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Ohio Canna-Business Seminar



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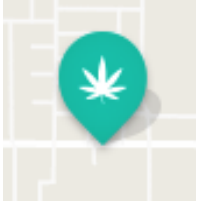


Irvine, CA | Denver, CO | New York, NY | Kitchener, Canada | Barcelona, Spain | Berlin, Germany

What is weedmaps®?

- Founded in 2008, Weedmaps is the oldest and largest cannabis technology company in the world and has been the leading innovator in developing software and platforms that drive the cannabis industry.
- Our core platform connects people with local dispensaries, delivery services, doctors, deals, brands, lab data and real-time menus. Weedmaps' full suite of business-to-business and business-to-consumer software includes lab data integration, point-of-sale and medical practice management and we are also developing a suite of SaaS tools for the industry.
- Beyond providing the software and advertising solutions that underpin the industry, Weedmaps has been advocating for measured growth and responsible policy to guide the modernization of the industry for nearly a decade.
- Weedmaps is working collaboratively with all levels of government and stakeholder organizations to encourage reforms to medical and recreational marijuana laws and to establish regulatory frameworks capable of ensuring safe and reliable patient access.

Services **weedmaps®** Offers



Business Listings

Connect patients to dispensaries, delivery services, doctors, deals, brands, lab data and real-time menus.



Point of Sale Software

Free point of sale software – MMJ Menu – which helps track sales, account for inventory, and manage patient information.



Brands Platform

Helps patients find their preferred medicine.

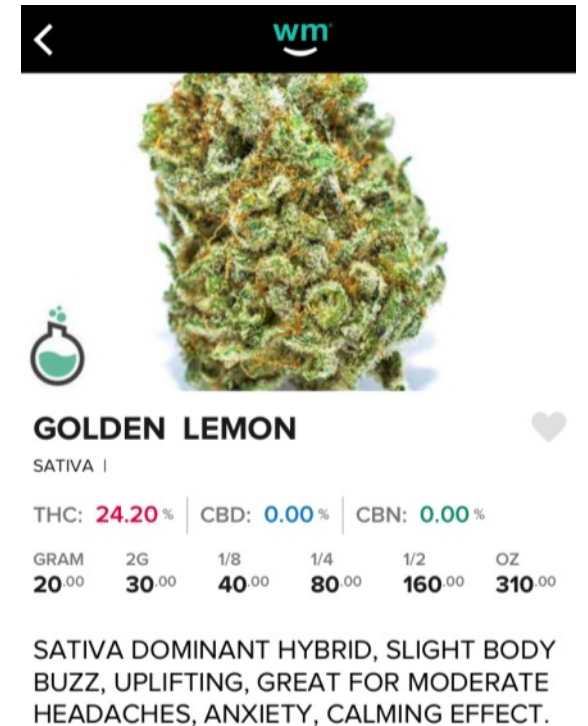
Raises awareness and profile of your brand, connecting products to points of sale.

Data Integration

Enable all menu information – from inventory, price, weights, lab testing, etc. – to automatically update in real-time on Weedmaps apps and website.

Arm patients with the most trustworthy, reliable, up-to-date menu and pricing information available prior to arriving at your business.

Reduce the number of hours spent by business owners and staff updating menus.



Industry Best Practices

Understand and comply with regulations

Cannabis industry regulations can be restrictive and complicated.

It is important to stay informed, engaged, and compliant.

Individually and with industry partners, educate and act as a resource to lawmakers regarding all areas of the cannabis industry.

Establish an effective advertising strategy

Review state advertising restrictions.

Target your message and refine your branding.

Regularly evaluate your strategy and adjust as needed.

Weedmaps can help.

Train and educate employees

Builds professionalism and improve customer service.

Fosters regulatory compliance.

Brings in higher profits.

Improves your business operations and recognition.

Set high standards and protocols for quality

Quality products matter.

Move towards a higher standard of service, where potency testing, standardized dosage, and quality assurance testing become the accepted and acknowledged industry standard.

Ohio's Medical Cannabis Regulations

Laws and Draft Regulation

Patient Access and Registry

- Patients with specifically defined medical conditions can qualify for medical cannabis if they obtain a recommendation from a registered physician.

Physician Registry

- Physicians must obtain a certificate from the state to issue medical cannabis certifications to patients.

Licensing for Cannabis Businesses

- Regulators are in the process of drafting licensing regulations.
- The rules being contemplated for licensees include electronic inventory tracking, detailed record keeping, surveillance, and additional security measures.
- Regulators will also cap the number of license issued in each respective category.

Regulatory Authority

- **The Department of Commerce** is responsible for overseeing medical marijuana cultivators, processors and testing laboratories.
- **The Board of Pharmacy** responsible for overseeing medical marijuana retail dispensaries, the registration of medical marijuana patients and caregivers, the approval of new forms of medical marijuana and coordinating the Medical Marijuana Advisory Committee.
- **The Medical Board** is responsible for certifying physicians to recommend medical marijuana and may add to the list of qualifying conditions for which medical marijuana can be recommended.
- Regulations can be monitored at <http://medicalmarijuana.ohio.gov/>.

Hurdles for Cannabis Businesses

Legal and Regulatory Barriers to Entry

- Laws and regulations are often complicated and costly.

Banking and Access to Capital

- Banks are reluctant to serve cannabis businesses.
- What appears to be a relatively small business really requires millions of dollars in investment.
- Due to the perceived risk of marijuana businesses, financing at this point is fairly limited.

Need for More Information and Collaboration

- Government officials often have little understanding of the cannabis industry, and cannabis businesses often have little understanding of government process and regulatory structures.

Lessons Learned from Other States

- To create a legal marketplace state governments should first focus on eliminating the illegal market.
 - Primary drivers of illegal markets:
 - Policies which overly restrict the availability and ease of purchasing marijuana through legal channels (unnecessarily burdensome zoning restrictions, limited dispensaries, prohibition on deliveries),
 - High effective tax rates and compliance costs on legal marijuana, and
 - Insufficient quantity and quality of legal marijuana for sale in a market (failure to authorize sufficient cultivation operators to produce adequate supply).
 - Illegal markets for marijuana rob state/local governments of tax dollars while continuing to drive up policing and incarceration costs.
 - Solution: Impose lower compliance costs and increase legal points of sale.
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Potential Issues with Ohio's Legal Market

High Cost of Entry

Cultivator:

- Application fee: \$20,000 (LI)/ \$2,000 (LII)
- Provisional License Fee: \$180,000 (LI)/ \$18,000 (LII)
- License Fee: \$200,000 (LI)/ \$20,00 (LII)

Processor:

- Application fee: \$10,000
- Provisional License Fee: \$90,000
- License Fee: \$100,000

Dispensary:

- Application Fee: \$5,000
- License Fee: \$80,000

Low Number of Licenses

- **24** Cultivation Licenses
- **40** Dispensary Licenses
- **40** Processor Licenses

Policy and Industry Implications

- Increases in cost of legal cannabis.
- Discourages minority inclusion.
- Hurts product quality.
- Limits patient options and access.
- Forces compliant, safe, and experienced businesses outside of the legal market.
- Limits tax and fee revenues.

Policy Recommendations

1. Ensure sufficient patient access.
2. Tailor tax and fee models.
3. Provide for a safe and diverse supply.
4. Have flexible policies that can be reactively adjusted.
5. Collect good data.

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