

ASX Announcement

28 August 2023

AVECHO CONDUCTS \$6M PLACEMENT TO ADVANCE PHASE III CLINICAL TRIAL

Key highlights

- Avecho has received **firm commitments to raise \$6m via a placement**
- Placement **supported** by existing shareholders, together with new sophisticated and institutional investors
- The placement will be used to advance Avecho's pivotal phase III clinical trial

Melbourne, Australia, 28 August 2023: Avecho Biotechnology Limited (ASX: AVE) ("Avecho" or the "Company"), is pleased to announce it has received firm commitments from sophisticated and institutional investors to raise \$6m by way of a placement, through:

- an initial issue of 536,803,333 fully paid ordinary shares ("New Shares") (subject to rounding), at an issue price of \$0.006 per New Share to raise approximately \$3.22m ("Tranche 1"); and
- conditional upon shareholder approval being obtained for the purposes of Listing Rule 7.1, an issue of the balance of outstanding New Shares, at the same issue price, to raise approximately \$2.82m ("Tranche 2"), (together, the "Placement").

Every two New Shares will be accompanied by three free attaching options, exercisable at \$0.012 each, expiring on 10 May 2026. The rights and liabilities of the New Options can be found under Appendix A.

The Placement is conducted on the same terms as the Company's recent entitlement offer announced to ASX on 3 April 2023 that raised approximately \$2M from existing shareholders and is offered to investors pursuant to the prospectus lodged on the same date under the "Shortfall Offer" (as defined in the prospectus).

The Placement issue price represents a 33% discount to the last closing price of A\$0.009 on 22 August 2023 and a 21.77% discount to the fifteen-day volume weighted average price (VWAP).

Funds raised in the Placement will be used to advance a pivotal phase III clinical trial in respect of the Company's proprietary TPM[®] enhanced CBD soft-gel capsule to manage the symptoms of insomnia, general working capital and costs of the Placement.

The New Shares under Tranche 1 will be issued under the Company's existing capacity under the ASX Listing Rule 7.1 (324,324,554 New Shares) and ASX Listing Rule 7.1A (212,478,779 New Shares). Quotation for these New Shares are expected to be sought on or about 31 August 2023.

The issue of New Shares under Tranche 2 and the issue of New Options under the Placement will be subject to shareholder approval at a general meeting, currently expected to be held in or around late October 2023 (indicative date subject to change). The Company will release a notice of meeting to ASX containing additional information for shareholders as soon as practicable.

Avecho Chief Executive Officer, Dr Paul Gavin, said: "We are extremely grateful for the support of our existing and new shareholders during this advanced and defining chapter of clinical development for Avecho. In total, we have raised approximately \$8M, in a very difficult financial climate, to advance our proprietary TPM®-enhanced CBD soft-gel capsule for the treatment of insomnia. We have clear and bold ambitions for this study and are resolutely focused on the important work ahead of us."

Avecho's Phase III study testing its oral CBD softgel capsule for the treatment of insomnia will be the largest of its kind to date and will compare nightly CBD doses of 75 and 150 mg CBD with placebo for their ability to improve sleep. The campaign to manufacture capsules for the Phase III clinical trial is already underway at Procaps Group (USA), with clinical supply available soon. The Company will provide further information related to timelines at the conclusion of Tranche 2.

CPS Capital, Ignite Equity and Peak Asset Management are joint lead managers to the Placement.

Mr Matthew McNamara and Dr Greg Collier, being directors of the Company, intend to participate in Tranche 2 subject to shareholder approval for the purposes of ASX Listing Rule 10.11 at the upcoming general meeting. Other than as disclosed, as far as the Company is aware, no other securities were issued or agreed to be issued in the Placement to a related party or otherwise to any person referred to in Listing Rule 10.11.

For enquiries, please contact

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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

Appendix A – Rights and Liabilities attached to the New Options

1. Exercise Price

The exercise price of each is \$0.012.

2. Expiry

The New Options will expire on 5:00 pm (AEST) on 10 May 2026.

3. Entitlement

Each New Option entitles the holder to subscribe for one fully paid Share upon exercise of the New Option and payment of the Exercise Price prior to the Expiry Date.

4. Terms of Exercise

The New Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per New Option to the Company, at any time on or after the date of issue and allotment of the New Options, and before the Expiry Date. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Avecho Biotechnology Limited**' and crossed 'Not Negotiable'.

On the valid exercise of the New Options and payment of the Exercise Price, Avecho will issue Shares ranking equally in all respects with the New Shares.

Applications will be made for quotation of the Shares issued, upon valid exercise of New Options, 5 Business Days of the date on which any Options are exercised.

5. Rights to participate

Holders of New Options do not have any right to participate in new issues of securities in the Company made to Shareholders generally during the currency of the New Options without exercising the New Option. However, Avecho will ensure that for the purposes of determining Entitlements to any such issue, the record date will be at least three business days after the issue is announced, giving the holders of New Options the opportunity to exercise the New Options prior to the date for determining Entitlements to participate in any such issue.

6. Winding up

New Options may be exercised within a period of 30 days after the occurrence of the Company passing a resolution for voluntary winding up or a compulsory winding up order is made.

7. Quotation

Avecho will apply to ASX for the New Options to be listed as a tradeable security on ASX. At all times after listing, the New Options may be transferred in the same manner as Shares unless classified as restricted securities under the Listing Rules and may be exercised by any other person or body corporate.

The transferability of the New Options is subject to any restriction or escrow arrangement imposed by ASX or under the Corporations Act.

8. Capital reorganisation

If, at any time, the issued capital of Avecho is reconstructed (including consolidation, sub-division, reduction or return), all rights of holders of New Options will be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

9. Bonus Issues

A holder of New Options does not have the right to participate in bonus issues or new issues of securities offered to Shareholders until Shares are allotted to the holder of the New Options pursuant to the exercise of the New Options.

If Avecho makes a bonus issue to existing shareholders and no Share has been issued in respect of that New Option before the record date for determining Entitlements to the issue, then the number of Shares over which that New Option is exercisable will be increased in the manner permitted by the Listing Rules applying at the time of the bonus issue.

10. Pro rata issues

If Avecho makes a pro rata issue (other than a bonus issue) to existing Shareholders and no Share has been issued in respect of the New Option before the record date for determining Entitlements to the issue, then the Exercise Price will be changed in the manner permitted by the Listing Rules applying at the time of the pro rata issue.

11. Registered holders

Avecho is entitled to treat the holder of a New Option as the absolute holder of that Option and is not bound to recognise any equitable or other claim to, or interest in, that Option on the part of any person other than the holder, except as ordered by a court of competent jurisdiction or as required by statute.

Capitalised terms within Annexure A have the same definitions given under the Prospectus lodged on the ASX on 3 April 2023, unless otherwise defined in this Notice of Meeting (to be released in due course).