

# Medical Cannabis Briefer

## A European Perspective

21 September 2018

We are happy to announce today that *Gemstone Capital* and *Markets & Money Advisory* have signed a research agreement to ensure independent market and macroeconomic research in connection with Gemstone Capital's core business of being a provider of capital and transaction services.

This publication is the first result of this research agreement.

This report provides a short overview of the size of the European market for medical cannabis. A market which is expected to grow strongly in the coming years as more and more countries have moved to legalise medical cannabis.

In the coming months further research on key market developments in this interesting market will be published.

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### Legislation

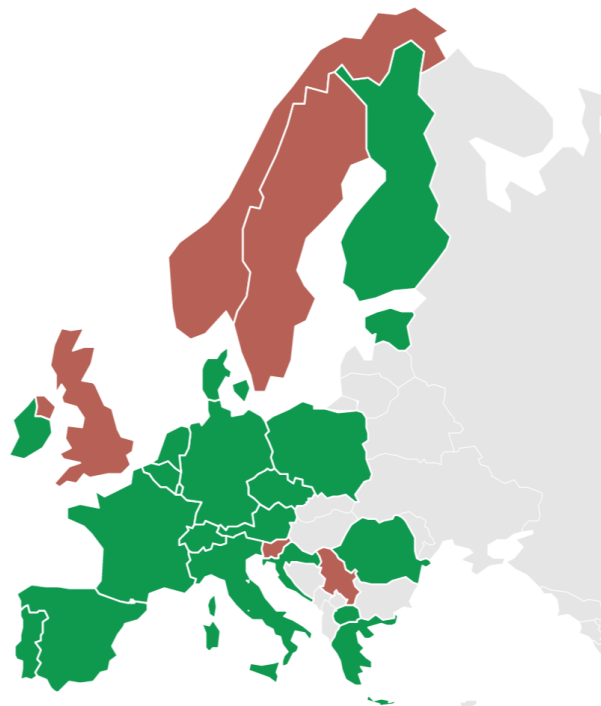
As compared to the United States, Europe has been a late bloomer in the adoption of medical cannabis. In recent years however, there has been an emergence of legislations of medicinal cannabis across the region. This trend is illustrated by Germany, the largest economy in Europe, voting to legalise the use of cannabis for medical purposes in early 2017. Additionally, United Kingdom has leaned towards cannabis legalisation over the summer of 2018. Together with France, where medical cannabis has been legal since 2013, they make up the three largest European economies in this sector.

Currently there exists no uniform legislation on the use of medical cannabis at an EU level, leaving individual member states responsible for the legislation and regulation regarding the legalisation and utilization of medical cannabis. At present, 21 European countries have legalised the use of medical cannabis with varying conditions and regulations applicable.

The absence of a central EU policy forces market participants to abide by the regulations and barriers of single countries instead of a common market standard across the EU. For example, Netherlands, one of the European first-movers, The Office of Medicinal Cannabis (a government agency) has a monopoly in supplying medical cannabis, as well as its import and export. Other countries such as Italy, issue licenses to farmers and companies wishing to produce and cultivate medical cannabis under the supervision and coordination of the Ministry of Health.

The following map presents current European nations with legal medical cannabis (green)<sup>1</sup>. The

map only indicates countries with general legalisation and is not an indicator for commercial potential or lack thereof in individual countries. It does however, signal the traction in medical cannabis that has occurred in recent years.



*List of countries where medical cannabis is legal<sup>2</sup>:*  
*Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Macedonia, Malta, Poland, Portugal, Romania, Spain, Switzerland, The Netherlands*

<sup>1</sup> The map only indicates legal status. It should be noted that market restrictions vary greatly across the map.

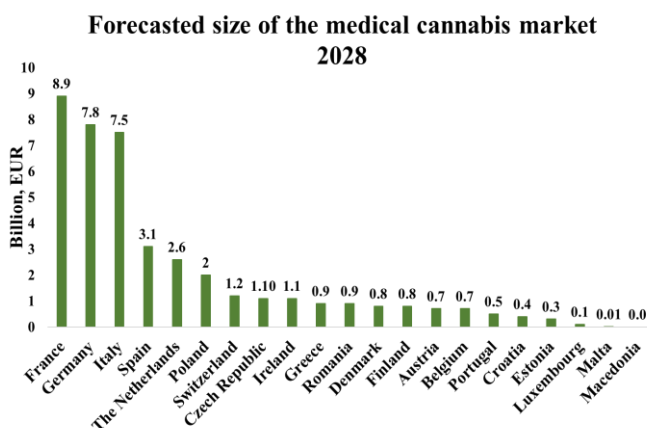
<sup>2</sup> The list includes countries where medical cannabis is generally legal regardless of regulatory restrictions.

### Market overview

In recent years, public interest in medical cannabis has grown. This includes governments and businesses alike, making the European market a hot topic in the cannabis industry albeit it being in its early stages. Despite limited access to data and research, further development in the documentation of the implementation of medical cannabis is expected over the coming year.

As beforementioned, the three largest economies in Europe have legalised or are in the process of legalising medical cannabis. In particular, the developments in Germany, as the economic engine of the continent, have caught the attention of potential market participants. Furthermore, with a total population of approximately 742 million, more than double the population of US and Canada combined, the market potential is expected to receive a growing interest from pharmaceutical companies in the coming years.

Prohibition Partners Intelligence Ltd, a consultancy and research firm focusing on the global cannabis industry, is forecasting the medical cannabis market to be reaching the size of 55 billion EUR by 2028<sup>3</sup> from essentially zero a few years ago. While there is significant uncertainty surrounding such a forecast, the current traction in legalisation across Europe indicates a high growth potential belying this industry in years to come. The figures below illustrate the forecast on a country level.



Compared to the current cannabis market leaders, Canada and the United States, the European market is characterised by greater regulatory measures. An example of this is the cannabis pharmacies or medical marijuana dispensaries known in the US. Such business types are unlikely to appear in the European market due to sales of medical cannabis being restricted to traditional pharmacies in most countries. Additionally, it is expected that unlike in the US, doctors will prescribe a specific cannabis product, leaving the patient unable to pick and choose from a range of medical cannabis products. Thus, the relatively strict regulatory structure may prove to be a barrier for non-European firms in terms of market penetration, while local firms could find themselves with an advantage in navigating the framework of European regulations.

<sup>3</sup> *The European Cannabis Report, July 2018 – Prohibition Partners*. The forecast assumes that all 28 EU countries will have fully legal and regulated medical cannabis markets by 2028.

### **Disclaimer**

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