



The Cannabis Industry Annual Report: 2017 Legal Marijuana Outlook

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 - **Giadha Aguirre De Carcer, New Frontier Data**
 - **Leslie Bocksor, Electrum Partners**
 - **John Kagia, New Frontier Data**
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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. Bocksor 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.



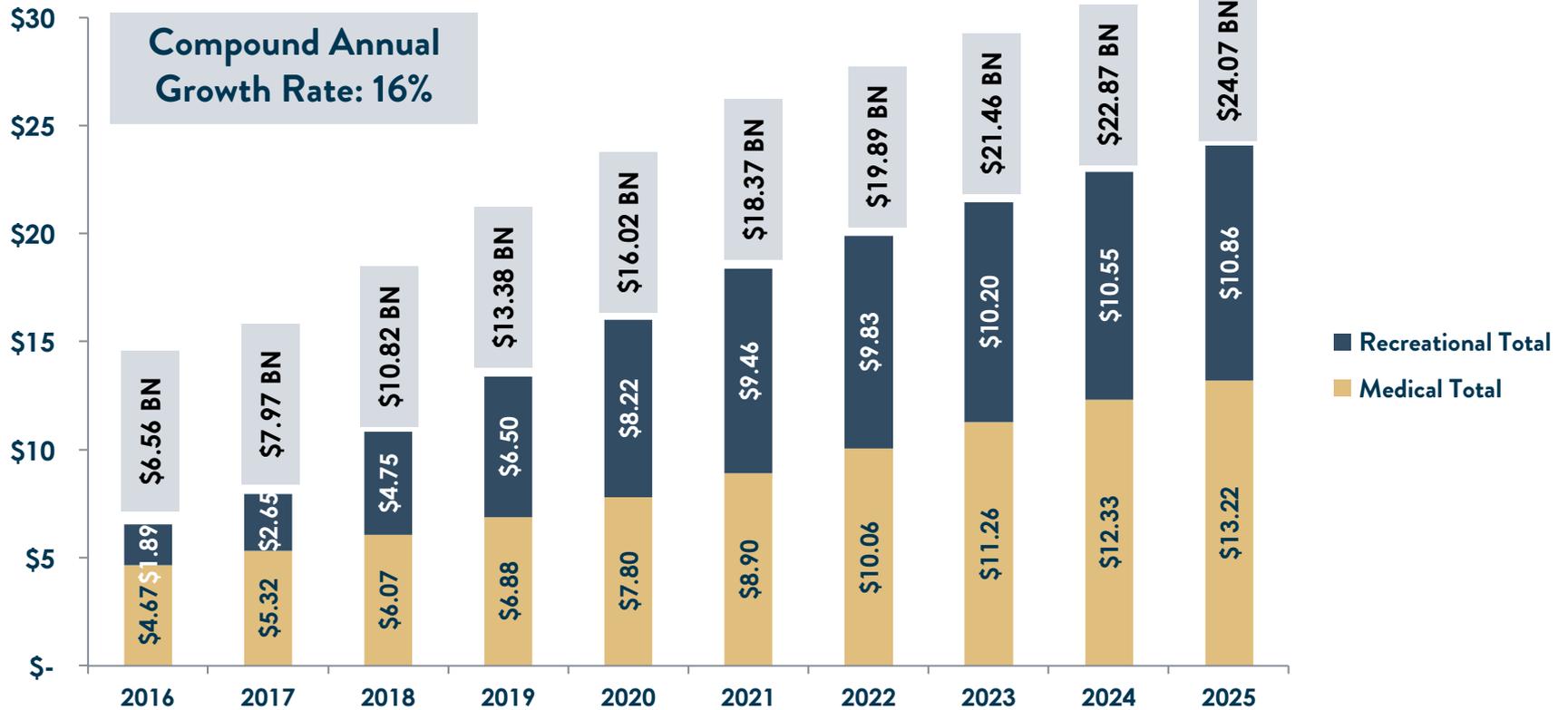
KEY FINDINGS



U.S. NATIONAL MARKET GROWTH PROJECTIONS

Growth of Legal Medical & Adult Use Marijuana Sales 2016-2025

Billions





CAN CANNABIS SOLVE THE OPIOID CRISIS?

“There is conclusive or substantial evidence that cannabis [is] effective for the treatment of chronic pain in adults.”

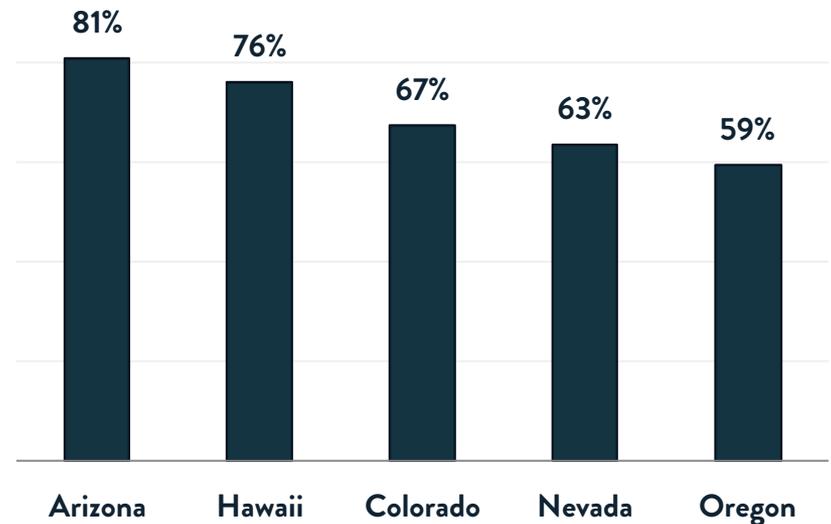
National Academies of Science (2017)

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

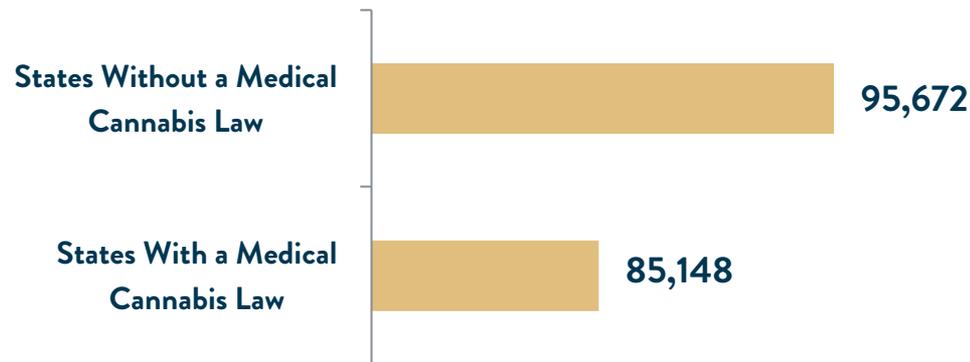




MEDICAL CANNABIS REDUCES DRUG DEPENDENCY & OVERDOSE DEATHS

REDUCING PRESCRIPTION DRUG USE & COSTS

Annual Number of Daily Doses Prescribed Per Physician



11%
REDUCTION IN DAILY PHARMACEUTICAL
DOSES PRESCRIBED

\$220 MILLION
POTENTIAL MEDICAID SAVINGS IN
OPIOID PRESCRIPTIONS

REDUCING 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
\$745 Million

2020
\$2.3 Billion

ADULT USE MARKETS

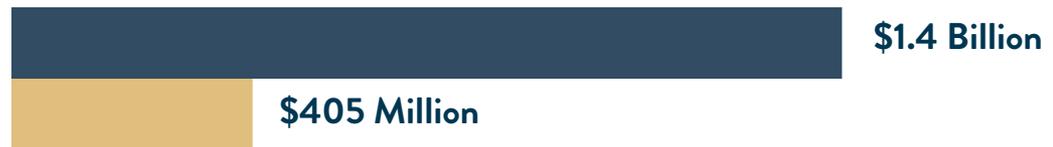
State Cannabis Tax Revenue from Retail Sales

2017
Total Retail Taxes
\$655 Million



■ Cannabis Retail Taxes
■ State Sales Taxes

2020
Total Retail Taxes
\$1.8 Billion

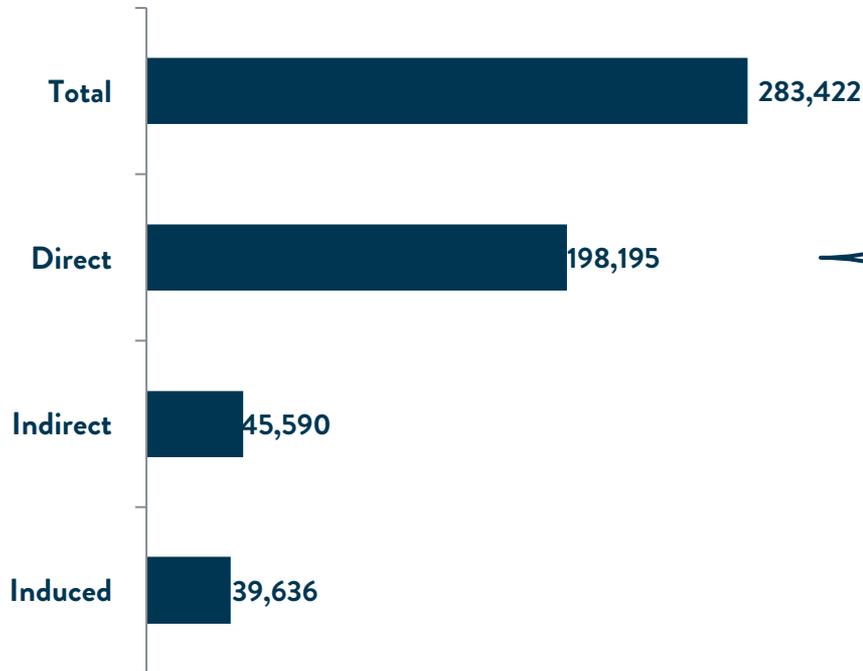


\$- \$500 \$1,000 \$1,500
\$ Millions

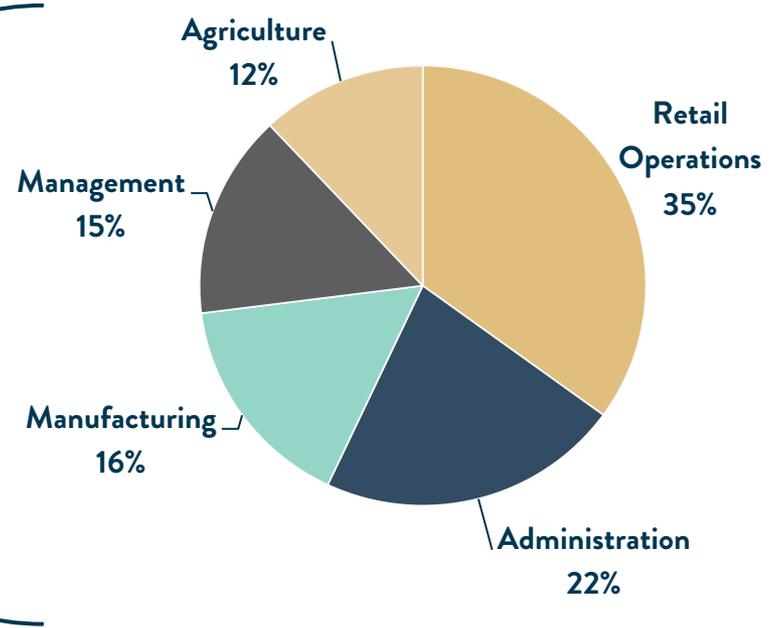


LEGAL CANNABIS AS AN ENGINE FOR NEW JOB CREATION

2020 Cannabis Industry Potential Job Creation



Direct FTE Jobs by Sector





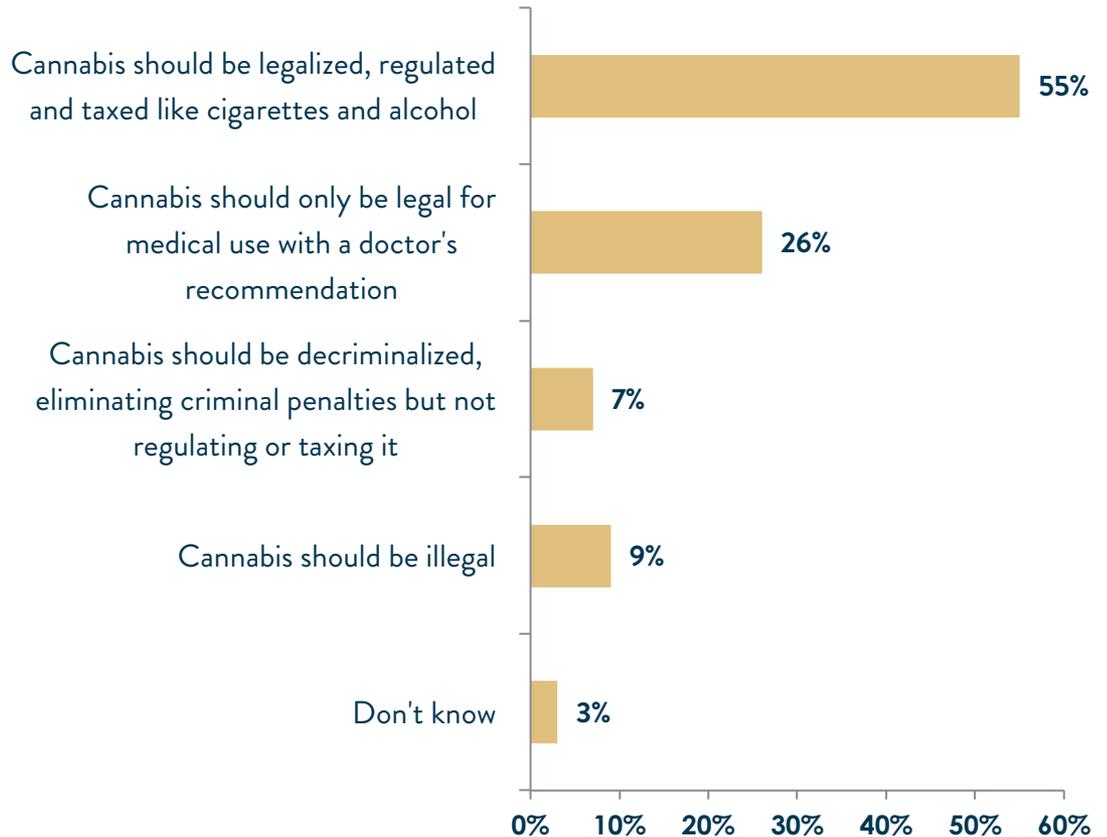
A GROWING MAJORITY NOW SUPPORT LEGAL CANNABIS

2017 New Frontier Data Cannabis Attitudes Survey

1,671 Respondents
Fielded Jan. 12 – Jan. 15, 2017

Survey Partner: Full Circle
Research

Cannabis Legalization Views

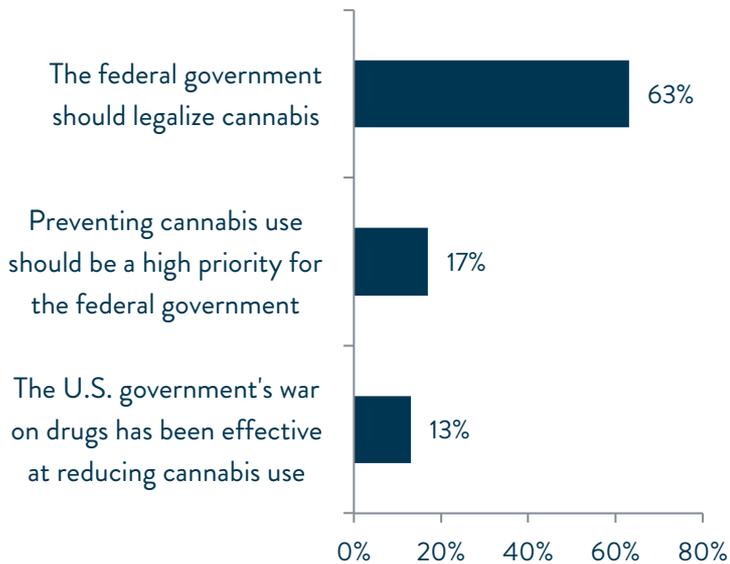


Source: *New Frontier Data 2017 Cannabis Attitudes Survey*

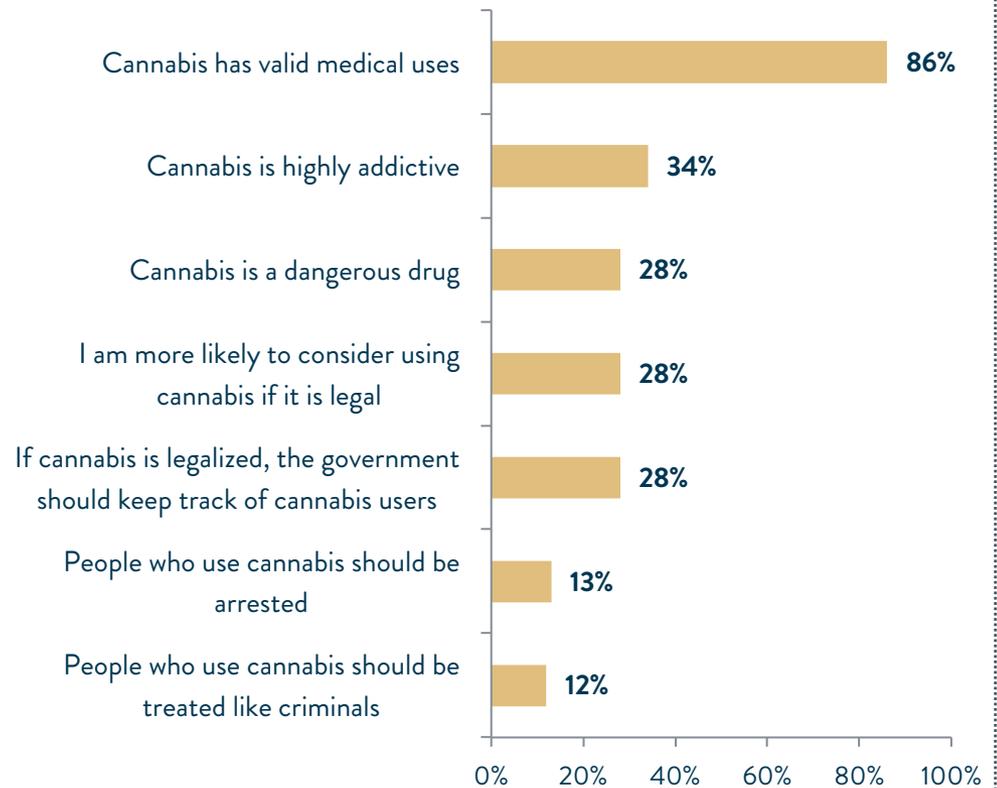


STRONG SUPPORT FOR FEDERAL LEGALIZATION & MEDICAL USE

Views of Federal Policy



Cannabis Attitudes

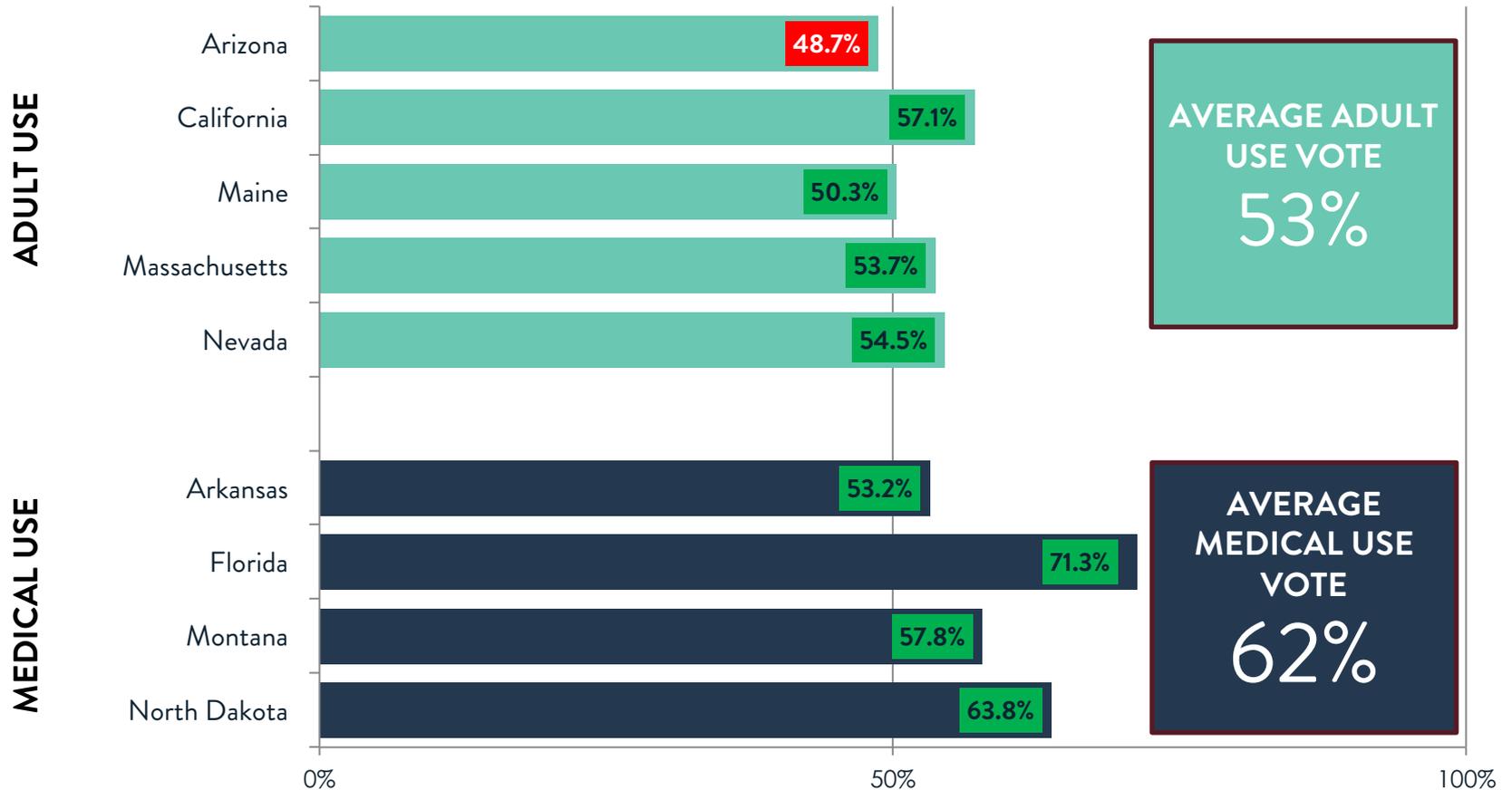


Source: *New Frontier Data 2017 Cannabis Attitudes Survey*



2016: A LANDMARK YEAR FOR CANNABIS LEGALIZATION

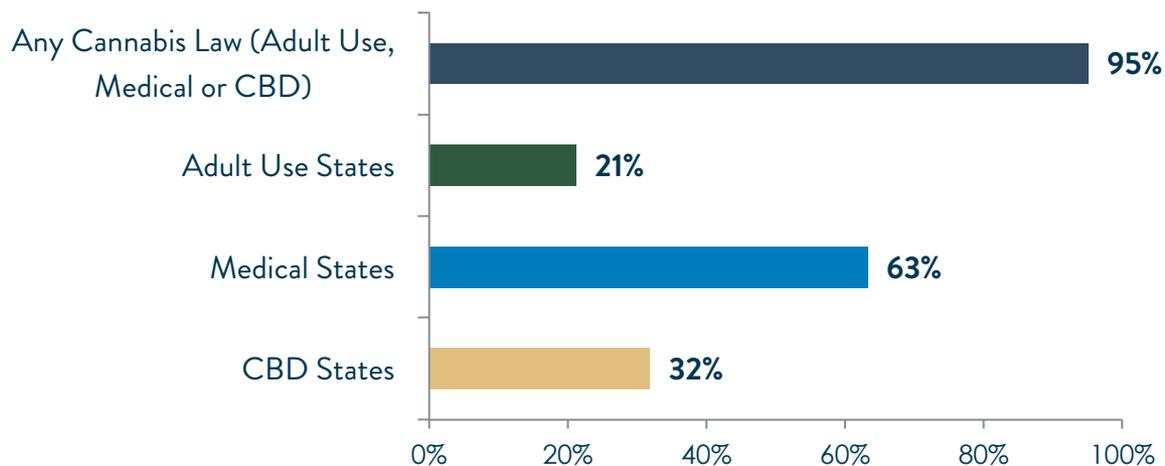
2016 Cannabis Legalization Initiative Results





A MAJORITY NOW LIVE IN STATES WITH LEGAL CANNABIS ACCESS

Percent of U.S. Population with Legal Cannabis Access



31%
Population of States Which Expanded Legal Access in in 2016

NUMBER OF AMERICANS LIVING UNDER...

ANY CANNABIS LAW
306 Million

ADULT USE LAWS
68 Million

MEDICAL USE LAWS
203 Million

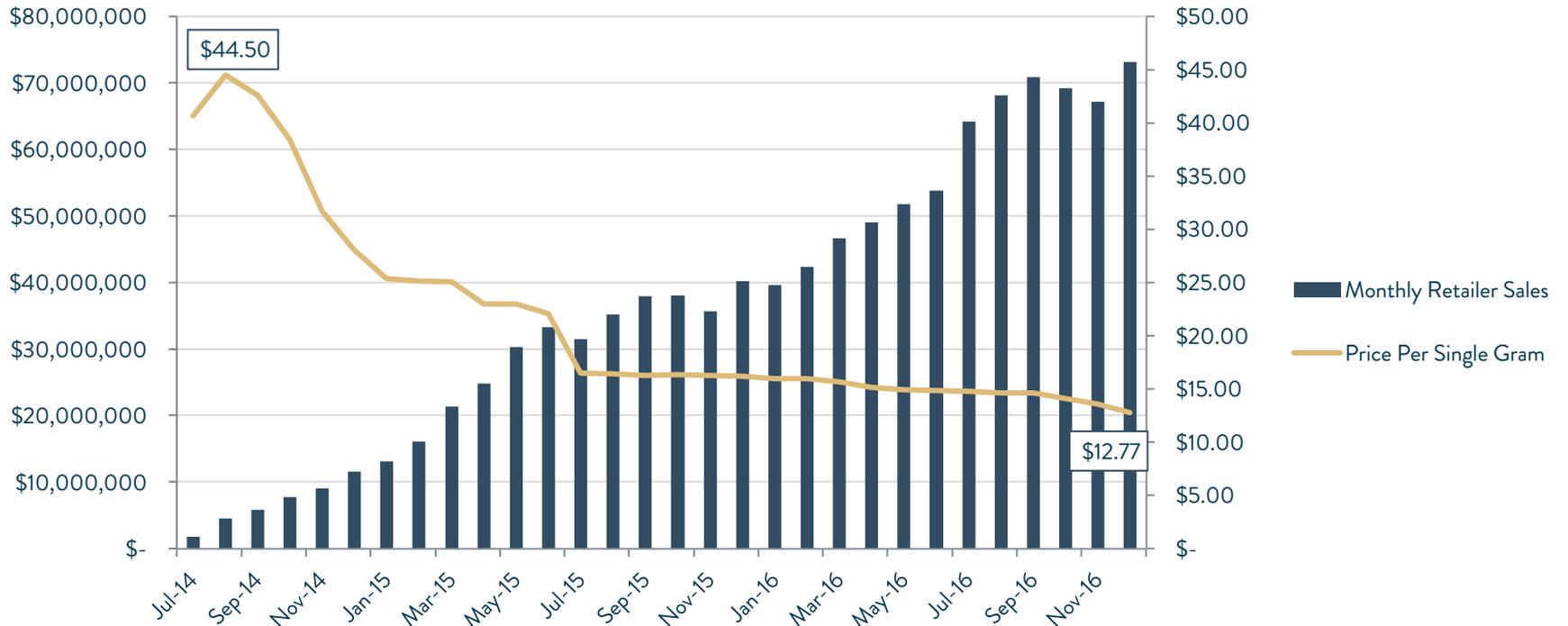


PLUNGING RETAIL PRICES HAVE FUELED SALES, REVENUE GROWTH IN WASHINGTON

2015
Retailers: 190
Revenue/Retailer: \$2.27 Million

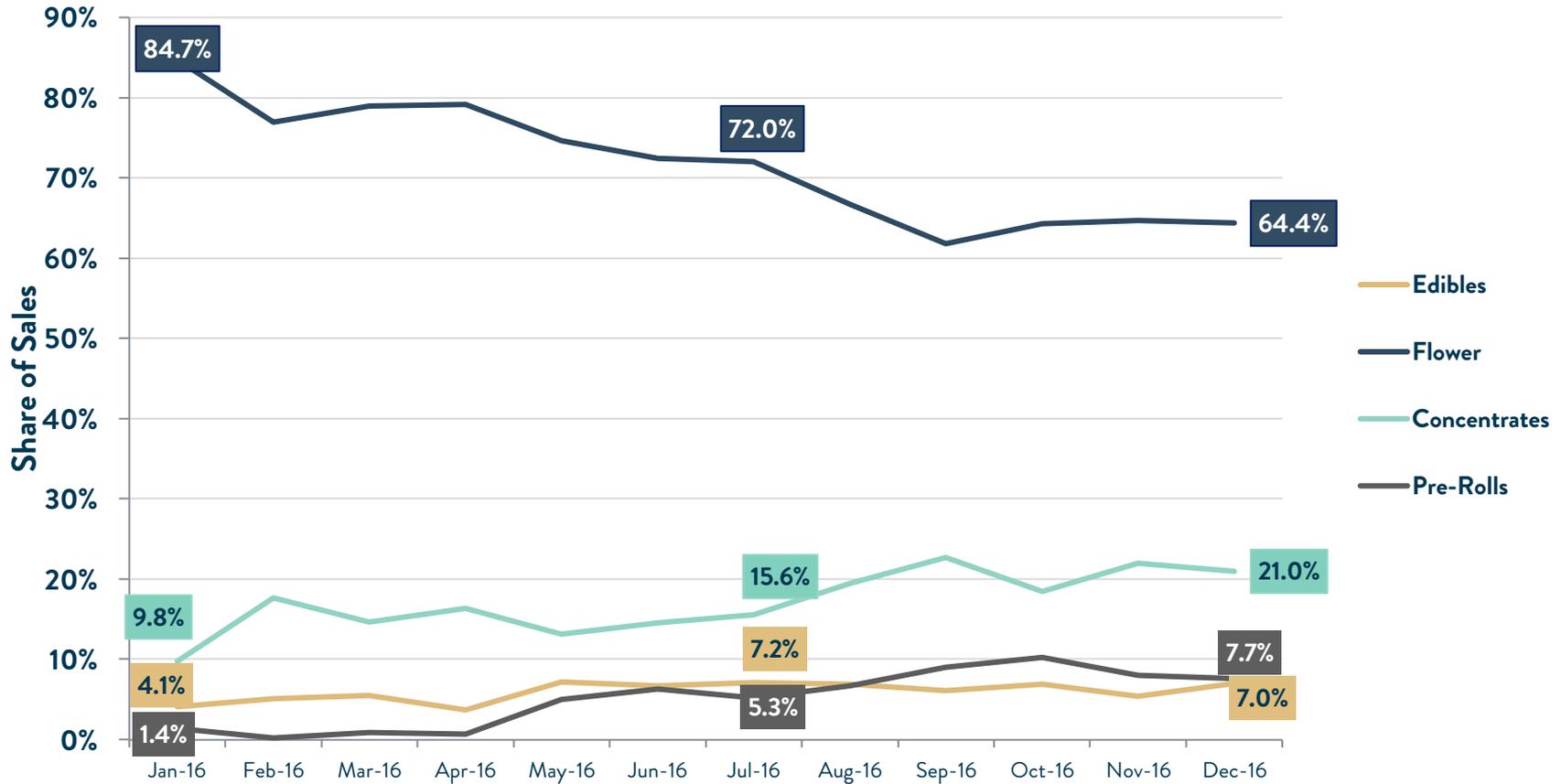
2016
Retailers: 337
Revenue/Retailer: \$2.33 Million

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

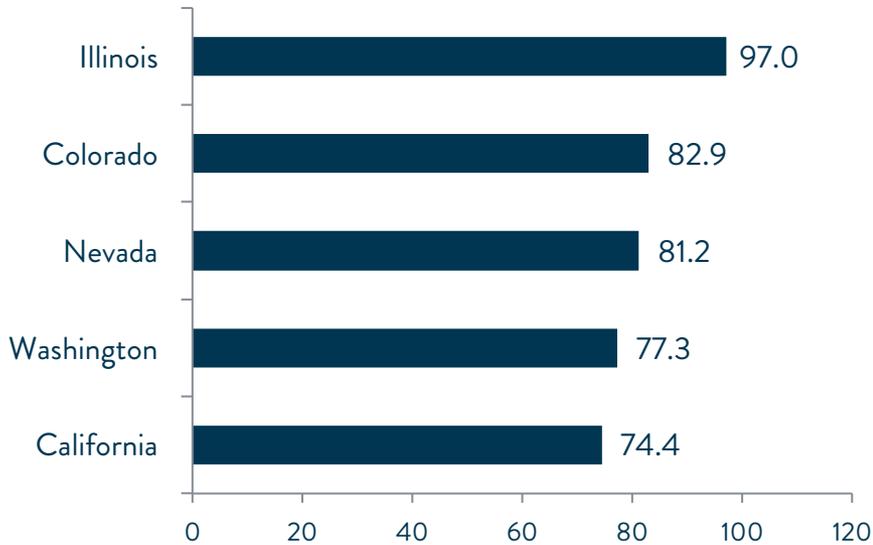
2016 Share of Sales by Product Category



Source: Baker

THE GROWING IMPERATIVE TO BE COMPLIANT

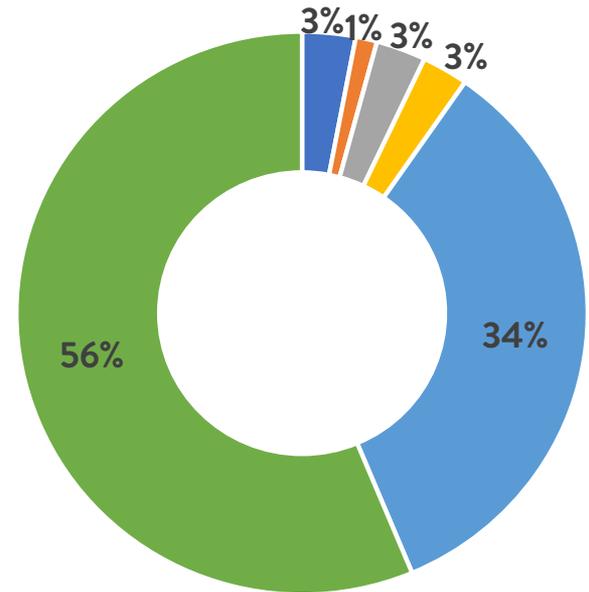
Average Compliance Scores by State*



Source: *Adherence Compliance*

*Scores are based on a 100 point weighted scale using the Adherence Score Application.

Washington Total Penalties 2014-2016

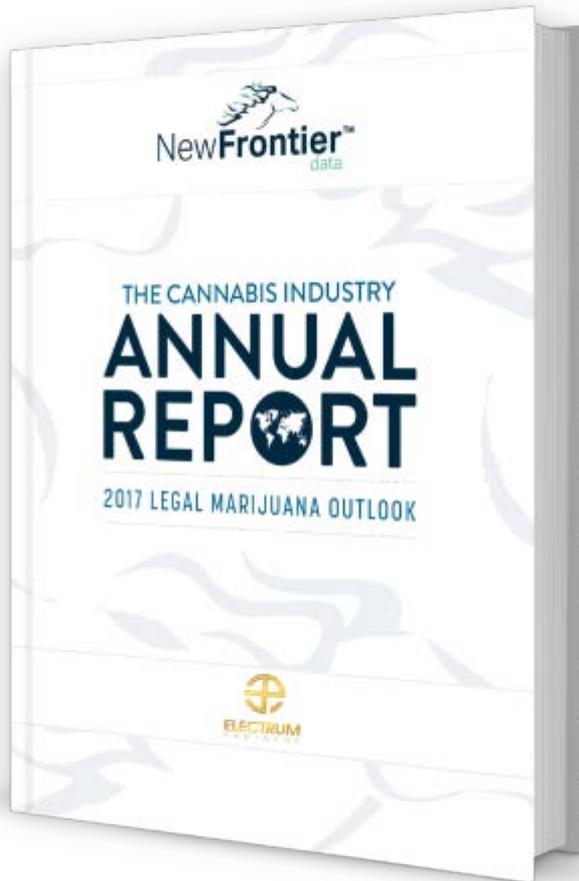


- Penalty Escalations
- Destructions of Harvestable Plants
- Revocations
- Suspensions
- Written Warnings



Q&A

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