

Concentrate Retail Price Study

Prepared for 2021-2022 Economic Affairs Interim Committee

July 19, 2022_ Zoom Meeting

Presentation Outline

- 1) Retail Study Value per Gram of Concentrate**
- 2) Retail Study Value per Pound of Concentrate**
- 3) Other Factors to Consider regarding Retail Price Study and Manufacturing Fee Structure**

Retail Study Value per Gram of Concentrate

Market Analysis_ Retail Values per Gram of Concentrate_ 50 Concentrate Products included in Study		
Revenue Generation potential associated with Concentrate Production		
Statistical Measure	Retail Value per gram of Concentrate	Measure Description
Average	\$40.87	Average Retail Value per Gram
Median	\$40.00	Median Retail Value per Gram
Minimum	\$20.00	Minimum Retail Value per Gram
Maximum	\$86.10	Maximum Retail Value per Gram
Range	(\$20.00 - \$86.10)	Retail Value per Gram Range
Min/Max Midpoint	\$53.05	Retail Study Min/Max Midpoint Value per Gram

Retail Study Value per Pound of Concentrate

Market Analysis_Retail Value per Pound of Concentrate_ 50 Concentrate Products included in Study		
Revenue Generation potential associated with Concentrate Production		
Statistical Measure	Retail Value per Pound of Concentrate	Measure Description
Average	\$18,538	Average Retail Value per Pound
Median	\$18,144	Median Retail Value per Pound
Minimum	\$9,072	Minimum Retail Value per Pound
Maximum	\$39,054	Maximum Retail Value per Pound
Range	(\$9,072 - \$39,054)	Concentrate Retail Study Range Retail Value per Pound
Min/Max Midpoint	\$24,063	Retail Study Min/Max Midpoint Value per Pound
EAIC suggested at June Meeting	\$22,800	Retail Value per Pound of Concentrate

Grams per Pound:	453.592
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Other Factors to Consider regarding Retail Price Study and Manufacturing Fee Structure

- **ONLY considering Retail Price per Pound of Concentrate when determining Mnfg. Tier Level Fee Structure DOES NOT provide full context to Invested Capital required.**
- **While Production Cost data is not tracked in Metrc, or made publicly available, when determining Mnfg. Tier Level fee structure it is important to consider:**
- **Costs of Goods Sold_ Direct Materials and Direct Labor**
- **Allocated Overhead_ including, but not limited to: Depreciation Expense on Machinery and Equipment, and Facility Overhead.**
- **Mnfg. Licensing fees, and any payments related to producing over 15 Lbs. per month, would be another Overhead Cost that would lower Net Income derived from Concentrate Production.**

Summary

- **CCD's Concentrate Retail Price Study suggests Licensees typically generate Revenue in the range of \$18,000 - \$24,000 for 1 Pound of Concentrate sold in Dispensaries.**
- **This aligns with the \$22,800 Retail Value per Pound suggested by EAIC in June.**
- **Inventory Seed to Sale Tracking system, Metrc, does not require Cap Ex or Cost data.**
- **Despite lack of Cost Data, given experience analyzing other MT Industries, it is important to value the Income Stream, as opposed to exclusively the Revenue Stream.**
- **Mnfg. Tier Fee Overages would increase Overhead associated with Concentrate Production.**
- **CCD recommends for consistency and transparency creating additional Licensing Tiers as outlined in the SJ31 Study.**
- **Any questions from the Committee regarding the Study?**