Dispensary Survey Results

A snapshot of current practices and conditions

Survey Purposes and Limitations

Purpose

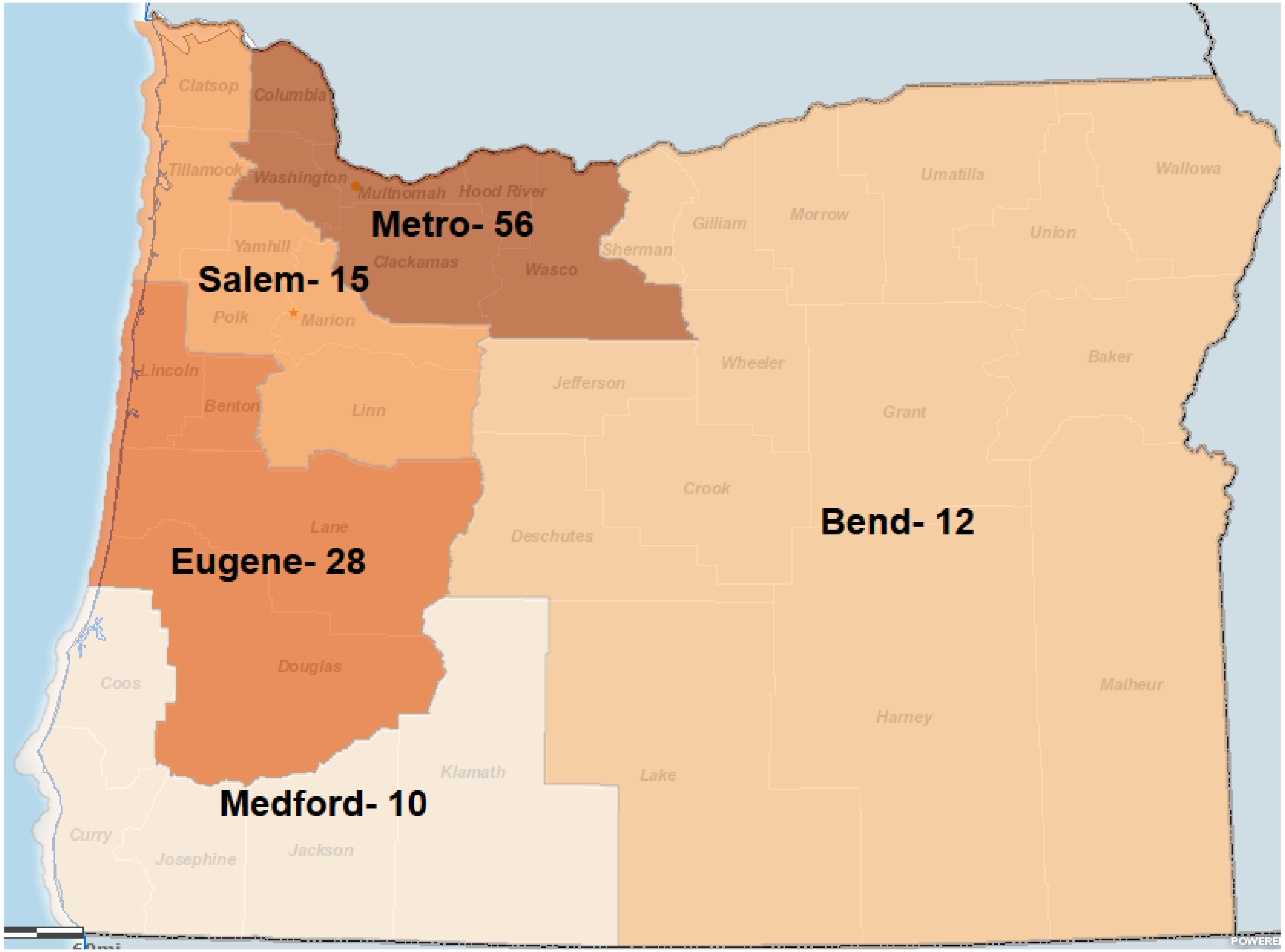
- Survey designed to provide insight into current business practices and market of existing dispensary system.
- Provide concrete feedback on current business processes and technology used to inform the development of seed-to-sale and tax payment software systems.
- Provide snapshot of wage and hour 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.

Survey Sample and Responses

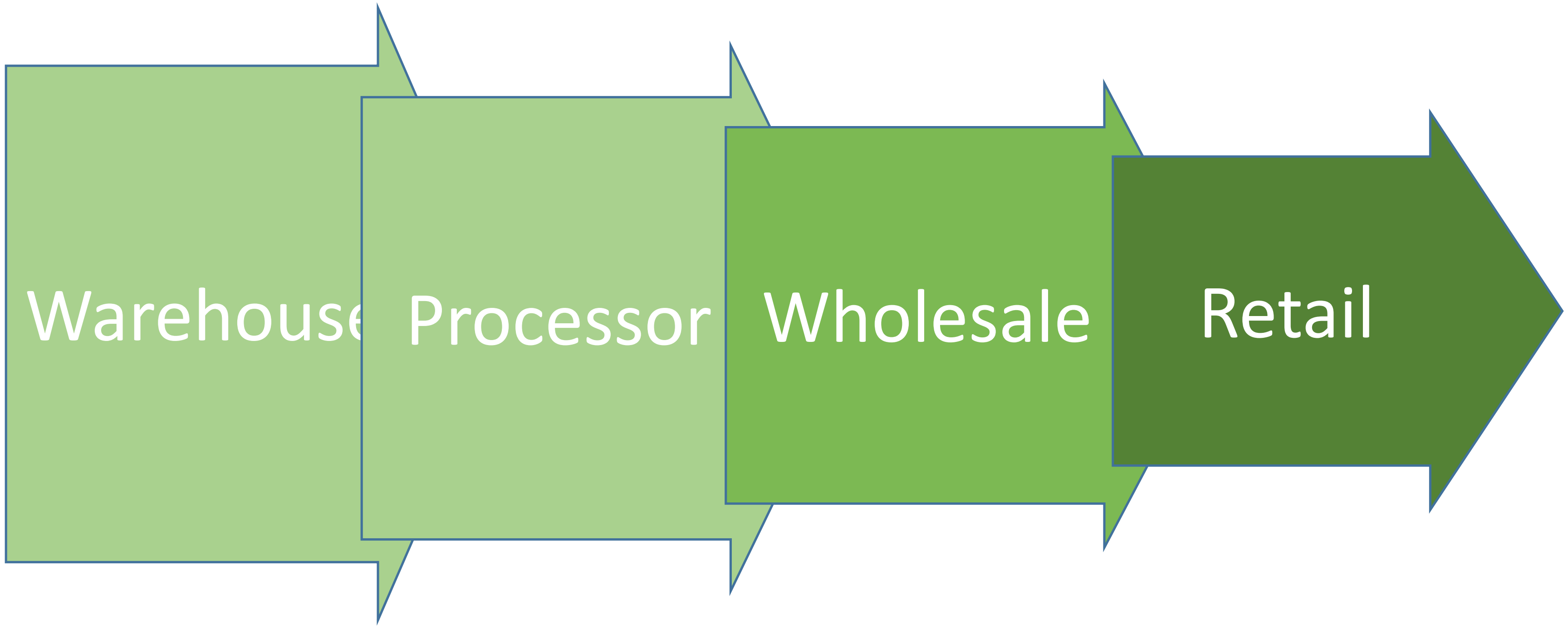
- 230 OMMP dispensaries currently certified.
- Sample frame drawn from publicly available contact information.
- 180 dispensaries randomly selected.
- Three follow-up letters. Two follow-up emails or phone calls.
- 28 (15%) were closed or had invalid contact information.
- 23 (13%) did not respond, but appeared to be valid.
- 85% overall response rate.
- 129 surveys



Oregon Medical Marijuana Dispensaries: More than Retail

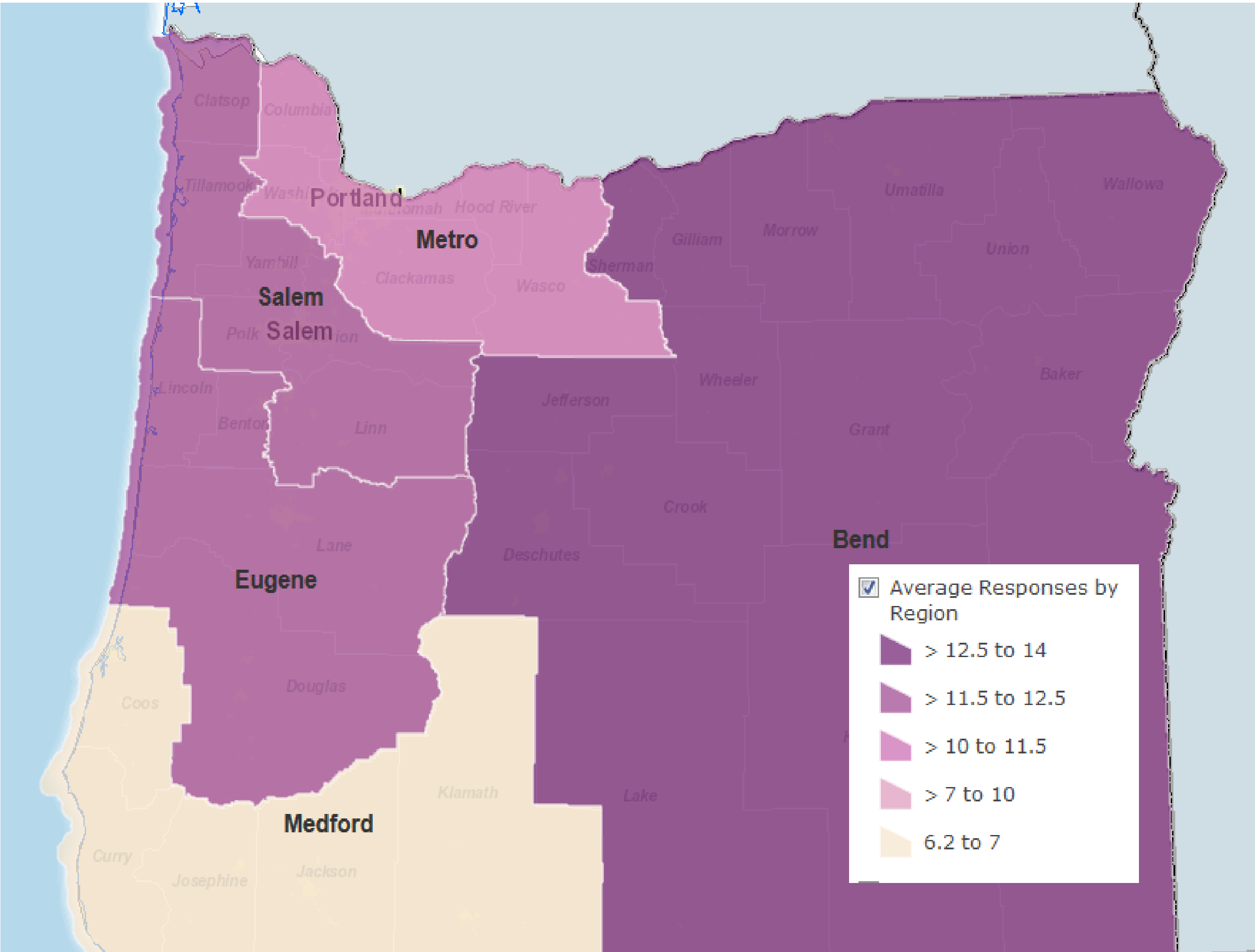
Dispensaries may cover one or more steps of the marijuana value chain.

1. Warehouse
2. Processor
3. Wholesale
4. Retail



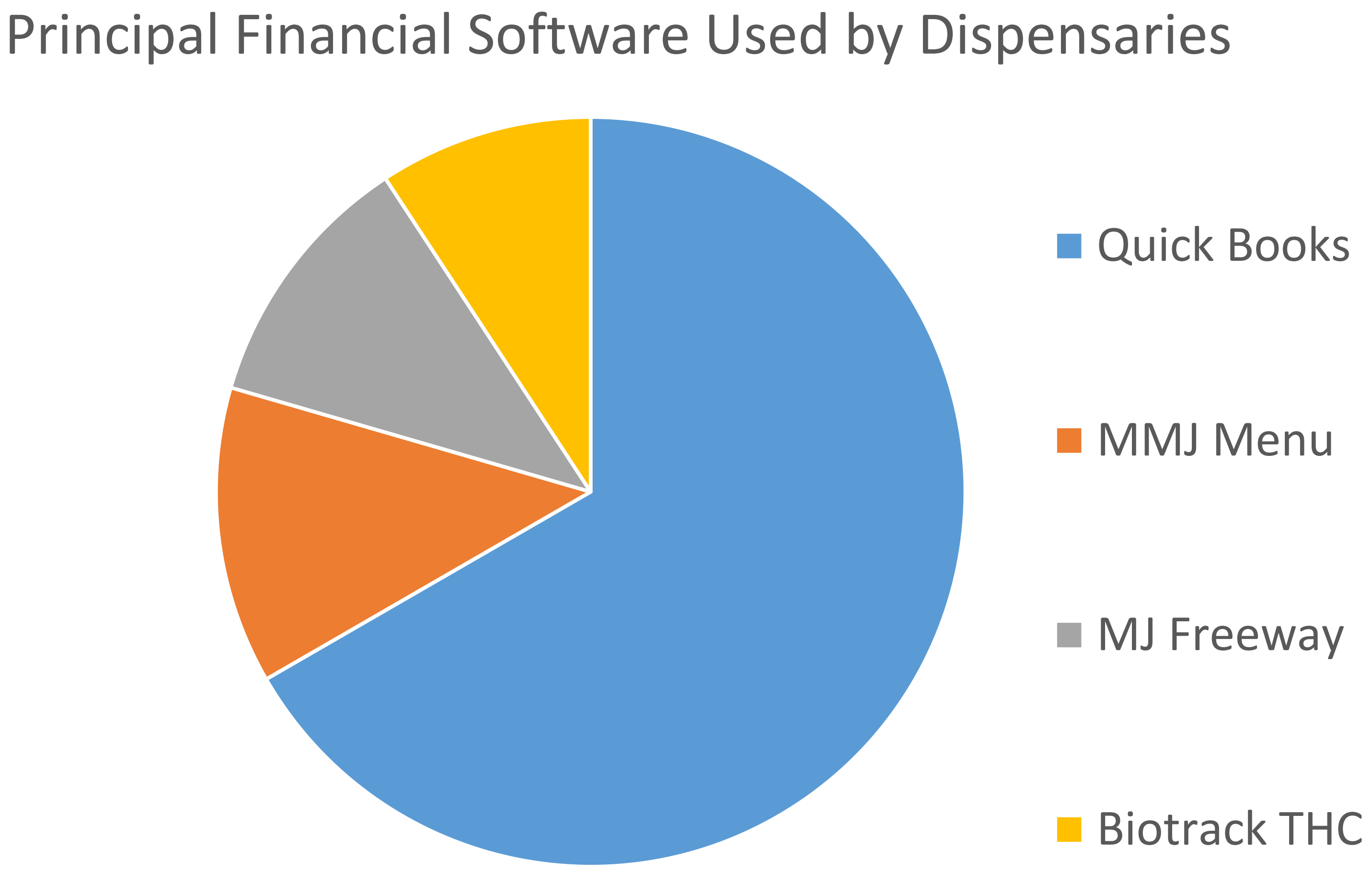
Survey Results: Business Processes: Wage and Hour

Question	Average	Number of Responses
Number of Employees per Dispensary	6	85 (71%)
Average Weekly Hours Worked per Dispensary	186	105 (81%)
Average Wage per Employee	$11.96	93 (72%)
Health Insurance Coverage Rate	9.6%	105 (81%)



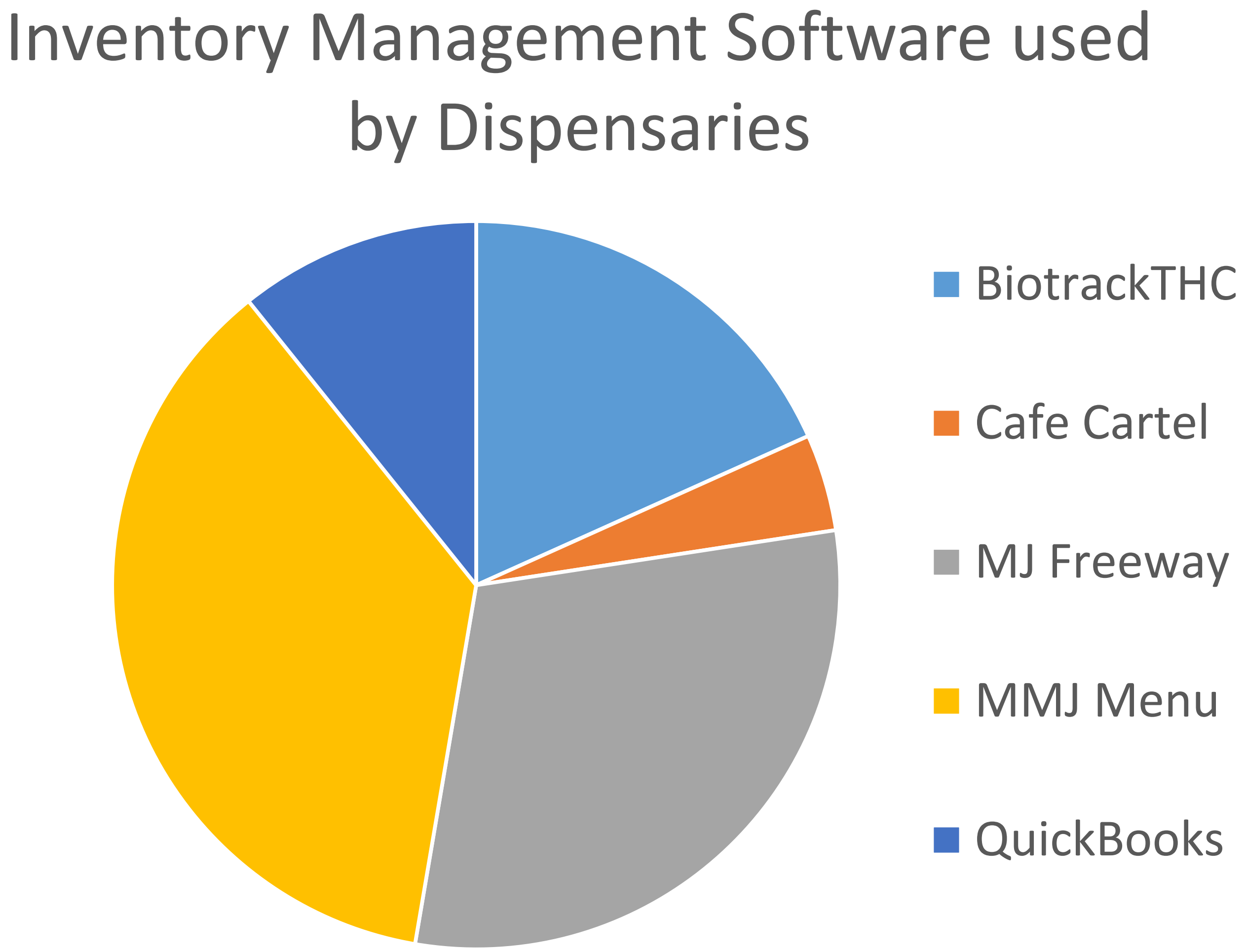
Survey Results: Business Processes: Inventory and Sales

- 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.



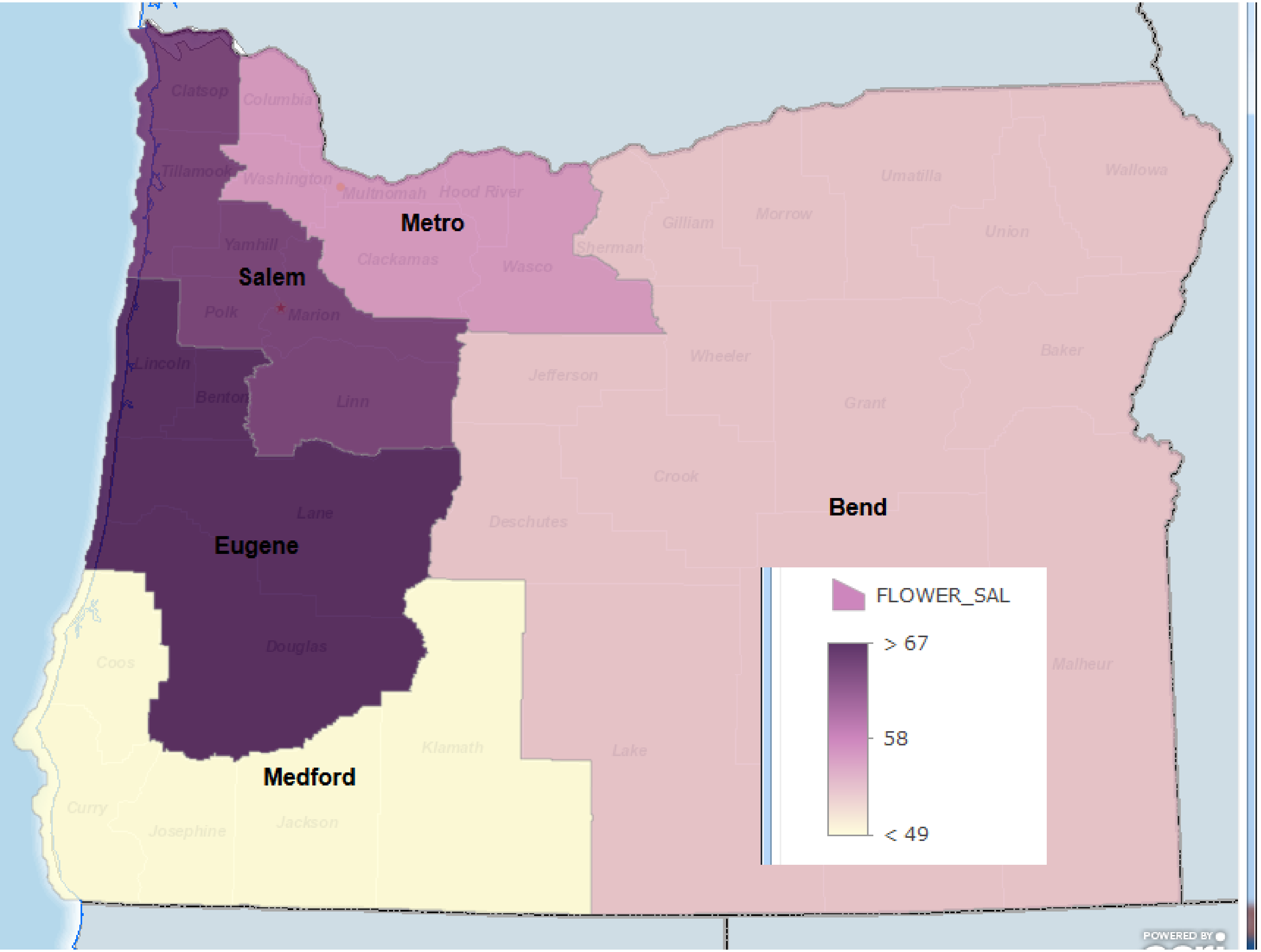
Survey Results: Business Processes: Inventory and Sales

- Some dispensaries focus on retail sales.
- Others are processors and wholesalers.
- Different stages of value-chain may have different software requirements.



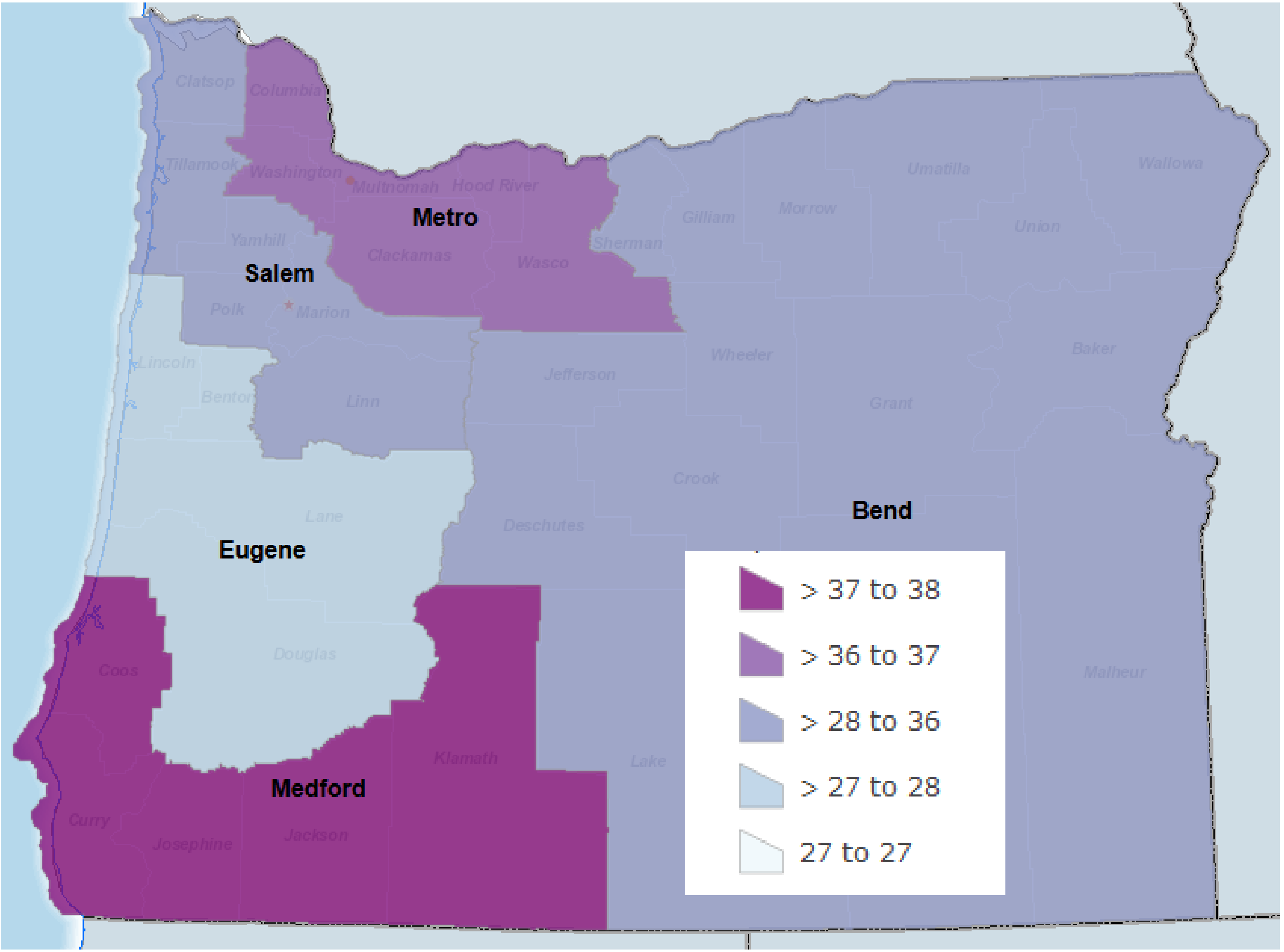
Survey Results: Sales of Useable Marijuana Flower

- 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.



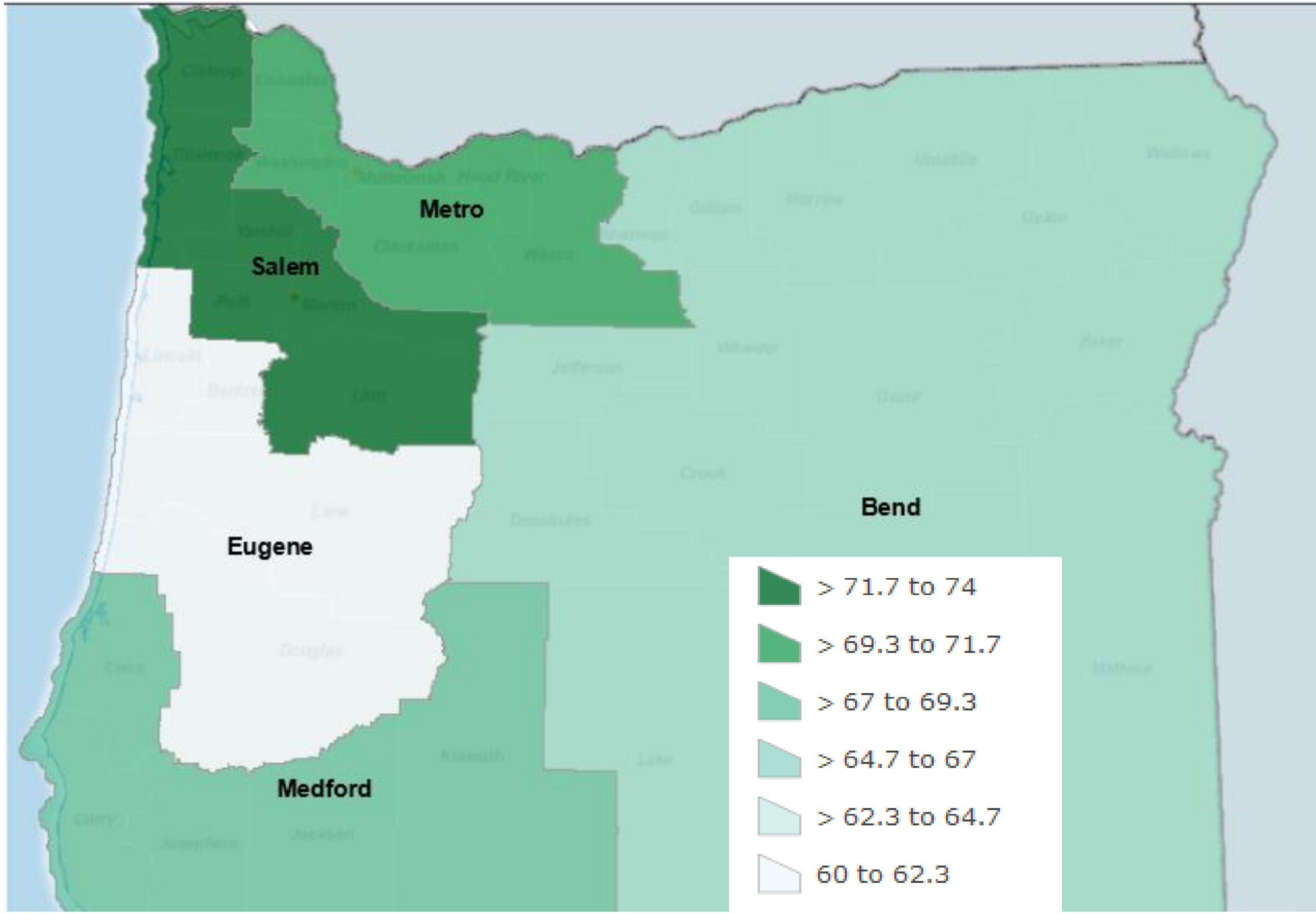
Survey Results: Sales of Processed Items

- 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.



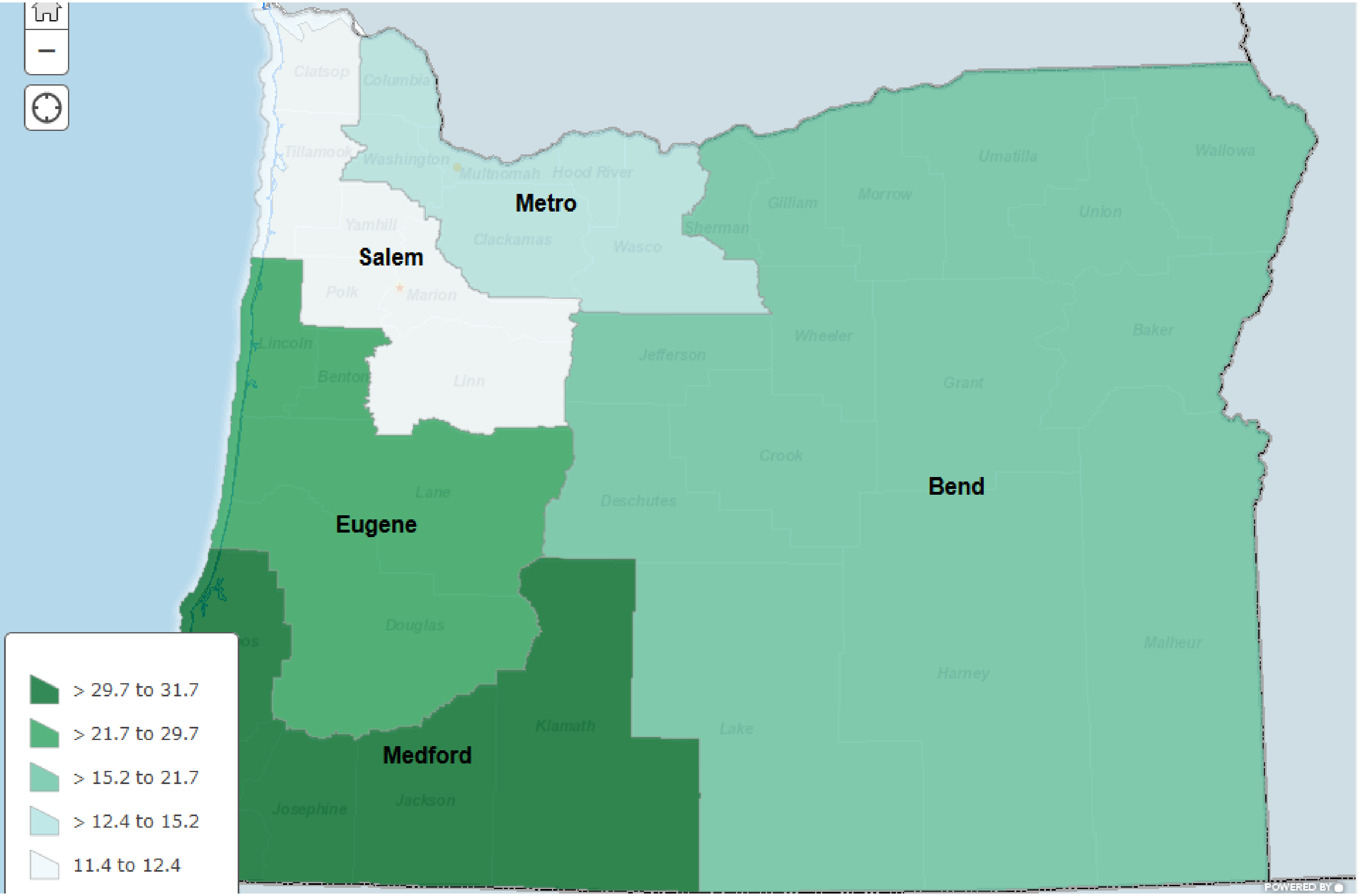
Survey Results: Growing Mode- Indoor

- 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



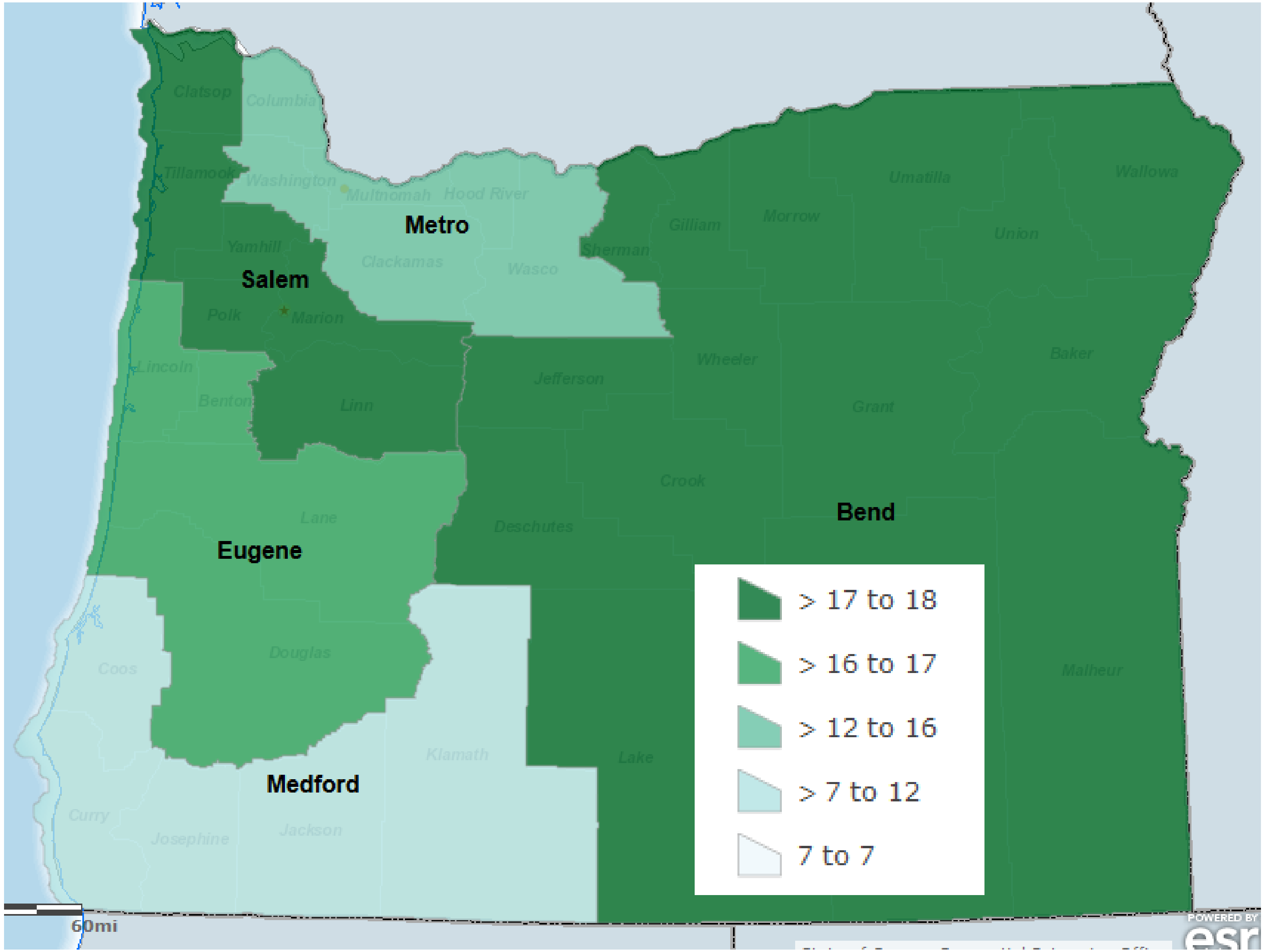
Survey Results: Growing Mode- Outdoor

- 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.



Survey Results: Growing Mode- Greenhouse

- 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.



Survey Results: Summary of market by region

Region	Flower Sales	Processed Sales	Source Indoor	Source Greenhouse	Source Outdoor
Metro	56.3%	37%	72%	12%	13%
Salem	64.5%	28%	74%	17%	11%
Eugene	68.9%	27%	62%	16%	22%
Medford	47.1%	37%	67%	7%	32%
Bend	53.1%	36%	65%	18%	16%
Total	58%	31%	71%	14%	16%

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.