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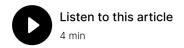
Healthcare

Medical marijuana boom for Australian exporters

Michael Smith Health editor



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David Henn, the founder of Germany's biggest medicinal cannabis importer, says he cannot get enough Australian-grown marijuana.

With relaxed cannabis laws tripling demand for medicinal marijuana in the past 10 months, Henn flew into Queensland last month desperate to secure more supply from local partner Australian Natural Therapeutics Group.



Australian Natural Therapeutics Group executives Matt Cantelo (left) and James Gaskell at the company's Brisbane facility. **Dan Peled**

"They just grow the best weed in the world," Henn said after spending a day touring ANTG's Brisbane farm where rows of commercially grown cannabis flowers, or buds, are nurtured in temperature-controlled conditions.

"We are totally impressed with the quality. We need ANTG to invest in new infrastructure and make sure they can cultivate what we need."

Henn runs Cologne-headquartered Cannamedical Pharma, which sells medicinal cannabis to chronically ill patients for pain relief and sleep.

Production expanding

Germany does not grow its own and Henn sources most of his imports from Australia, South Africa and Colombia. Business has been booming since Germany reclassified cannabis from a narcotic almost a year ago, making it easier for physicians to prescribe.

"People are getting older. There is a lot of pain therapy involved. Medicinal cannabis is making their lives better. It has very little side effects. Volumes have increased tenfold in the last 10 months," Henn said.

This is good news for ANTG, a Byron Bay-based exporter founded by former Corporate Travel Management executive Matt Cantelo in 2015

[https://www.afr.com/companies/healthcare-and-fitness/local-medical-cannabis-company-scores-92m-deal-20210120-p56vhv].

Cantelo, who owns 70 per cent of the company, last month renewed a supply deal with Cannamedical Pharma worth \$150 million in sales over 10 years, but that figure is expected to increase as production expands from three tonnes to as much as 10 tonnes in the next 12 to 18 months.

Demand for medicinal cannabis is booming as governments relax rules around the narcotic, still illegal for recreational use in most countries, but increasingly being approved for pain relief, insomnia, anxiety, PTSD and other conditions. In Australia, sales of medicinal cannabis are also increasing, although the rules are stricter than in Germany.

"There is a big cohort of people out there who suffer from chronic pain and the feedback we get is often for sleep and pain," says Cantelo, who named ANTG's main product, Rocky, after his late father.

Cantelo said ANTG, which has facilities in Brisbane and in Armidale in NSW, was considering raising capital to fund a 500 per cent increase in production over the next three years. He would not reveal the size of the raise.

The federal government legislated in 2016 to allow the use of medicinal cannabis and legalised its export in 2018. ANTG also exports to New Zealand and will start selling in the United Kingdom. Other Australian companies export medicinal cannabis [https://www.afr.com/companies/healthcare-and-fitness/this-company-doubled-its-revenue-on-medicinal-cannabis-demand-20231103-p5ehh6] but ANTG was one of the first.

Shift to legal market

Despite the company's rapid growth, Cantelo said he had not been tempted to take it public. Medicinal cannabis companies have a history of flopping on stockmarkets because they could not meet profit forecasts.

"If you are going to list on the stock exchange you want to have three solid years of good profits and forecasts. A lot of cannabis companies tended to jump on the listing early without real revenue and when they don't reach their budget targets they get crucified," he said.

"What will really increase the growth is where governments see the opportunity to change the regulations. I'm not suggesting Australia should be a recreational market by any means. We are seeing a large shift from that medicinal black market to that legal market. People would prefer not to be criminals when they are taking their medicine."

Australia imports more medicinal cannabis than it exports, primarily from Canada. The federal government's Office of Drug Control says imports rose to 42,104 tonnes in 2023 from 24,887 tonnes in 2022. This compared to exports of 2066 tonnes in 2023 compared to 1510 in 2022.

Cantelo outlined the fine art to developing new strains of medicinal cannabis, which are bred in strictly controlled conditions for years to combine compounds called terpenes and Cannabinoids and design a product to treat particular conditions.

"It takes quite awhile to breed and then test. We are well down that path – seven years into that journey. We are constantly looking at new strains," he added.

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