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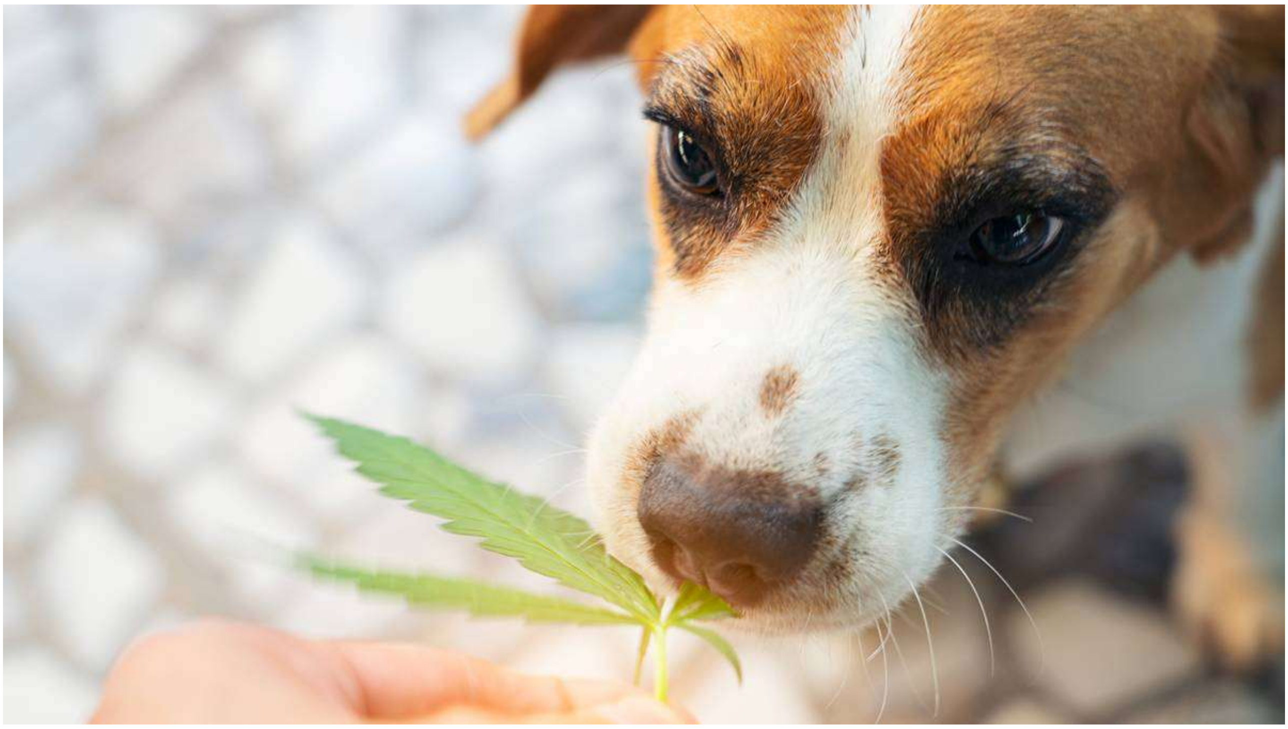
Biocurious: The hemp sector is poised to bloom amid supportive local reforms

Health & Biotech | 2 hours ago | Tim Boreham



Like this innately curious beagle, HempPet sniffs an opportunity amid amenable reforms to industrial hemp regulation. Pic: Getty Images

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- **Liberalised regulation spells an opportunity for local providers of the protein-rich, low-THC cannabis plant**
- **Veterinary provider HempPet sniffs an IPO opportunity**
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Mistaken for THC-laden cannabis that induces a 'high', industrial and medicinal hemp has been cast into penury even though Australia has some of the best growing conditions.

Hemp is a variety of cannabis sativa grown especially for its fibre. It contains low levels of THC and slightly higher levels of CBD (cannabinoids).

Now, advocates of the protein-rich plant and versatile building material expect a rebirth of the local sector.

They are leaning on recommendations of a recently completed Senate parliamentary committee inquiry, self-evidently titled 'opportunities for the development of the hemp industry in Australia'.

Co-chaired by National Party leader Matt Canavan, the committee's report proffered 14 recommendations.

These covered developing a nationally consistent hemp framework, recognising state licences across jurisdictions and establishing a national definition of industrial hemp.

The proposed reforms include removing unnecessary barriers to exports, improving pathways for hemp-based products and ensuring that hemp producers are treated as legitimate businesses.

The starting point is a maximum 1% THC: a.k.a not even enough to get a mouse stoned.

“Cannabis in most people’s minds means marijuana,” says industrial hemp pioneer Phil Warner.

“But of the 2000 species, about 90% are non-marijuana plants.”

Regulators got the hump with hemp

For pet supplier HempPet, the new regulatory landscape has rekindled plans for an ASX initial public offer (IPO) and listing.

HempPet has been around since 2018, developing a range of hemp-based oils, supplements and shampoos.

A former Mortgage Choice franchisee, Arthur Wajs and his partner Sandra founded HempPet in honour of their deceased American Staffordshire terrier, Bella.

They believe hemp additives warded off Bella’s skin cancer and prolonged her life.

“We went into hemp because we understood through personal experience that it’s a great ingredient,” Wajs says.

Wajs says the business was flying – until a regulatory “debacle” that saw hemp becoming conflated with medical cannabis.

The Senate report highlights widespread industry confusion regarding product classification.

It notes that shifting interpretations from the Australian Pesticides and Veterinary Medicines Authority (APVMA) have hampered sector growth and created uncertainty for Australian business owners.

Wajs says the new rules – or interpretation of existing ones – scared off big retailers and some brands folded altogether.

… but cooperation, not conflict wins the day

To be fair, APVMA had legitimate concerns.

In its 2024-25 corporate plan, the APVMA said it had identified more than 10,000 unregistered cannabidiol and hemp products available for purchase by Australian consumers across three major websites.

These sites "promoted claims about benefits to animal health and wellbeing".

But after the APVMA in effect treated its hemp products as illegal, HempPet called in the lawyers.

Wisely, the minnow decided it couldn't fight City Hall and has engaged with the regulator on bedding down a more amenable regimen.

HempPet says the rules already have been clarified so that hemp-based products (like hemp seed oil or hemp seed meal) do not require APVMA registration.

"Since the Senate inquiry, hemp has become investable again," Wajs said.

Government response pending

The federal government is yet to respond to the recommendations but is tipped to accept all 14 proposals.

HempPet is most excited by recommendation five, which recommends that APVMA clarifies the requirements and simplifies the process for hemp-based products to be declared 'excluded nutritional or digestive products' (ENDS).

ENDS are animal feed formulations that do not require full APVMA registration as veterinary chemical products.

But they must meet strict criteria regarding ingredients, manufacturing standards, labelling and health claims.

In a dissenting report, the Australian Greens went a step further, recommending the oversight of hemp be passed from the Office of Drug Control/Therapeutic Goods Administration to the Department of Agriculture, Fisheries and Forestry.

"[The party] firmly believes that until hemp is viewed and regulated as a legitimate agricultural crop and not a narcotic substance, the Australian hemp industry will continue to be hamstrung by unnecessary and burdensome regulations."

Another key sticking point for providers was that they couldn't advertise their wares.

The committee recommends that "all payment providers, advertisers, and online platforms review their protocols and procedures to ensure that in their interactions with the hemp industry, hemp businesses are recognised and dealt with as legitimate businesses".

This would allow hemp companies to advertise on social media.

What not to do

In its pursuit of an IPO, HempPet is guided by the rise and fall of Ecofibre which listed in 2019.

Backed by Count Financial founder Barry Lambert and helmed by ex **AMP (ASX:AMP)** CEO Eric Wang, the company focused on medical hemp to treat paediatric epilepsy.

Ecofibre built to a $1 billion business before too much debt and an overly ambitious US expansion cruelled its fortunes.

The company entered voluntary administration in May last year and was liquidated in January this year.

HempPet is advised by Warner, who founded Ecofibre in 2016, having earlier received the country's first hemp cultivation licence.

Warner left Ecofibre in 2018 ahead of the IPO – and is aghast about the company's fate.

Warner said he created the company out of desire to find a more effective rotation crop.

"After a lot of research, we found industrial hemp was a very good choice."

He added that industrial hemp already was "well understood and well received" in Europe and North America.

ASX bound?

With regulatory clarity emerging through the haze, HempPet is launching a series A private round for $2 million.

The company plans to raise up to $3m more in follow-on efforts.

HempPet targets a listing next year, or in 2028. But as with any IPO, these timetables are subject to more slippage than a Brownlow night cleavage.

Wajs says that to create the desired valuation of $100-150m, the company would need to build revenue to $8-15m. Currently, revenues are well shy of the $4m or so achieved before the APVMA crackdown.

HempPet won't be the first ASX veterinary cannabis/human hemp play (definitions blur).

CannPal Animal Therapeutics listed in October 2017 but then merged with fellow ASX 'pot stock' Auscann in early 2021.

Auscann delisted in September 2024 after failing to pay its listing fees.

Earlier this year, **Argent Biopharma (ASX:RGT)** acquired Auscann's 48% equity interest in CannPal in a $2m scrip deal.

In July the company added veterinary applications to a global licensing deal for CannEpil, its cannabinoid/THC solution for managing drug-resistant epilepsy.

This adds a 10% royalty stream to the compact, struck with Endovia Health Sciences (formerly Splash Beverage Group).

Last month the US FDA Center for Veterinary Medicine established an Investigational New Animal Drug (INAD) file for CannEpil.

The initial development effort targets cancer-related pain in companion animals, beginning with dogs.

Elixinol Wellness (ASX:EXL) develops and distributes hemp-derived CBD dietary supplements and skincare products.

Its businesses include Hemp Foods Australia, founded in Byron Bay (of course) in 1999.

ECS Botanics (ASX:ECS) has an extensive supplements range, including organic hemp and medical cannabis.

Sizing up the market

The truth about cats and dogs is the local companion animal market is worth about $900m, servicing 7.3 million canines and six million moggies.

A subset of that, the market for dog and cat supplements is worth $60-70m annually and a further $45m for horses.

Hemp has a minute, sub $10m share of this. But the parties are confident that with the regulatory shackles removed, revenue will rise exponentially.

Wajs says HempPet could achieve registration of the world's first "full spectrum CBD dominant product", as a complementary vet medicine for multiple diseases.

He adds that hemp is a stepping stone to a bigger HempPet business, incorporating non-hemp products.

Only the beginning

Down in Geelong, the sector today wound up its fifth annual Australian Industrial Hemp Conference.

Aptly, the town known affectionately as Sleepy Hollow could be the epicentre of an industry re-awakening.

In between hemp gin and beer tastings, attendees heard from speakers including environmental design guru Joost Bakker.

Bakker spoke about building a dream 'hemp house' for US actor Zac Efron, near Byron Bay (of course).

HempPet describes pet nutrition as an "early commercial beachhead".

"The opportunity is no longer simply about selling hemp products in Australia," the company said.

"It is about participating in the development of a broader Australian hemp value chain.

"That spans agriculture, processing and manufacturing through to consumer products and – ultimately – export markets."

HempPet said it was not asking investors to speculate on whether hemp would become a legitimate Australian industry.

"The policy direction is increasingly answering that question".

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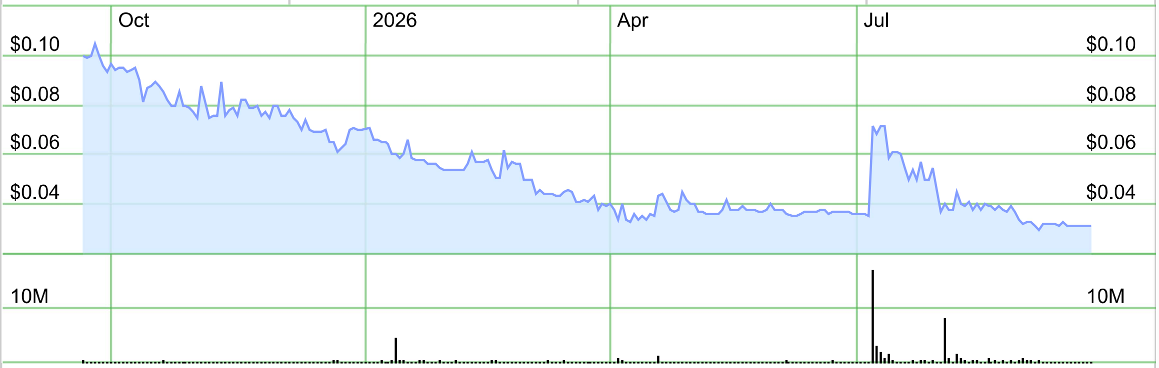

1 mth 3 mths 1 yr 2 yrs 5 yrs 10 yrs

1 Sep	Notification of cessation of securities - RGT
31 Aug	Appendix 4E and 2026 Annual Report
31 Aug	Appendix 4G and Corporate Governance Statement
26 Aug	FDA-CVM Establish INAD File for CannEpil Veterinary Program
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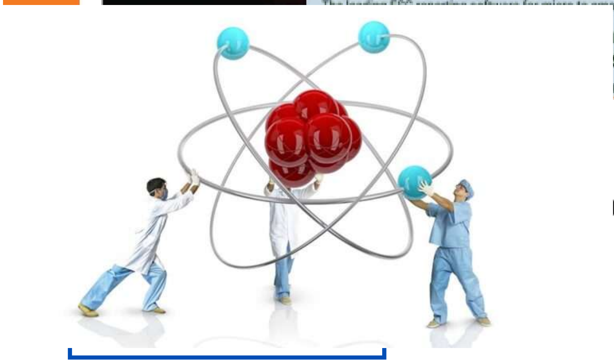

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