

The promising future of cannabinoids

The ultimate breakthrough for cannabinoids, especially CBD, is getting closer. While restrictions, substance-scheduling and product-classifications are relaxing in some of the biggest markets, consumer interest is growing. New applications emerge, and the industry is in full swing preparing for the expected growth, especially within the health & wellness category.

In this interview with Julie Malbaek, CEO of NordicCan, a specialized Contract & Development Manufacturing Organization (CDMO) in cannabinoids, we explore the expanding and evolving market for cannabinoids.

How do you see the market for cannabinoids, notably CBD, evolving – what's next?

Everybody agrees that we see a market of accelerating growth in the coming years, especially within CBD, due to the increased legalization and de-regulation in many of the biggest global markets. Right now, the growing consumer awareness of health benefits and changing opinions towards CBD products are the key factors driving demand across a wide range of applications. It goes all the way from food and beverage to personal care products like cosmetics, topicals and oral-care, OTC medicines and other pharmaceutical products.

With the increasing acceptance of CBD products for a variety of ailments, the use of cannabinoids is no longer restricted to 'heritage' or 'specialist' believers in the positive effects. It's going from being a niche, anecdotal segment to a broader wellness segment. One of the derivatives of this movement is the need to address and cater to new consumer groups that want more serious and precise dosage formats such as gum, pills or tablets as opposed to smoking, vaping, gummies or oil products.



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What is the regulatory status around cannabinoids (CBD)?

There are still big differences in the regulation around CBD, as seen from a global perspective. The specific legislation around CBD has been moving over the last few years, with a clear trend towards legalization. In many American states and in Canada, CBD is now approved for medical and wellness purposes.

In 2019, the EU approved the use of CBD under the Novel Food regulation, which means CBD products can be sold as food supplements when equipped with a Novel Food market authorization by EC/EFSA (FSA in UK). In Australia, CBD can be sold as medical cannabis or OTC, and the daily dose formulation guidelines have been specifically outlined. In Asia, the rules on CBD vary from one country to another, and the use of CBD is still restricted in most countries. However, the laws are changing, and we expect to see a gradual opening in Asia as well.

We definitely see a positive momentum driven by regulation that allows for increased availability of products. The industry is fast to respond with increased research and development activities within a wide range of applications.

With the growing availability and more openness and knowledge around CBD products, I am confident that more and more consumers will be apt to purchase and try CBD products, as they experience different forms of ailments/conditions, where CBD has either clinically or anecdotally shown to have effects.



How do consumers prefer to use CBD?

Cannabinoid users' preferences and selection of dosage formats depend on the frequency and usage of the products. Together with research partner BDSA, NordicCan has analyzed which oral formats are used on a daily basis among US consumers.

The key conclusion is that gums and tablets/pills appeal to consumers, who are likely to be daily users of cannabinoids.

% of buyers per dosage form type who are daily consumers:

- **48% of gum**
- **42% of tabs/pills**
- **29% of lozenge**
- **24% of gummy**
- **22% of hard candy**
- **16% of chocolate**

How do consumers view the use of cannabinoids for everyday health, quality of life and well-being?

A small group of frontrunners have long since adopted the use of CBD. Now, I believe we are on the verge of the next big leap, when a large group of consumers, who have been prejudiced against or reluctant to use cannabinoids, discovers the benefits and moves from being CBD/cannabis rejecters to accepters and actual users. In this group, we expect to find people who would never consider smoking, vaping or using CBD oils, but would be more willing to use well-known, controlled unit-dose formats like gums, lozenges or sublingual tablets known from traditional OTC categories.

A recent NielsenIQ survey underpins the growing consumer interest in cannabinoids. The survey shows that 34% of US adults (21+) would consider using legalized cannabis for reasons of health and well-being. We also see that the group of elderly and age-mature users represents a significant part of today's CBD sales both in a US and Canada context.

Interestingly, the arguments supporting their interest in cannabinoids range from belief in its effectiveness to the naturalness of the ingredients. To me, this proves that the industry has a very positive starting point for the venture into cannabinoids.



Fig 2. Main applications of cannabinoids for health and wellness

Where do you see the biggest potential for CBD?

Studies point in the direction of the relief effects of CBD for a range of ailments and conditions. In our product design phase, we are looking towards several applications with promising potential for the formats we specialize in.

We divide the application areas – indication and administration - into the following themes which all feed into improved quality of life and wellbeing:

1. **Mental well-being:** covering anxiety, depression, sleep and relaxation.
2. **Pain management:** addressing both chronic and occasional pain types.
3. **Body health:** addressing local inflammation stages, e.g., digestive health and arteritis.

4. Oral care: focusing on an area where the research is still in the initial evidence phases, but with expectations towards positive effects on oral inflammatory conditions.

Today, pain and mental health are the predominant categories where cannabinoids are being used, but as we see more clinical data and science-based and backed studies being published, there can be other, more specific therapeutic areas that will constitute big potential.

At an evidence level, the potential for CBD will unfold as the industry invests in more granular and in-depth pharmacodynamic and pharmacokinetic studies, and actual claims can start to form based on clinical data.

For us, I see the biggest potential in our ability to develop and manufacture CBD products that can be used in a discreet and easy way by users on-the-go and in locations where vaping, smoking, gummies, etc. do not resonate with the situation.

Many of the cannabinoid application areas listed above are characterized by administration/use patterns with several times-of-taking and place-of-taking during the day. Our formats like compressed gums, liquefiable tablets, sublingual tablets, lozenges, etc. fit directly into the associated wishes and needs for these users.

How is NordicCan positioned in the market and what is your strategy?

At the beginning of 2021, we obtained a Research License approval from Health Canada to conduct studies such as sensory evaluation and taste masking at our site in Canada. The Research License is a key element in our strategy to develop and manufacture oral and intra-oral cannabinoid dosage formats for wellness and medicinal users, who seek pleasant and seamless modes of cannabinoid intake.

CBD is a strategic priority at the Fertin Group, of which NordicCan is a part. This allows us to invest heavily in research and new, purpose-built facilities. Our license to play is within high-quality, unit-dose formats, packed in blisters or other tailored packaging formats for convenience, discretion and ease of use.

In many ways, our product development approach within the CBD space is comparable to our approach within nicotine, where our sister company Fertin Pharma is a leading player. We build on this heritage that enable us to fast-track development processes, including specialist areas like taste-masking and sensory analysis.

What is your patent strategy surrounding CBD?

Patenting is a key strategy for NordicCan and an integral part of our standard way of operating. The patents ensure our rights, and hence our customers' rights, to offer different types and amounts of cannabinoids. It is our firm belief that Intellectual Property (IPR) is a vital framework and powerful tool to advance new ideas and to stimulate cutting-edge research and development. Our professional approach to IPR provides our customers with unique concepts and products. At the same time, our close monitoring of the market minimizes the risk of violation of competitors' IP rights and potential loss of R&D investments.

About NordicCan

NordicCan develops and produces innovative dietary supplement, pharmaceutical and medical cannabinoid products for the B2B market. As a full Contract Development and Manufacturing Organization, we help brands around the world launch value-added products with our R&D and production facilities in Canada and Denmark.

NordicCan is a sister company of Fertin Pharma, a global leader in oral and intra-oral delivery systems. Fertin helps consumers around the world live healthier lives. The company combines more than 30 years of experience handling APIs in both US FDA and EU GMP approved environments with a 100-year heritage in confectionery chewing gum.