The Cannabis Industry Annual Report: 2017 Legal Marijuana Outlook
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  • Giadha Aguirre De Carcer, New Frontier Data
  • Leslie Bockstor, Electrum Partners
  • John Kagia, New Frontier Data
• Key Findings: The Cannabis Industry Annual Report
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Giadha Aguirre De Carcer
Founder & CEO, New Frontier Data

De Carcer is the Founder and Chief Executive Officer of Frontier Financial Group Inc. dba New Frontier Data. She is an entrepreneur with over 20 years of experience in business execution, management and strategic business development with an emphasis on emerging markets.

De Carcer worked in investment banking with JPMorgan Chase in Manhattan and London, and served as a senior consultant in the Defense, Technology, Telecommunication sectors in both the commercial and government sectors domestically and abroad. She has successfully launched and operated four data-driven businesses and is considered an expert in strategic positioning and risk management in emerging high growth markets.
Leslie Bocksor  
President & Founder, Electrum Partners

Committed to a culture of compassion at Electrum Partners and throughout the industry, he takes pride in ushering in changes that rewrite history, whether it’s the empathic opening of patient access, or the invention of a national innovation funding reset button.

His far-reaching banking and entrepreneurial experience and inimitable style are bolstered with his knowledge of any cannabis vertical -- from domestic and international policy to finding your niche investing opportunity, from supercritical extraction to ERP solutions, from seed-to-sale tracking to cannabidiol (CBD) to the entourage effect of strategic business integration. Bocskor has become one of the most influential people in the cannabis space, guiding policy and reform.
John Kagia
Executive Vice President of Industry Analytics, New Frontier Data

John Kagia is the Executive Vice President of Industry Analytics for New Frontier. He applies his keen understanding of market research, business strategy and industry analysis to help high performing organizations achieve their strategic objectives.

Leveraging his years of experience managing research studies for industry-leading clients including Accenture, Microsoft, The George Washington University, and the U.S. Department of State, John brings a keen understanding of how market insights enable organizations to plan, grow, compete, and measure performance more effectively.
KEY FINDINGS
Growth of Legal Medical & Adult Use Marijuana Sales
2016-2025

Compound Annual Growth Rate: 16%
“There is conclusive or substantial evidence that cannabis [is] effective for the treatment of chronic pain in adults.”

National Academies of Science (2017)

100 MILLION+
Americans suffering from CHRONIC PAIN

2 MILLION+
Americans ADDICTED to prescription pain killers

$1.96 BILLION
Medicare Opioids top 3 pain medication cost
(OxyContin, Hydrocodone, Fentanyl)

Chronic Pain Patients are the Majority in MMJ Programs

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>81%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>76%</td>
</tr>
<tr>
<td>Colorado</td>
<td>67%</td>
</tr>
<tr>
<td>Nevada</td>
<td>63%</td>
</tr>
<tr>
<td>Oregon</td>
<td>59%</td>
</tr>
</tbody>
</table>
MEDICAL CANNABIS REDUCES DRUG DEPENDENCY & OVERDOSE DEATHS

REDDUCING PRESCRIPTION DRUG USE & COSTS

Annual Number of Daily Doses Prescribed Per Physician

<table>
<thead>
<tr>
<th>States Without a Medical Cannabis Law</th>
<th>States With a Medical Cannabis Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>95,672</td>
<td>85,148</td>
</tr>
</tbody>
</table>

11% REDUCTION IN DAILY PHARMACEUTICAL DOSES PRESCRIBED

$220 MILLION POTENTIAL MEDICAID SAVINGS IN OPIOID PRESCRIBITIONS

REDDUCING OPIOID RELATED DEATHS

25% FEWER OPIOID OVERDOSE DEATHS IN MEDICAL CANNABIS STATES

= 8,300 FEWER OPIOID OVERDOSE DEATHS IN MEDICAL CANNABIS STATES
**CANNABIS TAX REVENUES ARE A BOON FOR STATE COFFERS**

**TOTAL MEDICAL & ADULT USE RETAIL CANNABIS TAX REVENUES**

**2017**
- **Total Retail Taxes** $655 Million

**2020**
- **Total Retail Taxes** $1.8 Billion

**ADULT USE MARKETS**

- **State Cannabis Tax Revenue from Retail Sales**
  - **2017**
    - Total Retail Taxes $655 Million
    - Cannabis Retail Taxes $559 Million
    - State Sales Taxes $96 Million
  - **2020**
    - Total Retail Taxes $1.8 Billion
    - Cannabis Retail Taxes $1.4 Billion
    - State Sales Taxes $405 Million

|$ Millions |
|---|---|---|---|
| $- | $500 | $1,000 | $1,500 |

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LEGAL CANNABIS AS AN ENGINE FOR NEW JOB CREATION

2020 Cannabis Industry Potential Job Creation

- Total: 283,422
- Direct: 198,195
- Indirect: 45,590
- Induced: 39,636

Direct FTE Jobs by Sector

- Retail Operations: 35%
- Administration: 22%
- Manufacturing: 16%
- Management: 15%
- Agriculture: 12%
A GROWING MAJORITY NOW SUPPORT LEGAL CANNABIS

Cannabis Legalization Views

- Cannabis should be legalized, regulated and taxed like cigarettes and alcohol: 55%
- Cannabis should only be legal for medical use with a doctor’s recommendation: 26%
- Cannabis should be decriminalized, eliminating criminal penalties but not regulating or taxing it: 7%
- Cannabis should be illegal: 9%
- Don't know: 3%

Source: New Frontier Data 2017 Cannabis Attitudes Survey
STRONG SUPPORT FOR FEDERAL LEGALIZATION & MEDICAL USE

Source: New Frontier Data 2017 Cannabis Attitudes Survey
2016: A LANDMARK YEAR FOR CANNABIS LEGALIZATION

2016 Cannabis Legalization Initiative Results

<table>
<thead>
<tr>
<th>State</th>
<th>Adult Use Vote</th>
<th>Medical Use Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>48.7%</td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>57.1%</td>
<td></td>
</tr>
<tr>
<td>Maine</td>
<td>50.3%</td>
<td></td>
</tr>
<tr>
<td>Massachusetts</td>
<td>53.7%</td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
<td>54.5%</td>
<td></td>
</tr>
<tr>
<td>Arkansas</td>
<td>53.2%</td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>71.3%</td>
<td></td>
</tr>
<tr>
<td>Montana</td>
<td>57.8%</td>
<td></td>
</tr>
<tr>
<td>North Dakota</td>
<td>63.8%</td>
<td></td>
</tr>
</tbody>
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Average Adult Use Vote: 53%
Average Medical Use Vote: 62%
A Majority Now Live in States with Legal Cannabis Access

Percent of U.S. Population with Legal Cannabis Access

- Any Cannabis Law (Adult Use, Medical or CBD): 95%
- Adult Use States: 21%
- Medical States: 63%
- CBD States: 32%

Number of Americans Living Under...

- Any Cannabis Law: 306 Million
- Adult Use Laws: 68 Million
- Medical Use Laws: 203 Million

31%
Population of States Which Expanded Legal Access in 2016
PLUNGING RETAIL PRICES HAVE FUELED SALES, REVENUE GROWTH IN WASHINGTON

2015
Retailers: 190
Revenue/Retailer: $2.27 Million

2016
Retailers: 337
Revenue/Retailer: $2.33 Million

As Avg. Price Per Single Gram Falls, Monthly Sales Have Soared
GROWTH IN CONCENTRATE AND PRE-ROLL SALES ARE ERODING FLOWER’S SHARE OF MARKET

2016 Share of Sales by Product Category

- **84.7%**
- **72.0%**
- **7.0%**
- **64.4%**
- **9.8%**
- **15.6%**
- **21.0%**
- **1.4%**
- **5.3%**
- **7.7%**
- **7.2%**

**Source:** Baker
The Growing Imperative to Be Compliant

Average Compliance Scores by State*

<table>
<thead>
<tr>
<th>State</th>
<th>Score</th>
</tr>
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<tbody>
<tr>
<td>Illinois</td>
<td>97.0</td>
</tr>
<tr>
<td>Colorado</td>
<td>82.9</td>
</tr>
<tr>
<td>Nevada</td>
<td>81.2</td>
</tr>
<tr>
<td>Washington</td>
<td>77.3</td>
</tr>
<tr>
<td>California</td>
<td>74.4</td>
</tr>
</tbody>
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Source: Adherence Compliance

Washington Total Penalties 2014-2016

- Penalty Escalations: 56%
- Distructions of Harvestable Plants: 34%
- Revocations: 3%
- Suspensions: 3%
- Written Warnings: 3%

*Scores are based on a 100 point weighted scale using the Adherence Score Application.
Q&A
Save $200 when you pre-order your copy of The Cannabis Industry Annual Report: 2017 Legal Marijuana Outlook

NewFrontierData.com/webinar2017

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