

Avecho and Sandoz announce \$16 M deal to commercialise CBD for insomnia treatment in Australia

05 March 2025 | News

Market for over-the-counter cannabidiol registered in Australia forecast to grow to >\$125 M per annum



Avecho Biotechnology has signed an exclusive ten-year development and licensing agreement with Sandoz Group AG for the commercial rights to Avecho's Phase III cannabidiol (CBD) capsule for insomnia in Australia. Avecho retains the rights to commercialise the product in all other territories, with Sandoz granted a first right of refusal for these markets.

Avecho's CBD capsule aims to be the first pharmaceutical CBD product registered with the Therapeutic Goods Administration (TGA) as an over-the-counter medicine, which market forecasts predict could generate sales surpassing \$125 million per annum in Australia.

Sandoz has agreed to an upfront licensing fee of \$3 million (approx. A\$4.8 million) for the exclusive commercial rights to the CBD product for insomnia in Australia. Avecho will continue to fund and oversee the ongoing Phase III clinical trial. Upon successful completion, Avecho and Sandoz will collaborate to secure TGA regulatory approval. Sandoz will purchase finished product from Avecho and assume responsibility for the product's commercialisation, including marketing and distribution in Australia. Avecho is eligible for development milestone payments totalling \$16 million prior to commercialisation and will receive tiered royalties ranging from 14% to 19% on net sales once on market.

The agreement as an initial term of 10 years, with automatic extensions for two further renewal terms of two years each, unless terminated by agreement between both parties. The company also confirms that the agreement is otherwise subject to standard terms and conditions typical of a contract of this nature.