ASX Announcement

4 November 2020

ASX Market Announcements
ASX Limited
Level 4, North Tower
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Melbourne VIC 3000

Improved Propofol TPM® Formulation For Sedation Passes Critical Toxicology Study

Highlights:

- Toxicology study conducted at Charles River Laboratories demonstrates Avecho's improved Propofol TPM® vehicle is acceptable for a continuous 24 hour infusion in rats.
- These results support ongoing licensing discussions.

Melbourne, **Australia, 4 November 2020** - Avecho Biotechnology Limited (ASX:AVE, "Avecho", or "the Company") has today announced its improved Propofol TPM® formulation has passed a pivotal milestone in the successful completion of safety studies supporting its use for a continuous 24 hour infusion.

Propofol is a general anaesthetic used for the induction and/or maintenance of sedation during surgical procedures. Avecho has been developing a reformulated version of the product, leveraging the capabilities of its TPM® to support the removal of problematic lipid excipients and creating a transparent, physician preferred, formulation.

Avecho Chief Executive Officer, Dr Paul Gavin, said: "This result proves we have overcome the observed deficiencies of our previous propofol formulation. While safe for the induction and short term maintenance of anaesthesia, the previous vehicle was not acceptable for a complete 24 hour infusion. This was a major impediment to securing a licensing deal."

The prior formulation had been developed in collaboration with Terumo Corporation, Japan. Researchers at Charles River Laboratories, USA, had shown the vehicle used for that version of the Propofol TPM® formulation was not safe for a complete 24 hour infusion, as indicated on the label of the commercial products. Without the ability to infuse for 24 hours, the labelled indication for the Propofol TPM® product would be restricted to the induction and short term maintenance of anaesthesia. Given the size of the Japanese market, Terumo was unwilling to consider launching a propofol product with a restricted indication, and determined not to support further development of the Propofol TPM® product.

"Despite this setback, significant commercial interest remained for a reformulated propofol product – so Avecho has since elected to further optimise its formulation. Today's announcement is a critical achievement, as we have now proven our improved TPM® formulation passes the required toxicology tests and we can continue to pursue this promising market opportunity," said Dr Gavin.

This improved formulation vehicle was re-tested at Charles River Laboratories, USA. Rats received a human equivalent dose of the formulation vehicle in a continuous 24 hour infusion. The rats survived the 24 hour treatment period in good health, as well as a subsequent 7 day observation period. Blood work demonstrated no adverse changes when compared to the control group that received a 24 hour infusion of saline. The amount of TPM® and excipients used in the improved Propofol TPM® formulation are therefore considered safe for the 24 hour infusion, as indicated by the label of the commercial formulation.

"We look forward to continuing our licensing discussions and are confident these new results will be of significant interest. Our immediate aim is to partner the product in order to facilitate its continued development toward commercialisation," said Dr Gavin.

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

For enquiries, please contact

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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.

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.

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