



ASX Announcement

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ASX Market Announcements
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Avecho signs Term Sheet for Cannabinoid Supply with Purisys

Melbourne, Australia, 14 April 2020 – Avecho Biotechnology Limited (ASX: AVE) ("Avecho") today announces that it signed a term sheet with leading global supplier of cannabinoid actives, Purisys LLC for the supply of pharmaceutical grade cannabidiol and dronabinol. Avecho will combine Purisys' cannabinoids with its own TPM® technology to develop new oral cannabinoid products.

Avecho (formerly Phosphagenics) has a long relationship with Purisys' predecessor company, Noramco. The synthetic cannabidiol produced by Purisys is distinguished by its strong intellectual property position, ultra-high purity, commercial scale, and low THC concentration. The term sheet describes Purisys' supply of cannabidiol and dronabinol for the research and clinical development of TPM® enhanced cannabinoid products that will be developed by Avecho for specific clinical indications and formal regulatory approval. In return, Avecho has agreed to purchase future commercial supply from Purisys upon the commercialisation of specific cannabinoid products.

Avecho's decision to develop TPM® enhanced cannabinoid products follow corroborating experiments conducted at Purisys demonstrating that TPM® can increase the solubility of cannabinoids. The limited aqueous solubility of cannabinoids leads to poor oral bioavailability, high variability in absorption, and difficulty in developing aqueous dosage forms. Dr Paul Gavin, Chief Scientific Officer of Avecho said, "TPM® has been shown to reproducibly increase the bioavailability and duration of absorption of orally ingested lipids, as well as increasing their solubility in aqueous mediums. The solubility profile of the cannabinoids is perfect for use in combination with TPM®. It is anticipated that the inclusion of TPM® will overcome many of the limitations of cannabinoid dosing that result from its poor solubility and allow Avecho to offer positively differentiated products with patent protection."

Medicinal and consumer cannabinoids are at present estimated to represent about 40% of the global cannabis market and are expected to grow from around AU \$8B (2019) to greater than AUS \$25B in 2025. While Avecho develops its own pharmaceutical oral cannabinoid, the research program will be designed to support the addition of TPM® to other cannabinoid products, included medicinal cannabis and consumer products.

Dr Greg Collier, Executive Chairman of Avecho said, "Both the medicinal and consumer cannabis markets are presently attracting enormous interest and investment, and with it, growing interest from cannabinoid manufacturers and suppliers seeking truly differentiated products. At present, the cannabis extracts entering these spaces are very similar. We believe the addition of TPM® will provide commercially advantageous differentiation. This agreement provides both companies with the opportunity to combine their respective expertise in a way that can rapidly bring truly differentiated products to this exciting and growing market. We look forward to updating the market on this opportunity."



According to Dr Josh Hoerner, General Manager of Purisys, the type of applications being developed by Avecho is critical to the successful commercialisation of cannabinoid products for the consumer market. "As we begin to understand more about the therapeutic potentials of cannabinoids, it is important that we develop the delivery technology that will make the most efficacious final products that we can. Avecho's technology in the area of solubility and resultant bioavailability will be critical as we move ahead," he said.

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 (ASX: AVE) develops and commercialises innovative Human Health, Animal Health and Personal Care products using its proprietary drug delivery system called TPM® (Targeted Penetration Matrix). 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 patches, gels and injectable 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

About Purisys

Headquartered in Athens, Georgia, Purisys was formed with one global goal in mind – to provide pharmaceutical and consumer product companies with the most comprehensive and sustainable array of resources for commercialization of cannabinoids available today. Purisys ingredients are developed using state-of-the-art manufacturing technologies for a broad range of cannabinoids on both small and large scales to create a reliable supply chain to support pharmaceutical and consumer product development and launch – at the highest levels of quality and within cost structures required for successful product commercialization. With roots that stretch back decades in the pharmaceutical industry, the company has a successful regulatory track record in the pharmaceutical industry – and a commitment to consistency and quality is carried over to our work with consumer products.

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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