



The Business of Cannabis Overview. 101

Presented by Detroit Cannabis Project
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Agenda

- Survey
- Cannabis Industry Overview
- License Vs Non Licensed
- Supply chain overview
- Different license types
- Risks
- Going Forward



2022 Cannabis Industry Overview

- 12% of Americans are active marijuana users.
- Nationwide cannabis sales increased 67% in 2022.
- Support for legal marijuana is at an all-time high of 68%.
- The U.S. cannabis industry is worth \$61 billion.
- Cannabis capital raises declined 67% in 2022.
- Senior-level salaries increased in 2022.



2022 Cannabis Industry Overview cont.

- 21 Adult Use States.
- 37 Medical States.
- The US industry is projected to be over 100 Billion by 2030.
- Michigan has topped 2 billion in sales end of 2022.
- States crushed previous years sales record during a global pandemic! Cannabis is Essential.
- Fastest growing job industry in the US.



Plant Touching vs Non Plant Touching

There are many avenues to enter the cannabis industry, either with a license or without one.

Plant Touching (you NEED a license, please note licenses vary by state)

1. Cultivation
2. Processing
3. Retail
4. Transportation/ Distribution
5. Lab Testing
6. Delivery (not every state has this license type)
7. Microbusiness (not every state has this license type)

Non Plant Touching (no license required)

Ancillary services such as:

1. Marketing
2. Accounting
3. Cannabis Law
4. Architects
5. Cannabis Real estate
6. Education
7. The sky's the limit!



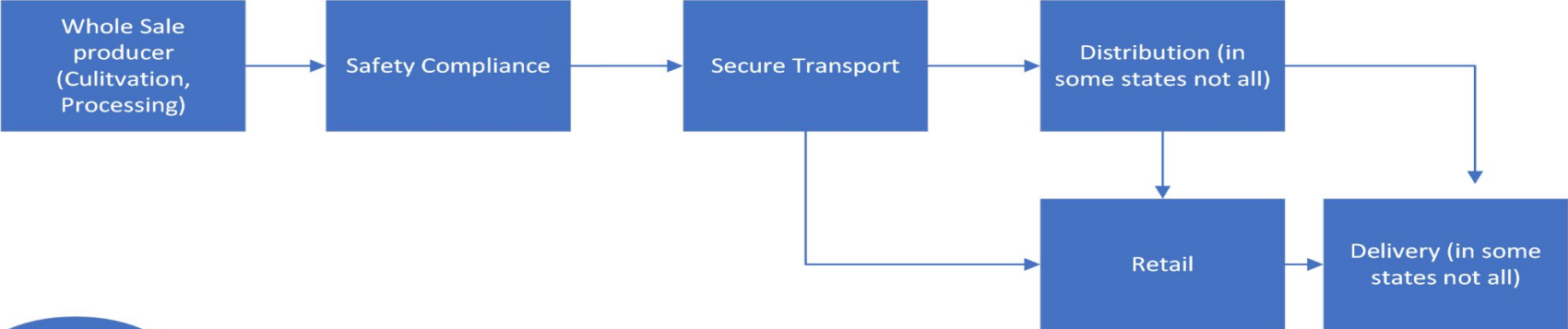
Plant Touching Supply Chain

There are many avenues to enter the LICENSED cannabis industry.

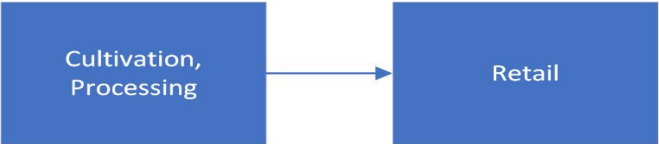
Plant Touching (you NEED a license, please note licenses vary by state)

1. Cultivation
2. Processing
3. Retail
4. Secure Transporter
5. Safety Compliance
6. Microbusiness & Class A
7. Event Organizer
8. Consumption Lounge

Commerical



Microbusiness





Cultivation

- Growing Cannabis Flower.
- Craft Grower- Usually less than 30,000/50,000 sq ft. Class A-C
- Large Scale- Usually more than 100,000 sq ft. Excess Grower.
- Supplies directly to dispensaries and processors/manufactures.
- Can be fully “vertical”.
- Start up cost including equipment are on average around \$300/sq ft.



Processing

- Turns raw Cannabis flower into products like (edibles, oils, topicals etc).
- Can be fully vertical, however if not vertical has to purchase flower from a cultivator.
- Processing facilities can range from 1000 - 10,000 + sq ft.
- Processing capabilities can range from very simple to highly specialized.
 - Simple- Packaging, pre rolls, gummies
 - Specialized (usually a chemistry background is needed)- Concentrates, sugar batter, live resin.
- Sales products to Retailers.
- Equipment costs can vary depending on speciality.



Retail

- Also known as Dispensaries.
- Retail store fronts, B2C.
- Retail can be fully vertically and supply their own inventory.
- If they are not fully vertical, they HAVE to buy licensed flower and products from cultivators and processors.
- Licensing is very competitive as these license types tend to be limited.
- Start up costs can range from \$300k-5M.
- Very saturated in certain markets.



Secure Transporter

- Can not be fully vertical.
- Can not be a cultivator, processor or be a retailer.
- Startup costs are usually more reasonable.
- Responsible for transporting Cannabis products and cash.
- Should have temperature control storage capabilities where states allow.



Safety Compliance

- Can not be fully vertical.
- Can not be a retailer, cultivator, or processor.
- High start up cost.
- Limited amount of labs, presents huge opportunities for more operators to enter the market.



Microbusiness, Events & Consumption Lounge

- Lower startup cost. Lower barrier to entry.
- *Microbusiness*- Are fully vertical. Retail, cultivate and process. Can not purchase products from other cultivators or processors. Class A microbusiness can purchase processing products.
- *Events* - There are many types of event licenses, some have consumption restrictions. Most of the time if you don't have retail license you can NOT sale Cannabis products at the event.
 - Each event you have to submit a temporary event application 90 days prior to the event
- *Designated Consumption Lounge* - You can not sale Cannabis.



Risks



Risks in the Supply Chain

1. Confusing Intrastate Distribution Landscape
2. Vertical Integration
3. Seed-to-Sale Software Use
4. Department of Transportation Regulations
5. Banking

1. THEFT!
2. Lack of developed workforce
3. Newer industry, not much training or standard SOP's available.

How to get started



Execution Steps-*High level*

1. Research your geographic market first. All cities and districts are not the same!
2. Research the regulations & local licensing process. Go to your state's Cannabis regulatory website. THE CRA (Cannabis Regulatory Agency) <https://www.michigan.gov/cra>
3. Start the Phase 1 state licensing process and Social Equity certification (if applicable).
4. Identify which license type/s you are interested in.
5. Build your team.
6. Create a business plan.
7. Submit phase 1 State prequalification. CRA
8. Start the local licensing process. homegrowndetroit.org
9. Acquire green zone real estate.
10. Special Land Use hearing- SLU City of Detroit.
11. Built out. Complete phase 2. Pass final inspections.
12. Open!



Ongoing Resources

Example Cannabis Professional Organizations to look into:

1. National Cannabis Industry Association (NCIA) Social Equity Program
2. State's Industry Cannabis Industry Association (MICIA)
3. National Organization for the Reform of Marijuana Laws (NORML)
4. Minority Cannabis Business Association (MCBA)
5. Minorities for Medical Marijuana (M4MM)
6. MJ Alliance

Build Community!

- Connect with other startup operators
- Connect with ancillary services such as:
 - architects, accountants, attorneys, marketing & security professionals etc.

Questions!!

