



The Pharma & Biotech market had a relatively positive month with 41.5% of the coverage universe posting positive share price movements for the month of September. Over the 12-months to 30 September 2024 there has been some strong movements in the Pharma & Biotech universe with the share prices of 18 companies increasing by 100%+ with the best performer being Clarity Pharmaceuticals, whose share price has increased 618.5% over the 12-month period. Cannabis companies saw a renaissance during the month with the two biggest gainers in September both operating in the cannabis market.

Below we take a look at 5 Pharma & Biotech companies whose share prices rallied in September.

Cann Group Limited (ASX: CAN)

Cann Group was the best performing stock in the coverage universe in September, with the share price up 137.5% for the month. It's been a challenging year for Cann Group with the Company suspended from trading for 3 months from March to June due to concerns about the Company's ability to remain a going concern. Since this time, the Company has undertaken a number of initiatives to reduce operational costs as well as optimise revenue, including securing a \$5 million debt facility, an internal restructure and cost savings program, sales of superfluous assets and bulk sales of existing inventory. The debt facility came at a cost with an interest rate of 15%p.a, payable monthly in arrears and is due to be repaid on 7 May 2025.

While there was no specific news that seemed to drive the share price and heightened volume, during the month the Company provided an investor presentation with the Company providing a strategy to profitability. The Company will focus on the production of high quality, GMP medical cannabis products of various forms to meet market demands. This will see the Company place greater priority on some product lines, whilst reducing production on less profitable products, allowing the Company to maintain and potentially increase the average revenue per gram.

In FY24, the Company reported sales of \$15.4 million, an 11.6% increase on FY23, and increased production of dried flowers 100% to 4.4 tonnes. The Company is seeking to increase production to 6-7 tonnes per annum in FY25, increasing to 10 tonnes per annum by FY27, which is the production capacity of the Mildura glass house facility that is operational today. Expansion of the facility will provide the potential to drive further revenue growth. The Company is forecasting EBITDA profitability in FY25 and is expected to be cashflow positive in FY26.

Subsequent to September-end, the Company announced a Non-Renounceable Entitlement Offer to raise ~\$6.25 million (before costs). The Offer includes an Entitlement Offer that provides eligible shareholders the opportunity to subscribe for 1 new share for every 3 shares held at a price of 4 cents per share and 1 free attaching option for every 3 new shares subscribed to with an exercise period of 24 months and an exercise price of 8 cents per share. The Offer is scheduled to close on 21 October 2024. Capital raised will be used to assist with executing a range of activities to grow the business as well as servicing lines of credit.

After rising 137.5% in September, the announcement of the Entitlement Offer resulted in the share price falling back towards the offer price of 4 cents per share, resulting in significant share price volatility.

Althea Group Holdings (ASX: AGH)

Althea Group's share price rose sharply during the month on the back of the news that its subsidiary, Peak USA, had successfully established an emulsion manufacturing lab in Florida and that US sales of the products under the recently announced JV with Flora Growth Corporation ("Flora") were expected to be launched online in September via Flora's established e-commerce platform with negotiations ongoing with a number of distributors in strategic US states, including Florida, Texas, Georgia, South Carolina and North Carolina.

In July, the Company announced it had finalised the JV with Flora, targeting the US cannabis beverages market. Peak USA and Flora have jointly developed 6 THC cannabis beverages that are intended to be distributed through the US. The JV positions the Company to take advantage of the growth opportunities in the cannabis beverages market with the US cannabis beverages market projected to grow from US\$966.9 million in 2024 to US\$19 billion by 2028 according to Market Data Forecast.

Through its Peak Canada subsidiary, the Company has a 40% market share in the development and manufacturing of the cannabis-infused beverages in Canada. The Company is seeking to replicate this success in the US by manufacturing its proprietary cannabis emulsion, Envision, from locally sourced hemp, which will be the active ingredient in its US-made cannabis beverages.

The Company has provided FY25 revenue guidance of \$50-\$60 million and EBITDA guidance of \$4-\$7 million with expansion into the US being a key driver of growth.

EZZ Life Science Holdings Limited (ASX: EZZ)

EZZ's share price continued its positive momentum in September, rising a further 70%. EZZ featured in the previous edition of Movers & Shakers for Pharma and Biotech, with the share price up 566.2% over the 12-months to 30 September 2024.

There was no news flow during the month with the positive share price momentum continuing on from the FY24 results released towards the end of August.

The company reported record revenue of \$66.4 million in FY24, up 78.9% on the pcp, and NPAT of \$6.9 million, up 91.8% on the pcp. While no guidance for FY25 was provided by the company, further growth is expected from the recently launched new products as well as the expected launch of new products in FY25. Further to this, the company expects to commence sales in the US in 2Q'FY25 after approval from the FDA for the distribution of its products. With cash in the bank, no debt and positive and growing operating cashflow, the company is well positioned to continue its growth aspirations.

4DMedical Limited (ASX: 4DX)

4DMedical's share price jumped on the announcement of a distribution agreement with Philips for the exclusive distribution rights to the Company's suite of products in the US. The share price was up 47% on the day and finished the month up 53.4%, with the market stamping their approval on the agreement.

Under the agreement, the 4DMedical and Imbio portfolios have been added to the Philip's product catalogue and will be offered as a third-party solution to its US customer base. The agreement is for a 5-year period with stipulated minimum thresholds for annual sales targets.

The agreement establishes a commercial pathway for 4DMedical's products in the US, leveraging Philip's existing commercial partnerships, including the VA and DoD. 50% of VA clinics currently use Phillips imaging systems.

The Company has not provided guidance for FY25, however the agreement is significant. The opportunities within VA are considered twofold:

1) 4DMedical and Philips will work together to support the need for scalable, non-invasive lung screening in support of the PACT Act. The PACT Act represents a US\$280 billion commitment over ten years, covering numerous respiratory illnesses as presumptive conditions, providing healthcare eligibility to 6 million Veterans exposed to airborne hazards while on deployment; and

2) 4DMedical's product portfolio can provide actionable insights to frontline VA physicians treating patients with chronic lung disease, whilst also serving all physicians triaging respiratory conditions across the entire Veteran population.

Outside of VA, there is a sizable opportunity in the US market with an estimated 10.9 million Thoracic CT scans performed in 2019 at an estimated expenditure of US\$5.7 billion. The Company was granted reimbursement for XV LVAS and CT LVAS from the U.S. Centers for Medicare and Medicaid Services (CMS) in May 2024, with the products now accessible at more than 4,000 Medicare-certified hospitals through the US.

Antara Life Sciences Ltd (ASX: ANR)

Antara Life Sciences share price was up 45.8% in September, with the market reacting positively to the announcement that the Company's Gastrointestinal ReProgramming product (GaRP) had been granted a patent covering the 19 major European countries plus the UK. The patent covers the title and documents relating to GaRP providing protection until March 2039.

GaRP has the potential to be a disease-modifying treatment that aims to positively impact a substantial proportion of the population that suffer from the debilitating symptoms of digestive disorders, including irritable bowel syndrome (IBS). Due to the mechanism of action, GaRP is expected to be applicable to a wide range of indications in gastrointestinal health beyond IBS. The mechanism of action of GaRP is based on ingredients designed to restore and maintain the gastrointestinal tract lining and dynamics, using sophisticated coatings and combinations.

The Company is currently undertaking a Phase 2 clinical trial for the use of GaRP to treat IBS. The Phase 2 trial comprises two stages. The first stage of the trial has been completed in which 61 patients were treated across 3 arms - placebo, low dose and high dose. The trial met its primary endpoint of at least a 20% improvement (reduction) in the IBS-SSS score with no safety concerns. Over the 8 week period, the median improvement in

the IBS-SSS score was 56% in the low dose and 50% in the high dose arm. This constitutes a meaningful improvement and has provided a level of confidence progressing to Stage 2 of the trial.

Stage 2 of the trial is an extension of Stage 1 and will include 60-100 new participants. The trial will be randomised and blinded with participants receiving either the placebo or GaRP. Added to the Stage 1 participants, the total number of participants will be 100-140. Given the results from Stage 1, the Company is using the low dose for Stage 2.

There is a significant unmet need for sufferers of IBS. According to surveys, less than 20% of patients are satisfied with suggested treatments that are available on prescription or otherwise. Most treatments are directed at symptom relief and not control of the underlying processes affecting the complexities of the gastrointestinal tract. The GaRP preliminary results suggest the potential for a treatment that relieves and also controls the ongoing process by restoring the gastrointestinal tract (GIT) lining and homeostasis. This is considered a major point of differentiation from other products on the market.

In early October, the Company announced that it anticipates recruitment for Stage 2 of the Phase 2 trial to be complete in the 4Q'CY2024 with headline results available in 1Q'FY2025.

The Company is continuing to engage with global pharma companies interested in expanding their portfolio of complementary medicines. The Company believes GaRP will provide a meaningful adjunctive treatment for patients with IBS and other medical indications such as Inflammatory Bowel Disease (IBD).

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