540</u>
Net assets		<u>3,269,738</u>	<u>6,377,770</u>
Equity			
Issued capital	9	244,605,505	244,605,505
Reserves		28,055,984	29,212,656
Accumulated losses		<u>(269,391,751)</u>	<u>(267,440,391)</u>
Total equity		<u>3,269,738</u>	<u>6,377,770</u>

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

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2023	237,528,800	29,000,426	(264,104,330)	2,424,896
Loss after income tax expense for the year	-	-	(3,436,561)	(3,436,561)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,436,561)	(3,436,561)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	7,286,705	-	-	7,286,705
Share-based payments	-	102,730	-	102,730
Share options lapsed	-	(100,500)	100,500	-
Issue of broker options	(210,000)	210,000	-	-
Balance at 31 December 2023	<u>244,605,505</u>	<u>29,212,656</u>	<u>(267,440,391)</u>	<u>6,377,770</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2024	244,605,505	29,212,656	(267,440,391)	6,377,770
Loss after income tax expense for the year	-	-	(3,122,048)	(3,122,048)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,122,048)	(3,122,048)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	14,016	-	14,016
Share options lapsed	-	(1,170,688)	1,170,688	-
Balance at 31 December 2024	<u>244,605,505</u>	<u>28,055,984</u>	<u>(269,391,751)</u>	<u>3,269,738</u>

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

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

Note 1. Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

These preliminary financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Avecho Biotechnology Limited during the year ended 31 December 2024 in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

The principal accounting policies adopted in the preparation of the financial statements are consistent with those disclosed in annual financial statements for the year ended 31 December 2023. These policies have been consistently applied to all the years presented, unless otherwise stated.

Historical cost convention

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

Note 2. Revenue from contracts with customers

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

Note 3. Research and development tax incentive and other income

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

Note 4. Research and development expenses

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

Note 5. Administration and corporate expenses

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

Note 6. Trade and other receivables

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

Fair value and credit risk

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

Note 7. Trade and other payables

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

Note 8. Borrowings

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
<i>Current liabilities</i>		
R&D Incentive loan	978,443	-

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

Note 9. Issued capital

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