

1. Company details

Name of entity:	Avecho Biotechnology Limited
ABN:	32 056 482 403
Reporting period:	For the period ended 30 June 2022
Previous period:	For the period ended 30 June 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	185.2% to	758,239
Loss from ordinary activities after tax attributable to the owners of Avecho Biotechnology Limited	down	55.2% to	(777,674)
Loss for the period attributable to the owners of Avecho Biotechnology Limited	down	55.2% to	(777,674)

Comments

The loss for the Consolidated Entity after providing for income tax amounted to \$777,674 (30 June 2021: loss of \$1,737,551). The losses during the period were consistent with the Consolidated Entity's operations, which was primarily concentrated on the development of pharmaceutical CBD soft-gel product.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.21	0.31

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

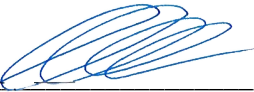
The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

11. Attachments

Details of attachments (if any):

The Half Year Report of Avecho Biotechnology Limited for the period ended 30 June 2022 is attached.

12. Signed

Signed  _____

Dr Gregory Collier
Chairman

Date: 29 August 2022

Avecho Biotechnology Limited

ABN 32 056 482 403

Half Year Report - 30 June 2022

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Directors

Dr Gregory Collier (Chairman)
Dr Ross Murdoch (Non-Executive Director)
Mr Matthew McNamara (Non-Executive Director)

Chief Executive Officer

Dr Paul Gavin

Company Secretary

Ms Melanie Leydin

**Registered office
and Principal place of business**

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Australia
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Share register

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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') and the entities it controlled at the end of, or during, the period ended 30 June 2022.

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)

Principal activities

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.

The Consolidated Entity's major projects include delivering TPM® enhanced injectable, oral and topical products for the human health market, including the recently announced application of TPM® to cannabinoids. The Company is also developing TPM® to enhance feed efficiency and health of livestock.

Review of operations

Avecho Ltd has a strong development portfolio in targeted human health indications, anchored by its novel TPM® drug delivery technology and revenue-generating manufacturing activity.

The Company's Cannabinoid program, in particular, is shaping up to be a promising base for commercial and clinical partnership activity. In the past year alone, Avecho has completed a Phase I Clinical Trial characterising the absorption profile of cannabidiol from its CBD soft-gel product and secured its first licensing deal for this product with Perland Pharmaceuticals (previously Medterra Pharma), for clinical development targeting an arthritis indication.

The Company's key focus remains on the development of its CBD soft-gel capsule for over-the-counter registration with the TGA for an insomnia-related indication. In collaboration with its team of associated sleep and regulatory experts, Avecho has now completed the Phase III study design which will shortly be submitted for ethics approval. The Company has identified and engaged the suite of service providers that will drive the study, which will commence within the next six months.

Avecho has also cultivated a successful collaboration with the Lambert Initiative, Australia's leading research group for the discovery, development, and optimisation of safe cannabinoid therapeutics. This relationship was initially focused on conducting a Phase II clinical trial to examine how topically-applied CBD can relieve osteoarthritis of the hand. The Trial was run by Principal Investigator, Dr Daniel Lewis, from the Daniel Lewis Rheumatology Centre, and Co-Investigator, Professor Iain McGregor, from the Lambert. This world-first research produced outstanding results, attracting top tier media coverage and inclusion in a presentation for the International Cannabis Research Society (ICRS) Conference in Galway.

As part of its commitment to pursuing focused clinical research while exploring commercial opportunities for oral cannabinoid products, Avecho entered into a licensing and supply agreement with Team SAAS LLC (SAAS) for the use of TPM® in recreational products in the US. SAAS will develop and commercialise a unique cannabis distillate that will be sold to recreational cannabis companies as a raw material for the manufacture of their own recreational cannabis products. This is a potential source of imminent revenue and differentiation for Avecho in this market. Avecho will shortly commence broader planned outreach with cannabis companies in North America to increase its potential partner network and applications for TPM® in this space.

The Company's widespread experience in biotechnology, clinical trials and manufacturing, has supported methodical collection of clinical data and astute commercial partnerships for its CBD program. It is now in an excellent position to scale up manufacturing; support the necessary regulatory submissions and requirements; and to pursue product development opportunities for more than one indication, concurrently. This is a unique point of difference, setting Avecho apart from its peers in this space.

Review of financial results

The loss for the Consolidated Entity after providing for income tax amounted to \$777,674 (30 June 2021: loss of \$1,737,551).

- Total revenue increased by 185.2% for the period to \$758,239 (30 June 2021: \$265,898), mainly attributable Vital ET® sales made to Ashland during the period.
- Other income decreased by 33.3% to \$306,346 (30 June 2021: \$459,458), attributed to R&D tax incentives of \$254,032 (30 June 2021: \$453,201).
- Expenses from continuing operations decreased by 30.7% to \$1,641,162 (30 June 2021: \$2,366,558), largely due to lower research and development cost of \$476,166 (30 June 2021: \$842,333).

As at 30 June 2022, the Consolidated Entity held \$3,129,213 in cash and cash equivalents (31 December 2021: \$3,264,764). The net assets of the Consolidated Entity decreased by \$657,470 to \$3,879,120 as at 30 June 2022 (31 December 2021: \$4,536,590). Working capital, being current assets less current liabilities, was \$3,519,078 (31 December 2021: \$4,112,078).

The net operating cash outflow for the period was \$47,598 (30 June 2021: outflow \$1,788,929).

Significant changes in the state of affairs

On 10 January 2022, the Company has issued 1,696,000 Fully Paid Ordinary Shares (Shares) to employees under the Company's Equity Incentive Plan.

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 2022 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.

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

29 August 2022

Grant Thornton Audit Pty Ltd

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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 period ended 30 June 2022, 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



M A Cunningham
Partner – Audit & Assurance

Melbourne, 29 August 2022

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		Consolidated	
	Note	30 June 2022	30 June 2021
		\$	\$
Revenue from contracts with customers	4	758,239	265,898
Cost of sales		(201,097)	(96,349)
Gross profit		557,142	169,549
Research and development tax incentive and other income	5	306,346	459,458
Research and development expenses	6	(476,166)	(842,333)
Administration and corporate expenses	7	(1,161,335)	(1,518,576)
Finance costs		(3,661)	(5,649)
Loss before income tax expense		(777,674)	(1,737,551)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of Avecho Biotechnology Limited		(777,674)	(1,737,551)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of Avecho Biotechnology Limited		(777,674)	(1,737,551)
		Cents	Cents
Basic loss per share	12	(0.04)	(0.10)
Diluted loss per share	12	(0.04)	(0.10)

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

Assets

Current assets

Cash and cash equivalents	3,129,213	3,264,764
Trade and other receivables	427,404	1,126,994
Inventories	475,600	196,732
Prepayments	82,538	219,244
Total current assets	4,114,755	4,807,734

Non-current assets

Plant and equipment	256,925	247,327
Right-of-use assets	50,793	88,888
Intangibles	52,324	102,000
Total non-current assets	360,042	438,215

Total assets

4,474,797 **5,245,949**

Liabilities

Current liabilities

Trade and other payables	163,466	275,134
Lease liabilities	54,085	80,211
Provisions	378,126	340,311
Total current liabilities	595,677	695,656

Non-current liabilities

Lease liabilities	-	13,703
Total non-current liabilities	-	13,703

Total liabilities

595,677 **709,359**

Net assets

3,879,120 **4,536,590**

Equity

Issued capital	8	237,627,311	237,601,871
Reserves	9	28,791,422	29,001,981
Accumulated losses		(262,539,613)	(262,067,262)

Total equity

3,879,120 **4,536,590**

Consolidated

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2021	232,778,295	28,537,271	(258,661,146)	2,654,420
Loss after income tax expense for the period	-	-	(1,737,551)	(1,737,551)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(1,737,551)	(1,737,551)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	269,553	-	269,553
Issue of share capital	5,060,000	-	-	5,060,000
Transaction costs	(294,200)	-	-	(294,200)
Balance at 30 June 2021	<u>237,544,095</u>	<u>28,806,824</u>	<u>(260,398,697)</u>	<u>5,952,222</u>

Consolidated

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2022	237,601,871	29,001,981	(262,067,262)	4,536,590
Loss after income tax expense for the period	-	-	(777,674)	(777,674)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(777,674)	(777,674)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	25,440	-	-	25,440
Share-based payments	-	92,775	-	92,775
Transfer	-	(305,323)	305,323	-
Contributions received on exercise of options	-	1,989	-	1,989
Balance at 30 June 2022	<u>237,627,311</u>	<u>28,791,422</u>	<u>(262,539,613)</u>	<u>3,879,120</u>

	Consolidated	
Note	30 June 2022	30 June 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	763,654	58,273
Receipt of government grants and subsidy	1,028,323	-
Payments to suppliers and employees (inclusive of GST)	(1,838,702)	(1,847,500)
	(46,725)	(1,789,227)
Interest received	299	298
Interest and other finance costs paid	(1,172)	-
Net cash used in operating activities	(47,598)	(1,788,929)
Cash flows from investing activities		
Payments for plant and equipment	(48,124)	(56,735)
Net cash used in investing activities	(48,124)	(56,735)
Cash flows from financing activities		
Proceeds from issue of shares	8	-
Cost of issue of shares net of GST	-	(294,200)
Principal and interest element of lease payments	(39,829)	(39,107)
Net cash from/(used in) financing activities	(39,829)	4,726,693
Net increase/(decrease) in cash and cash equivalents	(135,551)	2,881,029
Cash and cash equivalents at the beginning of the financial period	3,264,764	1,872,776
Cash and cash equivalents at the end of the financial period	<u>3,129,213</u>	<u>4,753,805</u>

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 period. 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. Its registered office and principal place of business is:

Unit A8, 2A Westall Road
Clayton VIC 3168
Australia

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 29 August 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 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 2021 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 principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going concern

The 2022 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 working capital position as at 30 June 2022 of the Group was a surplus of \$3,519,078 (31 December 2021: surplus of \$4,112,078). The Group made a loss after tax of \$777,674 (June 2021: loss of \$1,737,551). The net operating cash outflow was \$47,598 (June 2021: outflow of \$1,788,929). Cash and cash equivalents as at 30 June 2022 were \$3,129,213 (31 December 2021: \$3,264,764). 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, the Vital ET sales with Ashland and accessing additional sources of capital to meet the commitments.

To meet the Group's funding requirements as and when they fall due the Consolidated Entity will need to take appropriate steps, including a combination of:

- Raising capital by one of or a combination of the following: placement of shares, rights issue, share purchase plan, etc;
- Potential debt financing of the R&D tax incentive so the Group can receive the money in advance; and
- Defer certain R&D expenditure to the future to reduce the cash outflows.

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.

Note 2. Significant accounting policies (continued)

Having assessed the potential uncertainties relating to the Consolidated Entity's ability to effectively fund research and operating expenditures, the Directors believe that the Consolidated Entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it is appropriate to prepare the financial statements on a going concern basis.

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.

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 operating segments are identified by management based on the Consolidated Entity's risks and returns that are affected predominantly by differences in the products and services provided. The reportable segments are based on aggregated operating segments determined according to the nature of the products and services provided, with each reportable segment representing a strategic business unit that offers different products and serves different markets.

Production

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

Human Health

The Consolidated Entity's Human Health portfolio covers delivery of pharmaceutical products through gels, injectables and patches.

All other segments

The Animal Health and Nutrition segment did not meet materiality levels and is included under along with Corporate, which predominantly a cost centre.

Operating segment information

	Production \$	Human Health \$	Other segments \$	Total \$
Consolidated - 30 June 2022				
Sales, Licences and Royalties	688,976	69,263	-	758,239
Cost of sales	(201,097)	-	-	(201,097)
Interest income	-	-	299	299
Research and development tax incentive and other income	-	254,032	52,015	306,047
Research expenses	-	(303,472)	-	(303,472)
Employee and directors benefits expenses	(46,786)	(212,128)	(450,619)	(709,533)
Other operating expenses from continuing operations	(25,115)	-	(476,745)	(501,860)
Depreciation and amortisation	(49,676)	-	(76,621)	(126,297)
Profit/(loss) before income tax expense	366,302	(192,305)	(951,671)	(777,674)
Income tax expense				-
Loss after income tax expense				(777,674)
Assets				
Segment assets	1,382,499	274,076	2,818,222	4,474,797
Total assets				4,474,797
Liabilities				
Segment liabilities	6,448	53,058	536,171	595,677
Total liabilities				595,677

Note 3. Operating segments (continued)

	Production \$	Human Health \$	Other segments \$	Total \$
Consolidated - 30 June 2021				
Sales, Licences and Royalties	265,898	-	-	265,898
Cost of sales	(96,349)	-	-	(96,349)
Interest income	-	-	298	298
Research and development tax incentive and other income	5,262	437,122	16,776	459,160
Research expenses	(18,279)	(536,576)	(19,066)	(573,921)
Employee and directors benefit expense	(40,343)	(266,789)	(563,801)	(870,933)
Other operating expenses from continuing operations	34,770	(3,833)	(714,997)	(684,060)
Depreciation and amortisation	-	-	(237,644)	(237,644)
Profit/(loss) before income tax expense	<u>150,959</u>	<u>(370,076)</u>	<u>(1,518,434)</u>	<u>(1,737,551)</u>
Income tax expense				-
Loss after income tax expense				<u>(1,737,551)</u>
Consolidated - 31 December 2021				
Assets				
Segment assets	<u>1,066,863</u>	<u>1,017,120</u>	<u>3,161,966</u>	<u>5,245,949</u>
Total assets				<u>5,245,949</u>
Liabilities				
Segment liabilities	<u>31,369</u>	<u>10,200</u>	<u>667,790</u>	<u>709,359</u>
Total liabilities				<u>709,359</u>

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 \$666,957 are derived from a single external customer group (30 June 2021: \$213,357). These revenues are attributed to the Production segment.

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 2022 \$	30 June 2021 \$	30 June 2022 \$	31 December 2021 \$
Australia	16,967	11,533	360,042	438,215
Switzerland	649,990	201,824	-	-
India	22,019	52,541	-	-
USA	69,263	-	-	-
	<u>758,239</u>	<u>265,898</u>	<u>360,042</u>	<u>438,215</u>

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

From continuing operations

Sale of goods and services transferred at a point in time
Royalties and licence revenue recognised over time

Total revenue from contracts with customers

Consolidated	
30 June 2022	30 June 2021
\$	\$
686,957	250,857
71,282	15,041
758,239	265,898

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Major product lines

TPM®
Vital ET®
Royalty fees
License fees

Consolidated	
30 June 2022	30 June 2021
\$	\$
20,000	37,500
666,957	213,357
2,019	15,041
69,263	-
758,239	265,898

Note 5. Research and development tax incentive and other income

Net foreign exchange gain
Research and development tax incentive
Export Market Development Grants (EMDG)
Interest income

Research and development tax incentive and other income

Consolidated	
30 June 2022	30 June 2021
\$	\$
31,683	5,959
254,032	453,201
20,332	-
299	298
306,346	459,458

Note 6. Research and development expenses

Clinical development, consultancy and laboratory consumables
Employment expenses associated with research and development

Consolidated	
30 June 2022	30 June 2021
\$	\$
274,971	573,921
201,195	268,412
476,166	842,333

Note 7. Administration and corporate expenses

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Director fees	105,251	131,083
Share based payments expenses	92,775	269,553
Salaries and other employee expenses (non - R&D)	250,676	201,885
Insurance	127,511	136,475
Shareholder and listing expenses	89,721	136,353
Patent portfolio expenses	108,358	80,888
Occupancy expenses	27,184	42,561
Allowance for credit losses and uncollectable debtors written-off	2,663	20,087
Professional and consultancy fees	219,591	236,446
Depreciation of right-of-use assets and plant and equipment	76,621	49,644
Amortisation of intangible assets	49,676	188,000
Other sundry expenses	11,308	25,601
	1,161,335	1,518,576

Note 8. Equity - issued capital

	Consolidated			
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,837,812,526</u>	<u>1,836,116,526</u>	<u>237,627,311</u>	<u>237,601,871</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2022	1,836,116,526		237,601,871
Issue of shares to key management personnel	10 January 2022	<u>1,696,000</u>	<u>\$0.015</u>	<u>25,440</u>
Balance	30 June 2022	<u>1,837,812,526</u>		<u>237,627,311</u>

Note 9. Equity - reserves

	Consolidated	
	30 June 2022	31 December 2021
	\$	\$
Business combination reserve	27,812,871	27,812,871
Other equity-settled benefits	1,989	305,323
Foreign currency reserve	24,626	24,626
Employee equity-settled benefits reserve	<u>951,936</u>	<u>859,161</u>
	28,791,422	29,001,981

Foreign currency reserve

The reserve is used to record the translation from Phosphagenics Inc.'s functional currency into Phosphagenics Limited's reporting currency.

Business combinations reserve

The reserve is used to record fair value adjustments relating to the business combination.

Note 9. Equity - reserves (continued)

Other equity-settled benefits reserve

The reserve is used to record the value of equity benefits provided to suppliers as part of their remuneration.

Employee share option and share plan reserve

The reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. For further details refer to note 16 in the Financial Statements.

Note 10. Contingent asset and liabilities

There were no contingent asset and liabilities for the period ended 30 June 2022 (30 June 2021: nil).

Note 11. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 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 2022	30 June 2021
	\$	\$
Loss after income tax attributable to the owners of Avecho Biotechnology Limited	<u>(777,674)</u>	<u>(1,737,551)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>1,837,705,655</u>	<u>1,769,170,922</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>1,837,705,655</u>	<u>1,769,170,922</u>
	Cents	Cents
Basic loss per share	(0.04)	(0.10)
Diluted loss per share	(0.04)	(0.10)

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

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 2022 and of its performance for the 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

29 August 2022

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Independent Auditor's Report

To the Members of Avecho Biotechnology Limited

Report on the audit of the 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 2022, 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, a description of accounting policies, 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 Avecho Biotechnology Limited financial position as at 30 June 2022 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 \$777,674 and net operating cash outflow of \$47,598 during the half year ended 30 June 2022. 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

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 2022 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

M A Cunningham
Partner – Audit & Assurance

Melbourne, 29 August 2022