

# Cash Crop: The High Stakes Investments of Cannabis Companies Before Recreational Sales Begin

As Ohio's regulatory landscape shifts to accommodate non-medical cannabis sales, established cannabis companies in the state are embarking on a significant transformation to cater to this burgeoning market. With the anticipation of the launch of adult-use sales in early summer, these companies are investing heavily in their operations and infrastructure to meet the anticipated demand.

## Regulatory Approval Sets the Stage

On May 13, the Joint Committee on Agency Rule Review (JCARR) provided the final approval for regulations enabling applications for dual-use licenses to commence in early June. These licenses will allow licensed medical marijuana companies to extend their services to non-medical customers aged 21 and older, operating under existing medical program regulations. The issuance of these licenses is expected to occur around the latter part of the following month.

James Crawford, a spokesperson with the Ohio Division of Cannabis Control (DCC), emphasizes that existing medical permit holders, having already undergone comprehensive checks, are poised for a swift turnaround in acquiring dual-use licenses.

## Millions Invested in Preparation

Companies like Standard Wellness in Cleveland have been at the forefront of preparations, investing millions of dollars to scale up cultivation, enhance manufacturing capabilities, bolster product inventory, upgrade retail stores, and expand their workforce. Standard Wellness CEO Jared Maloof estimates the company's investment in preparatory efforts to be around \$10 million, underscoring the commitment to readiness for the adult-use market launch.

## Industry Projections and Economic Impact

Matt Darin, CEO of Curaleaf, highlights the significant growth potential of Ohio's adult-use market, projecting a \$2 billion market size post-commencement of adult-use sales. Market projections from New Frontier Data suggest that Ohio could witness \$420 million in non-medical sales by 2025, with potential revenues exceeding \$2.8 billion by 2030.

## Transitioning to a New Era

The shift towards adult-use sales marks a milestone for Ohio's cannabis industry, transitioning from a stagnant medical-only market to a potentially dynamic and expansive market catering to a broader consumer base. Challenges such as oversupply, pricing, and competition from illicit markets have plagued the medical

sector, but the advent of adult-use sales promises relief and growth opportunities for industry players.

## **Preparing for the Future**

With the prospect of serving millions of consumers virtually overnight, cannabis businesses are diligently preparing for the paradigm shift. Investments in production facilities, retail infrastructure, and workforce expansion underscore their commitment to meeting the demands of the evolving market. For companies like Klutch Cannabis, the transition represents a monumental opportunity to thrive in a revitalized industry landscape, signaling the dawn of a new era for Ohio's cannabis market.

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