



Cannabis Edibles & Drinkables Disrupting the Food & Beverage Market

The Good...The Bad...The Ugly **The Davies Group**

April 26, 2019

[Cannabis Edibles - Enabling Innovation](#)

[for Successful Commercialization - CIFST Ontario](#)

[Spring Technical Session](#)

Objective



- **To discuss the Future of the Canadian Cannabis Industry...**
- **To communicate the alternative reality for Cannabis Edibles & Drinkables...**
- **To identify what's next...The Future**

Quick Background

- **Food & Beverage Business for 30 years...**
 - The Davies Group...
 - Humpty Dumpty Foods...
 - Maple Leaf Foods...Hillsdown Holdings...
 - Hostess/Frito Lay...
 - Kraft Heinz...General Foods...PepsiCo...
- **Philip Morris/General Foods...**
 - 3 years Chair Chair Food/Beverage New Product Development Coordinator...
- **Lexaria Bioscience Corporation...**
 - 5 years...
 - Consultant...
 - Board of Directors...

Quick Background

- **Lexaria Bioscience Corp. out-licenses its patented technology providing healthier quality & quantity of ingestion for...**
 - Cannabis ...
 - Nicotine...
 - Vitamins...
 - NSAIDS...
- **Lexaria has cost-effective delivery system...DehydraTECH™ ...**
 - **Enhances the performance of ingredients in ingestible products with ...**
 - **Taste...Smell...Speed of action...Bio-absorption...Bio-availability...**

Quick Background

- **Lexaria's DehydraTECH technology delivers for cannabis infused edibles & drinkables with...**
 - **Significantly enhanced...taste...speed of onset...potency...**
 - **A viable...safer...healthier option to conventional smoking practices...**

The Global Cannabis Buzz



- Not just Canada & US...
- Medical cannabis license growth still sizzling in Oklahoma...
- Canadian medical cannabis exports tripled last year, as race for European market position intensifies...
- Australian medical marijuana revenues could hit AU\$36 million in 2019...

The Global Cannabis Buzz



- Not just Canada & US...
- Insurance-covered cannabis in Germany tops 70 million euros in 2018...
- Medical cannabis license growth still sizzling in Oklahoma...
- Canadian medical cannabis exports tripled last year, as race for European market position intensifies...

The Global Cannabis Buzz



- Not just Canada & US...
- Canadian medical cannabis exports tripled last year, as race for European market position intensifies...
- Australian medical marijuana revenues could hit AU\$36 million in 2019...
- Insurance-covered cannabis in Germany tops 70 million euros in 2018...

The Global Cannabis Buzz



- Not just Canada & US...
- Canadian medical cannabis exports tripled last year, as race for European market position intensifies...
- Australian medical marijuana revenues could hit AU\$36 million in 2019...
- Insurance-covered cannabis in Germany tops 70 million euros in 2018...

The Global Cannabis Buzz



- Not Just Canada & US...
- Farmer and rancher perceptions of cannabis reflect nationwide acceptance...
- Illicit cannabis sales in Canada decline after legalization...
- Adult-use marijuana sales spike 7% on Valentine's Day...
- Legal recreational marijuana diverts \$22 million from Uruguay's black market...

The Global Cannabis Buzz



- Not Just Canada & US...
- Pharmaceutical CBD bill heads to Colorado governor
- GW Pharmaceuticals' CEO talks Epidiolex, future of cannabidiol medicine
- Marijuana-based anti-seizure drug shows strong study results
- Cannabinoids on local grocery shelves, but for how long?

The Global Cannabis Buzz



- Not Just Canada & US...
- Despite product shortages, New Mexico medical marijuana program posts significant growth in 2018...
- Australian medical marijuana revenues could hit AU\$36 million in 2019...
- Insurance-covered cannabis in Germany tops 70 million euros in 2018...
- Research program eyes cannabinoids to treat former NHL players' pain...(Toronto Star)...
- GW Pharma Epidiolex approved...April 19...FDA...

The Global Cannabis Buzz



- **Hot off the press... Not Just Canada & US...**
- **Global consumer products giant Unilever acquires San Francisco based supplement brand OLLY...**
 - OLLY has functional foods & gummy supplements ranging from multivitamins to beauty –from –within...
 - OLLY fits in the cross section of Unilever’s two flagship categories...beauty/personal care & foods/refreshments...
 - Unilever’s next step is the entry into the CBD & THC infused food & beverage sectors...

Cannabis Story Telling



- **These are real life specific examples...**
- **During the Interview & Meeting Process...**
- **Key Learning...Lessons Learned...The Good...The Bad...The Ugly...**

Cannabis Story Telling

- Working with New start up cannabis businesses...
- A US West Coast Confectionary business...\$20 Million...
- 4 years working on confectionary edibles...
 - With...significant prototypes & testing...
 - BUT no new products launched...



Cannabis Story Telling(Cont'd)



- **Key Learning...**
 - **Good understanding of Cannabis...**
 - **Limited Manufacturing expertise...**
 - **No branded expertise...**
 - **Opportunistic...Limited business skill sets...**
 - **Not sure a big winner...Niche player...**

- **Conclusion...**
 - **Be careful...**
 - **Early start ups..not long for this world...**
 - **Wait & deal with larger established CPG food & beverage businesses...**

Intro

- **This is not a lecture...Lessons Learned...**
- **Focus is on THC & CBD Infused edibles...Pros & Cons...**
- **My 5 year experience with Lexaria Bioscience Corporation...& 3 year experience with Philip Morris/General Foods...**



Intro

- **Based on my qualitative & quantitative research...**
 - **Interviewing...Almost 400...**
 - **50 CPG Food/Beverage Businesses...**
 - **25 Cannabis Start Up/Early stage Food/Beverage Businesses...**
 - **10 Ingredient companies...**
 - **15 Cannabis Producers & Sellers ...small & large...**
 - **150 Current Cannabis Users...(Canada CC)...**
 - **150 Non Cannabis users...(Canada CC)...**
 - **PLUS...multiple Cannabis research...**



Intro



- **I wish...**
- **Gov't had taken into account the reliability of the national cannabis supply...**
 - **As a result...Failed to curb the growth of the illegal cannabis market ...**
- **Gov't had committed to Pilot test Cannabis total totally integrated supply system...before legalization...**
- **Before legalization...the Gov't clearly understood the Cannabis Consumer & its effects/impact through multiple years of research...**
 - **Medically & Recreationally...**

Intro



- I wish...
- The Rules for cannabis did not differ from province to province...
 - A National program...vs....regional complexity...
- The Gov't did not leave the various industries to complete the research...after the legalization...
- Ontario had opened more than 25 potential stores...
 - Alberta opened 75...
 - Ontario had 225 to match Alberta by population...
 - Ontario 1000 stores estimated to adequately supply...

Hot Off The Press



- Cannabis Edibles & Drinkables Product Ranking...In order of Preference...(CC-2019)...

THC...

- Fruit Juices...
- Chocolate Bars...
- Gummies/Counter Candy...
- Carbonated Beverages...
- Fresh baked Goods...

- Energy Bars...
- *Water...
- Gum...
- *Wine...

- Energy Drink...
- Milk...
- Salted Chips & Snacks...
- *Beer...

CBD...

- Fruit Juices...
- Fresh Baked Goods...
- Gummies/Counter
- Milk...
- Chocolate Bars...

- *Wine...
- *Beer...
- *Water...
- Energy Bars...

- Carbonated Beverages...
- Energy Drink...
- Salted Chips /Snacks...
- Gum...

Cannabis Story Telling

- **Gummy Candy Business...US Midwest...**
- **\$10 Million Revenue...**
- **Gummy Bars...Counter Candy...Equivalents...**
- **THC & CBD infused...**
- **Sell in US Legal environments...**
- **Key Learning...**
 - **Competes on price not quality or brand...**
 - **Distribution penetration limited...**
 - **Long time for new products...24-48 months...**
 - **Food Safety & Traceability would be an issue in Canada...**

Truths Not Myths



- **Cannabis as an entire industry...materialized overnight...**
- **From the late 1960's into the 2000's there was no place for Cannabis...**
 - **In the 1920's & 1930's..cannabis was legally prescribed...**
- **It is nearly unheard of for an entire industry to appear this quickly...**

Truths Not Myths



- **Early industry revenue & growth is being driven by current regular consumers of cannabis...**
- **When you think about cannabis as a replacement for alcohol or opioids...**
 - **The size of the market takes on a much different look and feel...**
- **We will see the same US pattern + more in the early days of Canada's legalization...**
 - **Trial & Error...Steep Learning Curve...**
 - **Supply shortages...**
 - **Current user focus...**
 - **Inability to Scale...**

Truths Not Myths



- **Cannabis is going straight ...growing up & evolving rapidly... (Euromonitor 2019)...**
- **Cannabis market is slowly transforming from the undisciplined & risk oriented market...**
- **The investment floodgates from food & beverage companies into THC & CBD are opening...(A.T Kearney)...**
 - **Still Under the radar...**

Truths Not Myths



- **Don't ever forget...The people who are fueling the industry's growth are consumers (End Users)...customers (Retailers)...**
- **Cannabis businesses require much deeper insights into their users...**
- **Within the next decade ...some form of cannabis will be part of the consumers daily routines...(Here Comes Cannabis 2019)...**

Truths Not Myths



- **The race to be the “The Cannabis Brand” is just beginning...(McKinsey 2018)...**
- **Cannabis is poised to disrupt virtually every consumer industry...(Disrupting Global Industries 2019)...**
- **Large CPG’s are beginning to take a stake in the cannabis infused food & beverage space to drive growth...(BCG)...**
 - **Will change market dynamics...**

Truths Not Myths



- **The use of legal medical & recreational marijuana continues to expand with food & beverage companies...**
 - **Diageo...**
 - **Alimentation Couche Tard...**
 - **Heineken Brewing Company....**
 - **Molson Coors JV Hexo...**
 - **Constellation Brands (Corona)...**
 - **Province Brands of Canada & Ontario brewery Lost Craft Beer...**
 - **Coca-Cola...**
 - **PepsiCo...**
 - **Unilever...**

Truths Not Myths



- **Major Retailers...**
 - **CVS...**
 - **Walgreens...**
 - **Etc...**

- **Just the Tip Of The Iceberg...**

Truths Not Myths



- **As cannabis become increasingly popular...**
 - **Smoking cannabis will diminish in popularity...**
- **Drinkables & edibles are the way for many to attain the benefits of cannabis, without the smoke...(KPMG)...**

Truths Not Myths



- **50% of Canadians identified there was interest in trying smoke-free cannabis edible & drinkable alternatives...(Neilsen)...**
- **Infused beverages have attracted big business... a brand new category that has enormous potential for growth...**
 - **CPG Businesses looking for growth...(Beverage Daily)...**

Truths Not Myths



- **60% of cannabis consumers will choose edibles/drinkables...(Deloitte 2018)...**
- **As more consumers explore cannabis alternatives ...**
 - **THC & CBD offer a middle ground between “tequila & espresso” ... (Entrepreneur 2019)...**

Truths Not Myths



- **Cannabis plays in the health & wellness space...**
 - **Cannabis can be the next big functional ingredient...(Euromonitor 2019)...**
- **There is an expectation that THC will replace some Alcohol By Volume measures as an indicator of intoxicant levels in an adult beverage...(Food Dive 2019)...**
- **30% of N.A. are willing to try a cannabis infused non alcoholic beverage...**
 - **17% would be interested in an alcoholic drink containing THC...(Euromonitor 2018)...**

Truths Not Myths



- **N.A. is at the forefront of recreational cannabis use...**
- **The effects of edibles/drinkables take longer than by smoking cannabis...**
 - **This is a major Health Canada Concern...**
 - **Lexaria Dehydratech is the 1ST & only technology to support dosage control...**
- **The Food & Beverage sector is under pressure to grow...after years of soft growth...**

Truths Not Myths



- **Sweeping consumer taste & preference changes taking place in the food & beverage space...**
 - **Cannabis being one of them...**
 - **Not the only one...(McKinsey)...**
- **Historically CPG cost-cutting & a focus on improving margins...Slow growth resulted...**
 - **CPG food & beverage companies must invest in cannabis Brand Building & New Product Innovation to reignite growth...(Warren Buffet 2018)...**

Truths Not Myths



- **Culinary Forecast Top Chef Trends 2019...**
- **In order of Priority...**
 - **(1) Cannabis/CBD Oil Infused Drinks...**
 - **(2) Cannabis/CBD Oil Infused Foods...**
- **THC not in the Top 10...**
 - **Significant uncertainty...**
 - **THC will be in 2020...**

Cannabis Story Telling

- **Start up Beverage Business...**
 - **Focus on Beer & other beverages...\$10 Million +...**
 - **CBD & THC...**
 - **President...Strong CPG...Beverage...Business Skill Set...**
 - **One of the Real Winners...**
 - **Well financed...**
 - **Searching for Competitive Advantage...**
 - **Consumer & research focused...**
 - **Branded Focus...**
 - **Entrepreneurial Approach...**
 - **Speed as an advantage...**
 - **Strong Management ...Board ...Advisory Board...**

“My” Hypotheses



- **There are no...very few Cannabis experts in Canada...**
 - **Everyone thinks & purports to be a Cannabis expert...**
- **100 years of Amsterdam legalization...we have learned very little...**
- **A great deal of cannabis Education is required...**
 - **What is required?...Who will do it?...When?...**

“My” Hypotheses



- **Much more research is required...**
- **Cannabis will be One of the biggest disruptors in food & beverage history...**
- **There is still a significant stigma around cannabis...both CBD & THC...**
 - **Legalization means
Trust...Safety...Acceptance...**

“My” Hypotheses



- **There is a long term future of Cannabis beyond CPG Edibles/Drinkables...**
 - **Medical Usage...Topicals**
- **There will be many Losers & some Winners...**
- **CPG Manufacturers should be the big Winners ...**
 - **They must win...**
 - **Doing it the right way...**

“My” Hypotheses



- **Early Stage Start Up & Opportunists will be the Losers...**
 - **Unless they adapt selected CPG Principles...**
- **Those who can successfully brand will be winners...**
- **Canada will provide invaluable Cannabis Key learning globally...**
 - **Key Learning Institutionalized...**
- **More attention must be paid to understanding the end users...consumers & customers themselves...**



Cannabis Story Telling



- **Restaurant Chains are testing CBD & THC infused Foods...**
- **Professional Chefs named CBD & Cannabis in fused food/beverages as a top trend in 2019...**
- **Carl's Jr is testing a CBD Infused burger in one of its Denver locations on April 20...the unofficial holiday for cannabis...**
 - **This is the 1ST of many national fast food chains to add CBD to its menu...**

“My” Hypotheses



- **The focus should be on CPG food & beverage powerhouses Vs....**
 - **Opportunistic new cannabis start ups with limited resources...manufacturing...branded expertise...(Beverage Daily 2019)...**
- **Soft drink companies will ease into the cannabis space...**
 - **Consumers are moving away from sugar filled drinks in favour of healthier options...**

“My” Hypotheses



- **The well researched consumer & customer focused businesses will win...**
- **Edibles & Drinkables require a competitive advantage to succeed...**
 - **Not just another CBD or THC edible/drinkable...**

“My” Hypotheses



- **There will be periods of significant...**
 - **Consolidation...Industrialization...Globalization...**
 - **But it hasn't started yet...**
- **The Cannabis Market is one of the largest DISRUPTORS in the history of food beverage industry...**
 - **We can't miss this opportunity...**
- **Cannabis Supply will be a long term issue...**



Cannabis Story Telling

- “I used cannabis before legalization, not a lot though.... It all depended on if I had a friend who I could buy from....
- Now I use it daily & I think it should have been legalized years ago.... I thought it was a long time coming”.
- Key Learning....
 - Increased user frequency & consumption...

Cannabis Has A Brand Problem



- **It's not news that cannabis suffers from negative perceptions ...**
- **The image of an illegal drug user...at least one that was illegal only a few years ago...still has negatives...**
- **The feeling of social stigma is widely felt among cannabis users...**
 - **Only 49 % of our survey respondents are fully transparent about their cannabis use with close friends & family...**

Cannabis Has A Brand Problem



- **Branding may be the greatest challenge to the cannabis industry...**
- **It's the long road to altered perceptions & mainstream acceptance....**
- **Today, much of the consumer & customer base feel judged by a society not ready to fully embrace cannabis...**

Cannabis Has A Brand Problem



- **For businesses that plan strategically...social acceptance is a metric that must be solved ...but will be difficult to impact...**
- **As the industry matures & consolidates, there is an opportunity for brand differentiation...**
- **CPG Businesses will have a distinct competitive advantage...vs....small opportunistic Operators & Start Ups**
 - **Knowledge...Experience...Expertise...**
 - **Branding...Food/Beverage Manufacturing...**
 - **Supply Chain understanding...**
 - **Cash & People Resources...**

Cannabis Has A Brand Problem

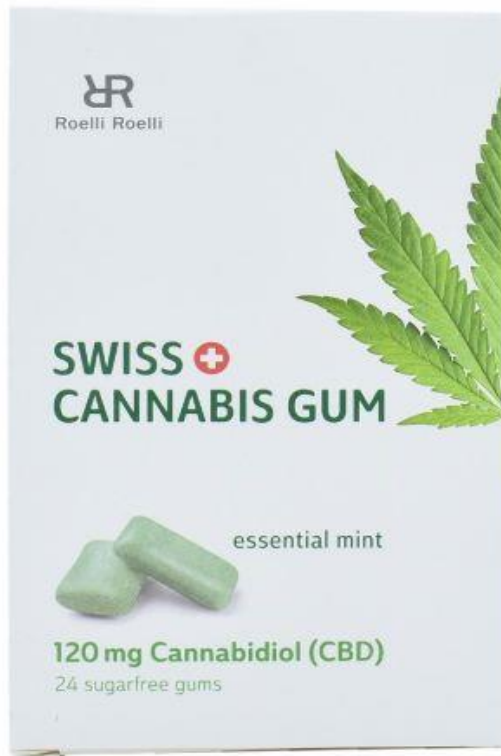


- **Consumers want more Premium Retail Brands...**
 - **Branding Cannabis provides that opportunity...**
- **The Cannabis revolution provide a big opportunity for Retail Brands...**
 - **85% of consumers trust a Retail Brand as much as National Brand...**
 - **81% purchase Retail Brands during every shopping trip...**
 - **Retail Brands growing 6 X's National Brand...**

Cannabis Has A Brand Problem



- **New Retail Brand Products have significant advantage over National Brands & Niche Products...**
 - **Immediate Store penetration...**
 - **Higher Control & Profit Margin...**



One of the top products was a sugar-free cannabis chewing gum, created by Swiss confectionery company [Roelli](#).

Each piece of gum contains 5mg of cannabidiol & is said to alleviate stress without getting the consumer high.

Cannabis Story Telling



- **30 months ago...**
- **Presented to CVS & Walgreens...**
 - **CBD Infused energy bars...**
 - **CBD infused tea...**
- **Not interested in cannabis...at that time...Still trying to figure it out...**
- **30 months later...**
- **Walgreens recently announced it will begin selling CBD Products in selected states...**
- **CVS Health is also selling CBD products selectively...**
- **The Cannabis market is evolving & adapting...**

Future Consumer Markets



- **Cannabis isn't a new industry...just a legalized one...**
- **User base already exists & is substantial...**
- **Expect rapid proliferation of product offerings to match market fragmentation...**

Future Consumer Markets

- **Baby Boomers...**
 - **The generation of people born post-WWII are a dominant buying force...**
- **Millennials & “Gen Z” ...**
 - **Had the privilege of growing up around changing attitudes about cannabis... making marijuana a mainstream wellness product...**
- **The Elderly...**
 - **Don't discount the impact that elderly people will have on legal cannabis markets ...As their health care costs skyrocket even higher ...**

Future Consumer Markets



- **There are many reasons for using edibles...**
 - **Variety...**
 - **Edibles have a longer lasting impact than smoked cannabis...**
 - **Easier to use edibles discreetly...**
 - **More traditional...Less obvious...**
- **Edibles are very good for people who can not or do not smoke...**



Botanic Lab

four functional drinks – Damiana, Yerba Mate, Green Tea, and Cannabidiol.

The brand claims to be the first in the UK to use cannabis (CBD) in a drink – "it gets you high without crashing" & reduces anxiety.

Future Consumer Markets



- **Canadians Like Cannabis...**
- **5 million Canadians...14% of Canada's total population, spent \$6 billion on cannabis...**
 - **90% was for recreational purposes....**
- **Cannabis Industry Is Bigger Than Its Tobacco & Alcohol Industries...**
 - **The 2015 domestic cannabis-producing industry was \$4 billion...**
 - **The tobacco industry was valued at \$1 billion...**
 - **The brewery industry at \$3 billion...**

Future Consumer Markets



- **Teens Spend Less on Cannabis Than Other Age Groups...**
 - **40% of Canadian cannabis purchases were made by citizens aged 25 to 44...**
 - **33% ...18 to 24...**
 - **18% ...15 to 17...**
 - **9%... 45 to 64...**

- **Boomers & Cannabis Are Old Friends...**
 - **Cannabis consumption among Canadians between 45 – 64 has been increasing**
 - **1975... 4% of cannabis purchases...**
 - **2017... 23%....**

Future Consumer Markets



- **Expect price & marketing wars...**
- **Expect products/strains to be augmented to provide a total...integrated...better experience... ..”(When Marketing Goes to POT”)...**
 - **Part of differentiation focus...**
- **Most medical marijuana is bought on the basis of effect/strength...**
 - **Quality & Consistency...**

Future Consumer Markets



- **We will eventually Recognize the market as it should be...**
 - **A consumer base that chooses cannabis as a safe alternative for stress or pain relief, to simply relax, or both....**
- **But when you think about cannabis as a option for alcohol or opioids...**
 - **The size of the market takes on a much different look & feel...**

Future Consumer Markets



**MOTA MEDICATED CANNA
COCOA DRINK MIX 150MG**

Total sales: 0 pcs.

\$11.00



**MOTA MEDICATED
CRANBERRY TEA 125MG**

Total sales: 0 pcs.

\$14.00



**MOTA MEDICATED GREEN
MINT TEA 125MG**

Total sales: 0 pcs.

\$14.00

Future Consumer Markets



MOTA CHOCOLATE LOVERS BROWNIE

Total sales: 0 pcs.
\$25.00



MOTA CLEAR SPHERE BLACK CHERRY 300MG

Total sales: 0 pcs.
\$40.00



MOTA COLA BOTTLES GUMMIES 100MG/THC 20MG/CBD

Total sales: 0 pcs.
\$13.00



MOTA COOKIES N CREAM BAR 300 MG

Total sales: 0 pcs.
\$25.00



MOTA DARK CHOCOLATE BAR CBD 125MG

Total sales: 0 pcs.
\$15.00



MOTA DARK CHOCOLATE BAR RASPBERRY 125MG

Total sales: 0 pcs.
\$25.00

Future Consumer Markets



- **Boomers are driving the CBD surge...**
 - Spending the most...
- **Generation Z cannabis consumers were the most likely to reduce tobacco use...**
- **Millennials, on the other hand...are the most likely to reduce alcohol consumption...**

Future Consumer Trends



- **Cannabis infused beverages can play an important role in Canada's harm reduction & health protection alcohol strategies...**
- **Unlike alcohol...cannabis can offer...**
 - Medicinal...
 - Therapeutic...
 - Social benefits ...
 - Societal harm reduction options...
- **Alcohol accounted for \$15 billion(39%) of the \$38 Billion abuse burden to Canadians...**
- **Where cannabis is legal..alcohol consumption rates decreased to 22% (From 39%)...**

Future Consumer Trends



- **The onset time is one of the critical factors in the next stage of cannabis infused food & beverages...(Health Canada)...**
- **Onset time must be addressed by manufacturers...(Health Canada)...**

Future Consumer Trends



- **Big Brewing Businesses are entering the market in an era when their traditional mainstream brands have seen declines for years...**
- **Craft breweries are better positioned to take advantage of the new opportunity...**
- **Research indicates that “cannabis drink consumers” will be a lot more like “craft beer consumers” than people who drink big brewery products...**

Cannabis Story Telling

- **MBIZ Cannabis Conference...November 2018...LV...**
- **Expert Speakers on Cannabis...**
 - Know the industry!...
- **Exhibition...**
 - Underdeveloped show...early stage...
 - Limited CPG Businesses...
 - Small...Start Up Food & Beverage Mfgers...
- **Key learning...**
 - Several expert speakers...Talked informally...
 - All I know is “There are no experts” ...
 - All I know is “No one knows where this is going” ...

Watch Outs



- **Cannabis problems can happen during or after one of the 1ST times you use the drug...**
 - **Or they can build up over time...**
- **These are being ignored...(Health Canada)...**
- **Much More Research is required!...**
- **The Biggest potential downside!...**

Watch Outs



- **Be careful...**
- **Marijuana addiction is real even if it doesn't affect most users...**
- **There are short & long term effects of Cannabis use...**
- **Cannabis can be addictive...**
 - **Frequent Cannabis use that starts in adolescence , can increase the chance of addiction...(Health Canada)...**

Watch Outs



- **Lessons Learned From Dutch Cannabis System...**
 - **52% of N.A. cannabis users report that other drugs are available from cannabis dealers...
–14% Netherlands...**
 - **The separation of hard & soft drug markets has limited Dutch exposure to hard drugs...**
 - **Holland has the lowest number of problem drug users in the European Union...**

Watch Outs



- **Lessons Learned From Dutch Cannabis System...**

- **In addition to having the lowest number of problem drug users...**
- **Holland has virtually wiped out new HIV infections among injection drug users...**
- **Dutch citizens have been spared the burden of criminal records for low-level...nonviolent offenses...**
- **The Dutch have virtually eliminated marijuana possession arrests...**

Watch Outs



- **Lessons Learned From Dutch Cannabis System**
 - **European governments acknowledged that Dutch drug policies were more effective in reducing risks & harms than other countries...**
 - **If Dutch drug policy offers one lesson to foreign policymakers...**
 - **Change should be comprehensive...regulating sale to consumers...wholesale supply & cultivation...(Addiction Research Center)...**

Watch Outs



- **Lessons Learned From Dutch Cannabis System...**

- **Dedicated places of consumption ...such as the coffee shops in the Netherlands ...**
- **Offer an opportunity to promote responsible behavior around cannabis consumption...**
- **Coffee shops offer a moderating environment where self regulation is supported by social learning and control...**

Watch Outs



- **Experts say they're concerned that cannabis is being pitched as a miracle cure...**
 - **There is still little research into its benefits...(Medical Forum 2017)...**
- **If we look at all the evidence for cannabis as a therapy or as a medicine, for pain or for anything...**
 - **It wouldn't meet the threshold for what is considered a body of evidence in medicine...(UOT School Of Medicine)...**

Watch Out



- **Early Edible & Drinkable products will often made by businesses looking to make a product quick...cheap...**
 - **With little aim other than delivering maximum profit...**
- **Alcohol & tobacco by far the worst drugs for human health...(Global Review)...**
 - **Alcohol and tobacco are by far the biggest threat to human health around the world...**
 - **While illegal drug harms “don’t even come close...”(Addiction Journal)...**

Cannabis Story Telling



- **Large multinational global Beer Manufacturer**
 - **Missed Craft Beer disruption...**
 - **Will not miss the Cannabis disruption opportunity...**
 - **Set up separate company ...**
 - **Canada success 1ST...**
 - **Limit risk...**
 - **Smaller Entrepreneurial Business...speed as a competitive advantage...**
 - **Separate Brands...Success key...**
 - **Separate facility...**
 - **Global Focus...**
- **Odds of success very high...**

Watch Out



- **In Canada...There is limited cannabis actually available for consumers...**
- **Canada's licensed producers have been expert at breeding...growing...marketing...conjuring up stock market & merger windfalls...(Health Canada)...**
- **Downstream processes are simply not up to speed...**
- **Legal cannabis sales are between 1/3 & 1/5 of the current demand...(Stats Canada)...**

Watch Out



- **Right now , the industry is making limited progress to catch up...**
- **At the end of the day...the Canadian experience is identical to the US experience...**
- **The glamorous front end did well ...but the boring mundane implementation part didn't...(Toronto Star)...**

Edible & Drinkable Benefits



- **Smoking cannabis is an imprecise method of consumption...**
 - **Edibles/Drinkables provide a greater degree of precision...**
- **Improved onset technology is critical & provides a precise degree of precision...**
- **When users smoke cannabis ..they inhale the cannabis through their lungs...**
 - **Cannabis edibles get directly ingested...digested...metabolized offering a different level & different type of effect & release...**

Edible & Drinkable Benefits



- **Eating cannabis brings a different feeling than smoking cannabis...**
 - **That's because when you eat cannabis , your liver metabolism destroys some of the THC ...**
- **Cannabis is the best pain option vs. additive opioids...**



My Cannabis Strategy



- **Focus on a deep understanding of the Consumer & Customer...End Users...**
- **Institutionalize Cannabis Key Learning...**
- **More Experts required...Let the Experts In...**

My Cannabis Strategy



- **Develop a Competitive Advantage...Point Of Difference...**
 - **Know what it is...**
 - **Make it a Brand not a commodity...**
- **Cannabis Edible & drinkable Marketers must meet the unique demands of an unprecedented generationally diverse consumer & customer...**
 - **Understand the end user...**

My Cannabis Strategy



- **Collaborate with Quality Partners...**
 - **CPG Manufacturers...**
 - **Cannabis Producers/Sellers...**
 - **Consumer Research Institutions...**
- **Assimilate...understand...drive Cannabis research...**
- **Understand Competition...Competitive Advantages...**

My Cannabis Strategy



- **Consider both National & Retailer Brands...**
 - **Retail Brands a powerful opportunity...**
- **Understand Branding & deliver a strong integrated Brand message...**
- **Cannabis Manufacturers must be aware of all the relevant food /beverage consumer & customer trends to be successful...**

THC Vs CBD Market

- **The health benefits of CBD have been researched...(U.S. Food and Drug Administration)...**
- **CBD has been shown to be beneficial in experimental models of several neurological disorders...including those of seizure and epilepsy... (Federal Register in 2017)...**
- **It is clear that the positive benefits of compounds like CBD are becoming increasingly discovered...**
 - **Significantly more research is required...**

THC Vs CBD Market

- **Government regulations have spent far more resources on regulating how THC-rich cannabis is grown...processed...sold...**
 - **Than on CBD-rich hemp...**
- **The reason for the focus on THC ...**
 - **THC has been the only cannabis compound consumers demanded & they were willing to go outside legal channels to get it...**

THC Vs CBD Market

- In the future, the average CBD user could be spending double or triple what the average Canadian spends on THC-rich cannabis today...
- A powerful driver of CBD profitability is the increased consumption per person compared to psychoactive THC...
 - CBD lacks the intoxicating effects of THC allowing a much higher dose to be taken with no serious side effects...
- Doses of 200mg of CBD or more may be needed to achieve real health benefits, compared to 5mg to achieve the effect for THC...(Yasmin Hurd-CBD Researcher)...



Cannabis Story Telling



- **Multiple meetings with early Cannabis related Businesses...**
 - Producers & Sellers...
 - Edible & Drinkable Manufacturers...
- **The majority...No...But a large number...**
 - Low Quality...
 - Opportunistic...
 - Lack knowledge in key components..
 - Fast buck...
- **Key Learning...**
 - Pick your business partners very carefully...
 - Invest even more carefully...

Conclusion

- **Cannabis is a huge disruptor in the food & beverage market...plus multiple other markets...**
- **Edibles & drinkables will be a huge factor in the market...**
- **Enter the market cautiously...with discipline...**
- **It will take time...market will evolve...**

Conclusion

- **Be careful...There are many pitfalls...watch outs...**
- **Medical Cannabis is the best option for pain vs. opioids...(Dr Sanjay Giupta)...**
 - **MD's still prescribe opioids vs. medical cannabis...**
- **CPG Manufacturers will not miss this disruption...**
 - **Searching for growth...new markets...**
- **There will be more losers than winners...**

Conclusion

- **Successful Brands will be the real winners...**
- **The cannabis market will evolve & change dramatically...**
- **Government regulations will evolve significantly...**
- **Canada will provide lessons to the world...**

Conclusion

- **Cannabis is a business to be taken seriously...not a hobby...not for amateurs...**
- **The cannabis business must be taken seriously...**
- **Mistakes will be made...limit them...institutionalize lessons learned...**

Conclusion

- **There are many pretender experts...there is expertise...choose carefully...**
- **Beware of opportunists who have a great selling story...**
- **Canada can be a Gold Standard of Execution & Delivery...**
- **Be careful...**

Thank You for your Time

Questions

- **The Davies Group....**
 - **William Davies Consulting Inc.,**
 - **Davies Centre,**
 - **305 Margaret Ave., Suite #707,**
 - **Kitchener, Ontario, N2H 6S4,**
 - **tedmckechnie@rogers.com,**
 - **519-569-1818...**

Support Back Up

Supporting Ontario's Budding Cannabis Industry

- Ontario Chamber Of Commerce...
- The Federal Gov't should permit individual servings of edible/drinkable products to contain up to 10 mgs of THC & a package limit of 100 mgs of THC to allow for economies of scale...
- As edibles and other methods of cannabis consumption enter the market in late 2019, the Ontario Gov't should undertake public education campaigns dedicated to these new products & work with the cannabis industry to both develop & disseminate this information to the public as these products are likely to attract less experienced & new cannabis users...
- In anticipation of new cannabis products that are not smoked or vaped, the Government of Ontario should consider the licensing of private consumption lounges for Ontarians to consume these products...
- The Government of Ontario should invest in public education and awareness campaigns...
- The cannabis industry should play a key role in building cannabis literacy and educating the public as industry has a direct relationship with consumers...

Supporting Ontario's Budding Cannabis Industry

- **The Government of Ontario should invest in the necessary ongoing research to inform physicians and health care providers about the health impacts of recreational cannabis use and, in turn, help patients make informed decisions...**
- **The Government of Canada should fund high-quality, scientific research on cannabis in partnership with the cannabis industry (including but not limited to: cannabinoids within cannabis, addiction, the health impacts associated with the different types of products, and measuring impairment)...**
- **The Government of Canada should continue to invest in the development of cannabis impairment detection devices with the aim of bringing a device to market that can reliably and accurately measure impairment at the time of testing...**
- **The AGCO should consider additional mandatory training for cannabis retail operators and employees with the introduction of new cannabis products...**

Supporting Ontario's Budding Cannabis Industry

- **Despite these setbacks, Statistics Canada revealed that annualized Canadian household spending on cannabis totaled \$5.9 billion in the fourth quarter of 2018, with the legal market estimated at \$1.2 billion of that figure & the black market accounting for \$4.7 billion...**
- **To sell cannabis in Canada, producers need to obtain two licenses...**
 - **Following a successful inspection by Health Canada, a producer may be granted a license to cultivate cannabis...**
 - **The producer must then complete two growth cycles and Health Canada must be satisfied that the facility is growing cannabis without mould, mildew, or pestilence...**
 - **A producer may then be granted a license to sell cannabis. Industry representatives note that it takes time to pass Health Canada's approval process and ramp up production...**
 - **The introduction of new product classes later this year will also require more licensed producers...**
- **For dried cannabis, there is a significant discrepancy between finished and unfinished inventory, hinting to a processing issue as production lines may not be set up to package or label products quickly...**

Supporting Ontario's Budding Cannabis Industry

- **For dried cannabis, there is a significant discrepancy between finished and unfinished inventory, hinting to a processing issue as production lines may not be set up to package or label products quickly...**
- **A federal excise duty is payable by a licensed cannabis producer when the cannabis products they package are delivered to a provincially-authorized distributor or retailer...**
- **An excise stamp must be present on all legally produced cannabis products available for purchase. Only a person who has obtained a cannabis license from the Canada Revenue Agency (cultivators, producers, and packagers of cannabis products) are able to purchase cannabis excise stamps...**
- **Excise stamps are meant to show consumers, retailers, and law enforcement that the product was legally produced and applicable duties were paid by a licensee. They also allow these same stakeholders to more easily identify counterfeit products...**

Supporting Ontario's Budding Cannabis Industry

- **However, excise stamps present several challenges. The stamp must be adhered manually as it was not designed for automation, which is a time-consuming process...**
- **In addition, the stamps have a specific colour band and background for the province or territory in which the product is intended to be sold...**
- **The cannabis licensee packaging the product is responsible for determining and applying the appropriate excise stamp before the product can be sold legally...**
- **The development of a common excise stamp that could be adhered to cannabis products, regardless of province or territory, would allow LPs to more efficiently ship products to consumers...**

Supporting Ontario's Budding Cannabis Industry

- **However, concerns about the overconsumption of edibles cannot be addressed through regulation alone...**
- **As the cannabis market continues to grow in Canada, and new product forms are introduced, both current and potential cannabis consumers need to be educated on product offerings and responsible consumption...**
- **In line with the Canadian Chamber of Commerce, the OCC supports a THC limit of 10-milligrams per discrete unit of edibles, as well as the sale of multi-packs or multiple products (up to a maximum of 100-milligrams of THC per package) within child-proof packaging...**
- **Single packs are costly while multi-packs would allow LPs to create economies of scale. Industry would also benefit from increased revenue per unit attributed to multi-packs. The sale of multi-packs already exists for pre-rolls as multiple units are available within a single child-proof package.**

Supporting Ontario's Budding Cannabis Industry

- The provincial and federal governments have a role to play when it comes to cannabis literacy and ensuring responsible adult consumption...**
- There are legitimate concerns that most Canadians do not possess strong cannabis literacy, or an understanding of its effects and potential health impacts, to make informed decisions...**
- However, the responsibility to educate the public does not rest solely with government; the cannabis industry also has a role to play in developing cannabis literacy...**

Supporting Ontario's Budding Cannabis Industry

- **Education campaigns targeted at Canadian youth are important for several reasons...**
- **Cannabis use often starts in early adolescence, while the brain continues to develop until the age of 25. Cannabis use can also lead to problems paying attention, remembering or learning, and making decisions, ultimately impacting one's ability to perform well at school...**
- **The OMA notes that the long-term health risks associated with recreational cannabis are higher for those who start using in their teens...**
- **These health risks include addiction, increased risk for developing mental health issues, and impacts on cognitive development.¹⁰⁸ Canadian adolescents also have among the highest rates of cannabis use compared to their peers in other developed countries...**

Supporting Ontario's Budding Cannabis Industry

- **Education campaigns targeted at Canadian youth are important for several reasons...**
- **Cannabis use often starts in early adolescence, while the brain continues to develop until the age of 25. Cannabis use can also lead to problems paying attention, remembering or learning, and making decisions, ultimately impacting one's ability to perform well at school...**

Supporting Ontario's Budding Cannabis Industry

- **Unfortunately, there has been insufficient resources allocated to cannabis research at the provincial-level...**
- **As a result, there is a gap in evidence based information, posing a risk to public health and leaving physicians ill-equipped to inform patients on the health impacts to help them make informed decisions...**

Supporting Ontario's Budding Cannabis Industry

- **While many questions remain after the legalization of recreational cannabis, including how private retail in Ontario will unfold, it is clear that the cannabis industry presents a significant opportunity for all levels of government...**
- **To capitalize on this new, multi-billion-dollar industry, the Government of Ontario and Government of Canada should create an environment that supports investors, entrepreneurs, business owners, and postsecondary institutions...**
- **In turn, these stakeholders can support Ontario's budding cannabis industry, creating successful businesses and new jobs...**
- **Government should also strike the right balance between establishing the necessary restrictions to ensure public safety and providing adult recreational cannabis consumers with access to products, without inadvertently encouraging the illegal market...**

Supporting Ontario's Budding Cannabis Industry

- **Being the first industrialized country to legalize and regulate recreational cannabis on a national level presents a unique opportunity to position Canada as a global leader in the cannabis space...**
- **Canada and Ontario are positioned to influence public policy at home and abroad, setting the stage for other countries that might follow our lead...**
- **It is incumbent on government and stakeholders to work together to establish a global precedent for a recreational cannabis market that both achieves the public policy objectives set forth by government, while positioning Ontario's cannabis industry for success.**

THC and CBD: a synergistic relationship

- This contradiction between the **two cannabinoids** has emerged as the **most significant difference** – and constitutes also the biggest argument! While THC is a generally uplifting substance, CBD has a calming effect on patients, suggesting that both are highly valuable for medicine.
- **Pain Relief:** This is one of the most common reasons that medical cannabis is used and as it turns out, THC is the responsible cannabinoid for this effect.
- **Post-traumatic Stress Disorder (PTSD):** New studies confirm that oral doses of THC can help relieve some PTSD symptoms including flashbacks, agitation and nightmares. Interestingly, the psychoactive properties are also associated with temporary impairments of memory.
- **Nausea and Vomiting:** Since the 1980s THC has been available in the form of pills for treating nausea and vomiting in cancer patients. In fact, the first THC-based medication approved by the FDA for this purpose was a pill that contains a synthetic THC called Marinol.

THC and CBD: a synergistic relationship

- This contradiction ~~between the two cannabinoids~~ has emerged as the most significant difference – and constitutes also the biggest argument! While THC is a generally uplifting substance, CBD has a calming effect on patients, suggesting that both are highly valuable for medicine...
- **Appetite Stimulant:** Together with its potential to reduce nausea, THC can also work as a potent appetite stimulant both in healthy and sick individuals. Some researches show that THC can also stimulate weight gain in patients diagnosed with anorexia...
- **Asthma:** A [scientific](#) study dated back into the 70s confirmed THC's ability to improve breathing in asthmatics. ..

THC and CBD: a synergistic relationship

- **Glaucoma:** Another recognized benefit of THC is related to its potential to reduce eye pressure in patients with glaucoma. Indeed scientists tried to develop a way to administer THC in eye drops but this idea was quickly rejected due to the fact that THC is not soluble in water. However, the American Glaucoma Society maintains the position that the effects of cannabis plant are too short (only 3-4 hours) which makes the option of this treatment not worth-following...
-
- **Sleep Aid:** Some people are aware about the [sleep-inducing effect of cannabis](#) and the experiments show that THC is mostly responsible for that. It has been noticed that it can contribute to the reduction of sleep interruptions in those who suffer from a common sleep disorder, known as apnea...
- **Overall,** consuming THC could be useful not only to treat pain, nausea, sleep apnea and stress disorders but also to combat the symptoms or the side effects of chemotherapy, multiple sclerosis, glaucoma, AIDS, or spinal injuries. Of course, it would be wiser to use it carefully, in controlled doses or even better after consulting our physician, so as to avoid the unpleasant side-effects.

THC and CBD: a synergistic relationship

- Overall, consuming THC could be useful not only to treat pain, nausea, sleep apnea and stress disorders but also to combat the symptoms or the side effects of chemotherapy, multiple sclerosis, glaucoma, AIDS, or spinal injuries. Of course, it would be wiser to use it carefully, in controlled doses or even better after consulting our physician, so as to avoid the unpleasant side-effects...
- On the other hand, CBD's action is making strong CBD strains a common choice for the patients who have cancer, epilepsy, schizophrenia, multiple sclerosis, migraines and arthritis...
- Plus, this component is also considered:
 - Anti-inflammatory: Commonly used against inflammation and pain.
 - Anticonvulsant: Suppresses seizure activity.
 - Antiemetic: Reduces nausea and vomiting.
 - Antipsychotic: Helps in several forms of psychosis.
 - 5. Anti-oxidant: Protects against neurodegenerative diseases.
 - Anti-depressant: Helps in fighting anxiety and depression.
 - Anti-tumoral: Combats tumor and cancer cells.
 - Neuro-protective: May protect neurons in the brain

CBD

- **CBD from hemp and CBD from cannabis are two completely different products....**
- **While cannabis-based creations typically contain 20 percent CBD along with a small amount of THC, the hemp-based stuff usually has only around 3.5 percent CBD...**

CBD

- Many cannabis advocates believe the time has come to tone down the hype surrounding CBD and starting pushing the therapeutic benefits of the entourage effect (all the components of the cannabis plant working together)...
- This is even true in the case of epilepsy patients, whereby most of the country has been led to believe that CBD alone is the medicine these people need to stop seizures...

CBD Vs THC

- The main difference between CBD (cannabidiol) and THC (tetrahydrocannabinol) is that CBD does not induce a high whereas THC does...
- Despite CBD and THC [sharing a near exact molecular formula](#) of C₂₁H₃₀O₂, and molecular mass of 314.469 g/mol and 314.464 g/mol respectively, the compounds react quite differently...
- THC, the psychoactive component of marijuana, induces sleep or drowsiness (a common effect of most strains of marijuana), whereas CBD keeps you up and increases energy. And THC is responsible for the feeling of being high or body-high...
- When reacting together, CBD actually works against the effects of THC by [reducing anxiety, stress or other negative feelings](#). For this reason, CBD is often extracted to use separately for non-psychoactive (and non-recreational) purposes.

Health Benefits of CBD vs. THC

- The FDA is aware that "marijuana or marijuana-derived products are being used for a number of medical conditions including, for example, AIDS wasting, epilepsy, neuropathic pain, treatment of spasticity associated with multiple sclerosis, and cancer and chemotherapy-induced nausea," according to their website. Still, the use of many medical marijuana and even CBD products are still awaiting official approval...
- THC, while not used for quite as many applications as CBD, brags quite a few health benefits itself. In cannabis-oil form, [studies have shown](#) that THC can be used to treat neurodegenerative disorders, including Alzheimer's and Parkinson's. These studies also showed that THC can ease pain and help alleviate multiple sclerosis...

What is THC & How Does It Work?

- **THC is the first true star of the marijuana plant and is the main reason why you get high; it is also the reason [why weed is illegal](#) and legendary!..**
- **While there is no doubt that a [high THC strain](#) will alter your mind, the compound also has medicinal benefits that are overlooked all-too-often...**
- **When THC penetrates your brain, it stimulates the cells and results in dopamine release. THC also activates your cannabinoid receptors, which have an impact on your brain in many ways...**
- **While some THC strains give you a burst of energy and creativity, the result is always a mellow feeling as the high takes over the body. In particularly strong strains, the effects can hit you within 10 minutes...**
- **Here are some of the typical effects of THC:**
 - Increase in appetite
 - Drowsiness
 - Analgesic
 - Relaxation
 - Euphoria

What is CBD & How Does It Work?

- CBD does not cause intoxicating effects, and it is typically used for medicinal purposes since there is no 'high' attached...
- While scientists have yet to determine how CBD works in the body, research shows that there is a definite interaction with the ECS. In the ECS, CB1 and CB2 are the two main cannabinoid receptors...
- CB1 receptors are found mainly in the brain and play a significant role in memory, sleep, mood, appetite, pain sensation, and more...
- CB2 receptors, on the other hand, are typically found in the immune system and are responsible for the anti-inflammatory effects of weed...
- While THC directly affects both receptors, CBD acts indirectly on them and boosts the level of endocannabinoids in your body. As well as stimulating this release, it also prevents their natural breakdown...
- Here are some of CBD's most common effects:
 - Anti-psychotic
 - Anti-convulsant
 - Neuroprotective
 - Antioxidant
 - Anti-inflammatory

Overview



- **-Cannabis is expected to bring a brand new edge to mindful consumption...(Here Comes Cannabis 2019)...**
- **-CPG's are taking a stake in the cannabis infused food & beverage space to drive growth...(BCG)...**
-
- **-Cannabis Technology Innovations are becoming part of & will propel the food & beverage Industry forward...(Here Comes Cannabis 2019)...**
- **-The barriers & risks that kept cannabis from becoming an accepted mainstream medicine & recreational product are crumbling...**

Quick Update



- **Right now it's bargain hunting time in cannabis....**
- **The sector was rocked last week by freak-outs over earnings...**
 - **Cronos Group (Nasdaq: CRON) shares tumbled nearly 10% after the Canadian licensed producer reported full-year net income went from a profit of CA\$2.49 million in 2017 to a loss of CA\$19.2 million in 2018...**
 - **But that wasn't the only earnings jolt we got....**
 - **We also heard from CannTrust Holdings (NYSE: CTST). Here, the panic was even more pronounced...**
 - **Shares tumbled 19.2% as the company went from a profit of CA\$6.25 million in the fourth quarter of 2017 to a loss of CA\$25.5 million in the final quarter of 2018.**

Come Down To Earth



- **Planet 13 Holdings(Las Vegas) generated more revenue from one store in June 2019 , than Cronos Group Inc did across Canada in the 4TH Qtr..yet Cronos Market Value is 21 times larger than Planet 13's...(Bloomberg)...**
 - **US Banks have a problem...They can't do business with Cannabis Companies until Federal gov't legalizes Cannabis...**

Endorsements



- **“Lexaria has had great accolades. They just got a \$12 million or \$13 million investment from Altria to continue the R&D that they’ve developed, because their technology not only works on cannabis, it works on nicotine” ...**
- **“It works on non-steroidal anti-inflammatory drugs, it works on vitamins and all kinds of things that are really bad-tasting chemicals that are oil based, they’re not water soluble, and if you ingest them, they usually take one to two hours before they take effect”**
- **“What Lexaria’s done is, they’ve created this patented platform where you feel the effect usually within the first five minutes, you start to feel it”(Terry Donnelly- President Hill Street Beverages)...**

Overview



- **50% of Canadians surveyed identified there was interest in trying smoke-free edible & drinkable cannabis alternatives...(Neilsen)...**
- **Cannabis market is transforming from the undisciplined & risk oriented market...to a regulated playing field in which the some of the world's largest companies are warming up...(Trends Source 2018)...**
- **Edible & drinkable cannabis products provide a greater degree of precision...**
 - **Smoking marijuana is an imprecise method of consumption...(Neilsen)...**
- **Less risky & measured cannabis beverages & foods will be the new trend that takes over the market...(McKinsey)...**

Cannabis User Demographics



- **Age...**
 - 35%...55+...
 - 35%...35-54...
 - 30%...22-34...
- **Gender...**
 - Male...60%...
 - Female...40%...
- **Household Income...**
 - 24%...less than \$20,000...
 - 23%...\$25,000-\$50,000...
 - 19%...\$50,000 -\$75,000...
 - 14%...\$75,00-\$1000,000...
 - 14%...\$100,000-\$150,000...
 - 6%...\$150,000 +...

Cannabis User Demographics



- **Relationship...**
 - 11%...Cohabiting...
 - 33%...Single...
 - 51%...Married...
- **Political Focus...**
 - 35%...Liberal...
 - 26%...Conservative...
 - 32%...independent...
 - 7%...Other...
- **Children At Home...**
 - Yes...33%...
 - No...67%...

Cannabis User Demographics



- **Education...**
 - 2%...Less than High School...
 - 30%...High School...
 - 33%...Some college...2 year degree...
 - 19%...College...
 - 16%...Graduate Degree...
- **Rent or own...**
 - 60%...Own...
 - 32%...Rent...
 - 8%...Other...(Cannabis Next Store Study)...

Cannabis User Demographics



- **Social Stigma with cannabis...**
 - 28%...Strongly Agree...
 - 51%...Somewhat Agree...
 - 14%...Somewhat Agree...
 - 8%...Strongly Agree...
- **Cannabis & Alcohol Use..**
 - 38%...Drink Less...
 - 58%...Drink The Same...
 - 4%...Drink More...
- **Reasons For Cannabis Use...**
 - 24%...an option to alcohol...

Cannabis User Demographics



- **Who Do Cannabis users trust...**
 - 49%...Licensed Cannabis User...
 - 38%...Your Doctor...
 - 26%..Cannabis Grower...
 - 20%...Gov't cannabis Regulators...
 - 19%..Cannabis Manufacturer...
 - 18%...Regional Health Authority...
- **Cannabis regular User Frequency...**
 - 36%...22-34...
 - 33%...35-54...
 - 31%....55+...

- **Marijuana addiction is real even if it doesn't affect most users**



Cannabis User Demographics

- **Cannabis Use Before/After legalization...**
 - 48%...Pre-legalization..
 - 74%...Post -legalization...
- **Last 12 Months Cannabis Forms Usage...**
 - 64%..Smoking Leaf ...
 - 47%...Edibles & Drinkables...
 - 32%...Vaping...
 - 23%...Topicals...
- **Key Drivers For Cannabis Purchase...**
 - 62%...Price...
 - 45%...THC Potency...
 - 35%...Product type...Leaf...Edibles...Etc...
 - 28%...CBD Potency...
 - 14%..recommendation From Friends...
 - 9%...Familiar with plant varieties...
 - 7%...Familiar With Brand...

Draft Regulations



- **Three new classes of Cannabis...**
 - Edibles/Drinkables...
 - Extracts...
 - Topicals...
- **No Pkge of edibles/drinkables are permitted more than 10 mgs of THC...**
 - Topicals cannot exceed 1000 Mgs of THC...
- **Restrictions on ingredients & packaging that makes edibles/drinkables appealing to children...**

CBD Pricing Vs THC

- **Growing Costs /gram Wholesale /Gram Retail /Gram...**
 - Pure CBD Concentrate \$0.08/ \$6.50 /\$97 ...
 - Pure THC Concentrate \$16.00/ \$40.00/ \$100 ...
 - Dried CBD Flower \$0.002/ \$0.16 /\$1.40 ...
 - Dried THC Flower \$2.00/ \$4.00 /\$7.50...
- **Medically licensed cannabis oil from the 6 largest licensed producers sells for \$100 per gram of THC on average...**
- **CBD oil sells for a very similar price at \$97 per gram of pure CBD...**

CBD Myths

- **CBD is a sedative...**
 - Used to treat insomnia...
 - Not a sedative...
 - Helps regulate the body's stress responses & alleviate anxiety...
- **CBD is safe for anyone over the age limit...**
 - May not be appropriate ...work with a medical professional...
- **CBD for adults only...**
 - Not recommended for adolescents...
- **All Forms of CBD affect the user in the same way...**
 - Mode of consumption matters...
 - Inhaling is most effective...
 - Edibles a good regulated consumption mode...

CBD Myths

- **CBD has therapeutic benefits and THC does not....**
 - CBD has as much medicinal value as THC...
- **CBD is non-psychoactive...**
 - CBD impacts mood and can be effective for treating depression and [anxiety](#)...
- **Higher CBD dosing means greater therapeutic benefits...**
 - The dosage of CBD that your body requires depends on a wide variety of factors...i.e. body size...weight...etc
- **Now that Cannabis is legal in Canada..everyone has access for medical usage...**
 - To access medical use CBD, a Doctor's prescription is required...

Each New Ontario Cannabis Store Could Earn \$1.25 Million Per Month



This month, brick-and-mortar cannabis stores are opening in Ontario and experts predict they will be lucrative....

The eye-popping estimate of monthly average sales per store of \$1.25 million is impressive – and likely low, according to an expert....

Cannabis Story Telling



- **“My” Cannabis Demographics...**
- **Bernie...55 years...**
 - Once heavy cannabis smoker..now limited...health concerns...
- **Julia...22 years...**
 - Heavy smoker ...weekly...
 - Doesn't drink alcohol...
- **Maggie...28 years...**
 - Inconsistent smoker...once per month...
- **Jim...70 years...**
 - Tried years ago...
 - No interest...any type...Prefer alcohol...
- **Paul...68 years...**
 - Takes CBD for arthritis..
 - No interest in THC in any form...
- **Key Learning...**
 - Still learning..
 - Research required...
 - Consistent but inconsistent demographics...
 - Edibles & Drinkables could be Incentive...

CBD vs. THC in Clinical Application



- CBD...
 - Both CBD and THC interact with cells within our bodies by activating the cannabinoid receptors...
 - Without venturing too deeply into technical terms, we can say that these receptors are responsible for transmitting signals within our bodies, causing different physiological effects.
 - Some cannabinoids are capable of desirable effects (they are beneficial to us)....
 - Others cause undesirable psychotropic effects in our bodies (such as getting “high,” or causing depression, etc.), and a few of these substances cause both desirable and undesirable effects.

CBD vs. THC in Clinical Application



- CBD...
 - Currently, there are no documented studies that show undesirable effects from CBD, which is why this particular cannabinoid is legal worldwide...
 - However, there are many studies showing CBD to cause only desirable effects or no effects at all....
 - Not only that, but CBD has also been shown to protect against the negative effects of THC...
- It is important to point out that research is still underway for many applications of CBD...

CBD vs. THC in Clinical Application



- **THC...**
 - **THC was the first phytocannabinoid that was discovered and has been much more extensively researched than CBD...**
 - **We know with fairly high certainty that THC is strongly psychoactive and can be intoxicating even in small amounts...**
 - **This means that THC can alter your behavior and cause you to lose control of your faculties, properties that make it a popular (illegal) recreational drug in the form of marijuana...**
 - **THC has desirable medical applications and has been shown to be effective as a moderate-strength analgesic (a type of drug that offers relief from pain)...**

CBD vs. THC in Clinical Application



- **THC...**
 - **An effective form of treatment for the symptoms of “serious” diseases including AIDS and for cancer patients undergoing chemotherapy...**
 - **These invaluable properties of THC have given rise to the use of marijuana for legal medical purposes...**
 - **Medical marijuana is safe when prescribed by a doctor and can significantly improve the quality of life for many people suffering from serious and/or chronic diseases...**

Top Ways To Celebrate 420



- **Attend a 420 event...**
- **Support Bill 420...**
- **Wait...What's 420...**
- **Eat a CBD Burger...**
- **Make some CBD Snacks...**
- **Get a cannabis DNA Test...**
- **Mix A CBD Cocktail...**
- **Take the CBD Quiz...**
- **Buy CBD Paraphernalia...**

Celebrating 420



- **Potheads have for decades celebrated their love of marijuana on April 20, but the once counterculture celebration that was all about getting stoned now is so mainstream Corporate North America is starting to embrace it...**
- **Ben & Jerry's was one of the earliest big brands to foster a connection with the marijuana culture through marketing...**
- **The Vermont-based ice cream company features Cherry Garcia & Phish Food, honouring late Grateful Dead member Jerry Garcia & the band Phish...**
- **Both bands are favourites of the marijuana smoking crowd...**
- **To mark 4/20 in recent years, Ben & Jerry's debuted taco- & burrito-inspired ice cream sandwiches...**
- **This year the company partnered with a San Francisco Bay Area cannabis retailer to give customers who place delivery orders on Friday & Saturday a free pint of Half Baked, a combination of cookie dough & fudge brownie...**