

True Leaf Brands Inc.

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Pot for pets: Unleashing the cannabis-for-pets market opportunity

There's little doubt it's a growing market segment: cannabis for our four-legged furry friends.

And the green rush combined with the pet industry is a market that is growing - quickly. Natural therapies for pets, such as cannabidiol (CBD) and hemp-based products, from pet treats to oils, ointments and sprays, are now gaining wider acceptance from the public and veterinarians.

It's estimated that 85 million households in the US own a pet, or two out of three families. In Canada, about 57% of the population owns a pet, with the UK coming in at 45%. As pet ownership rises, and as pet owners increasingly spend more and more on their pets, so does the opportunity for the cannabis industry.

"The pet food industry is a bit of a sleeping giant. A lot of people don't realize how huge it is. It's \$100 billion worldwide now and in a few years it's expected to be close to \$200 billion," said True Leaf CEO Darcy Bomford in an interview with Proactive. "If you look at the pet and the cannabis industry, right now they are pretty close to being the same size."

The company says that both the cannabis and pet industries represent high-growth industries with enormous opportunity.

WATCH: True Leaf launches new CBD supplements for canine companions True Leaf is one of the leaders of the pack when it comes to capitalizing on the cannabis for pets opportunity. The firm is focused on its range of pet care products that have the potential to deal with symptoms such as anxiety and joint pain, with distribution in the USA, Canada and 17 European countries.

The firm has a number of umbrellas: True Leaf Pet is focused on developing and selling supplements and treats for pets, while True Leaf Medicine is aiming to become a licenced producer of cannabis, through the development of cannabinoid-related products for medicinal use.

True Leaf's hemp-seed based products are legally compliant in both the US and Canada and are part of its strategy to position the company as a global, cannabis-for-pets brand market leader. True Leaf products are made up of a formula of active ingredients - anchored by hemp - which aim to target a range of pet health issues, such as calming support, hip and joint function and omega 3 supplementation. Earlier this week, the firm launched a line of veterinarian-formulated, cannabidiol (CBD) supplements for dogs in several US states and online.

"We are excited to launch a NASC (National Animal Supplement Council)-certified CBD product line to complement our trusted and successful hemp seed-based pet supplements," said Bomford. "With the True Leaf brand already in over 3,500 stores worldwide, we are well-positioned to meet the growing US demand for legal, safe and effective CBD pet products, which should generate significant incremental revenue for True Leaf."

Price: 0.04

Market Cap: \$4.02 m

1 Year Share Price Graph



June 2019 December 2019 June 2020

Share Information

Code: MJ

Listing: CSE

52 week High Low
0.5 0.015

Sector: Retail

Website: www.trueleaf.com

Company Synopsis:

True Leaf is a leading global cannabis and hemp wellness brand for pets. Founded in 2013, True Leaf has two main operating divisions: True Leaf Medicine Inc. and True Leaf Pet Inc. True Leaf Medicine Inc. was launched in July 2013 to become a licensed producer of federally-approved medicinal cannabis for the Canadian market.

action@proactiveinvestors.com

Sniffing out the opportunity

And it's not just True Leaf. Other companies, such as Colorado-based Charlotte's Web Holdings Inc (CSE:CWEB) (OTCQ:CWBHF), the maker of hemp-derived CBD extract products, Canadian producer Canopy Growth (TSE:WEED) (NYSE:CGC) and 1933 Industries Inc (CSE:TGIF) (OTCMKTS:TGIFF), via subsidiary Infused MFG and its Canna Hemp line, are all aiming to also tap into the cannabis for pets market opportunity.

Next Green Wave Holdings Inc (CSE:NGW) (OTCMKTS:NXGWF) has rolled out a number of CBD pet products, including Loki Naturals CBD tincture, with brand partner, Loki the Wolfdog. Loki is a husky/arctic wolf/malamute mix that has a mammoth 2 million Instagram followers.

Namaste Technologies Inc (CVE:N) (OTCMKTS:NXTTF) recently signed a deal with True Leaf, which will see its pet products distributed through Namaste's online dispensary platform CannMart.

"Partnering with a leading brand like True Leaf is an excellent way to enhance our consumer product offering and scale our vendor experience," said Namaste's Interim CEO Meni Morim in an interview.

WATCH: True Leaf's hemp based pet treats now available on Namaste's CannMart platform

Veterinarian Dr. Katherine Kramer, who is also True Leaf's veterinary advisory board chair, said she's been approached by many pet owners interested in learning about hemp-based and/or CBD products, which may have significant therapeutic potential for pets.

Kramer says there are a number of uses, with pet owners using CBD in situations of pain, chronic conditions such as pancreatitis and inflammatory bowel disease, as well as cancer, epilepsy, anxiety and behavioural issues.

"The more we find out about it, the more we find indications to use it," said Kramer, adding that 2018 was a watershed year for the veterinary community when it comes to cannabis and pets. Kramer does note that it is important for pet owners to work with a veterinarian, and proceed cautiously as the many products are unapproved."

"More and more pet owners are wanting this and so more and more vets are finding out about it," she added.

WATCH: CBD for pets advocate and veterinarian helping shape the hemp-based pet company True Leaf

As consumer awareness and popular opinion for CBD and hemp products grow, it makes sense there is a ripple effect that extends to their pets. Millennials are the largest pet-owning generation, followed by baby boomers. And as millennial pet owners are increasingly putting pets before parenthood, there are cultural shifts going on, with pets being more and more pampered, and health and well-being at the top of the list.

Looking forward, both the pet care market and the legal cannabis market are two very lucrative markets. The global pet care market is estimated to be worth US\$184.1 billion by 2023. Research firm The Brightfield Group estimates CBD pet products could grow to an estimated \$1.16 billion industry in the US alone by 2022.

For companies in the space, the regulatory and legal landscape is complex - and constantly changing, depending on the jurisdiction. In the US, with the passage of the US Farm bill, which legalized industrial hemp production, it means CBD that comes from hemp is legal, but CBD can also be derived from marijuana - not legal on a Federal level but it could be on a state level.

In Canada, Health Canada has not yet approved any CBD products for pets, but this has the potential to change after the October 17 edibles legislation goes into effect. Currently, there are veterinary health products with hemp that are approved for sale in Canada. Once regulations are changed, a number of companies are poised to release CBD-containing pet products and the first-movers in the space will have a leg up.

For now, the fact of the matter is pet ownership is a universal (and growing) trend across multiple generations, with an estimated 1.5 billion dogs and cats worldwide. Together with the cannabis industry, it represents a compelling market opportunity.

Contact Katie Lewis at katie@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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