Dispensary Survey Results

A snapshot of current practices and conditions
Survey Purposes and Limitations

Purpose

• Survey designed to provide insight into current business practices and market of existing dispensary system.

• Provide concrete feedback on current business processes and technology used to inform the development of seed-to-sale and tax payment software systems.

• Provide snapshot of wage and hour characteristics of current industry.

• Provide estimate of retail product mix and current production streams.

Limitations for Projections of Recreational Market

• Wrong population- future recreational markets will not reflect current cost structures.

• Sample frame excludes non-public dispensaries (15% of total).

• Non-responses may not be randomly distributed.

• Different consumer base.

• Size of the current market activity remains unknown.
• 230 OMMP dispensaries currently certified.
• Sample frame drawn from publicly available contact information.
• 180 dispensaries randomly selected.
• Three follow-up letters. Two follow-up emails or phone calls.
• 28 (15%) were closed or had invalid contact information.
• 23 (13%) did not respond, but appeared to be valid.
• 85% overall response rate.
• 129 surveys
Dispensaries may cover one or more steps of the marijuana value chain.

1. Warehouse
2. Processor
3. Wholesale
4. Retail
## Survey Results: Business Processes: Wage and Hour

<table>
<thead>
<tr>
<th>Question</th>
<th>Average</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees per Dispensary</td>
<td>6</td>
<td>85 (71%)</td>
</tr>
<tr>
<td>Average Weekly Hours Worked per Dispensary</td>
<td>186</td>
<td>105 (81%)</td>
</tr>
<tr>
<td>Average Wage per Employee</td>
<td>$11.96</td>
<td>93 (72%)</td>
</tr>
<tr>
<td>Health Insurance Coverage Rate</td>
<td>9.6%</td>
<td>105 (81%)</td>
</tr>
</tbody>
</table>
90% of Dispensaries Utilize the Services of a CPA or Accounting firms.

Identifying financial software helps to plan integration with excise tax payment system.

Identifying inventory software helps plan integration with seed-to-sale tracking system.

Survey Results: Business Processes: Inventory and Sales

Principal Financial Software Used by Dispensaries

- Quick Books
- MMJ Menu
- MJ Freeway
- Biotrack THC
Some dispensaries focus on retail sales.

Others are processors and wholesalers.

Different stages of value-chain may have different software requirements.
Survey Results: Sales of Useable Marijuana Flower

- Why: Different production methods for different products.
- 57% of product sales reported were in marijuana flowers.
- 31% of reported sales were of processed products.
- Medford dispensaries - lowest flower sales.
  - Small sub-sample.
  - Possibly processor-wholesale.
Survey Results: Sales of Processed Items

- Processed products include a wide-range of items.
- 31% of product sales reported were in processed products.
- Medford dispensaries reported the highest rate of processed items sold.
- The Metro region had the second highest rate of processed products sold.
- The Medford region reporting is consistent with Warehouse/Processor model of dispensaries.
Survey Results: Growing Mode - Indoor

- 71% of reported marijuana sales were of product grown indoors.
- The Salem region reported highest rates of indoor produced marijuana
- Eugene reports the lowest
- Medford falls in the middle
Dispensaries reported that 16% of marijuana products sold were grown outdoors.

32% of marijuana sold in the Medford region came from outdoor farms.

Only 11% sold in the Salem region was sourced from outdoor growers.

Dispensaries may be reporting only useable marijuana sales, not the feedstock of processed items.
• 14% of marijuana products sold statewide were reported as grown in greenhouses.
• Salem, Bend, and Eugene dispensaries reported greenhouses as producing over 15% of supply.
• Medford reported 7% of supply from greenhouses.
<table>
<thead>
<tr>
<th>Region</th>
<th>Flower Sales</th>
<th>Processed Sales</th>
<th>Source Indoor</th>
<th>Source Greenhouse</th>
<th>Source Outdoor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro</td>
<td>56.3%</td>
<td>37%</td>
<td>72%</td>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>Salem</td>
<td>64.5%</td>
<td>28%</td>
<td>74%</td>
<td>17%</td>
<td>11%</td>
</tr>
<tr>
<td>Eugene</td>
<td>68.9%</td>
<td>27%</td>
<td>62%</td>
<td>16%</td>
<td>22%</td>
</tr>
<tr>
<td>Medford</td>
<td>47.1%</td>
<td>37%</td>
<td>67%</td>
<td>7%</td>
<td>32%</td>
</tr>
<tr>
<td>Bend</td>
<td>53.1%</td>
<td>36%</td>
<td>65%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Total</td>
<td>58%</td>
<td>31%</td>
<td>71%</td>
<td>14%</td>
<td>16%</td>
</tr>
</tbody>
</table>
Conclusion

• Survey provides valuable information about current business processes.
  • Software that is currently used in the industry
  • Current pay and benefits levels in legal marijuana businesses.
  • Distribution of product types sold in dispensaries.
  • Distribution of growing modes across the state.

• Survey has limitations for estimating economic impact.
  • No volume totals for current dispensary system.
  • Survey sample, while robust, may have bias.
  • Cost structure may change for production modes with recreational marijuana.
  • Survey does not distinguish between retail only, processor or vertically integrated dispensaries.