

Growing Green (Sneak Preview):

Converting Illegal Cannabis Buyers through Reduced Prices and Increased THC Purchase Limits

Presented to **Cannabis Insights Forever Conference** by:

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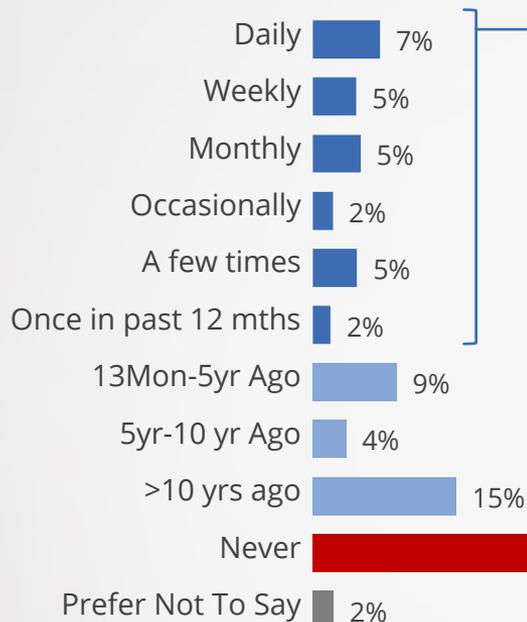
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strategic insights

Methodology

- Data in this presentation is primarily based on an **online survey** of a randomly-selected sample of **N=1,518 adult Canadians**, conducted **November 28-29, 2022**.
- Data on usage frequency is based on an **online survey** of a randomly-selected sample of **N=2,013 adult Canadians**, conducted **July 25 – August 2, 2022**.
 - Both datasets have been weighted according to the most current gender, age, and regional Census data, to ensure sample reflects actual population of adult Canadians.

Cannabis usage & frequency

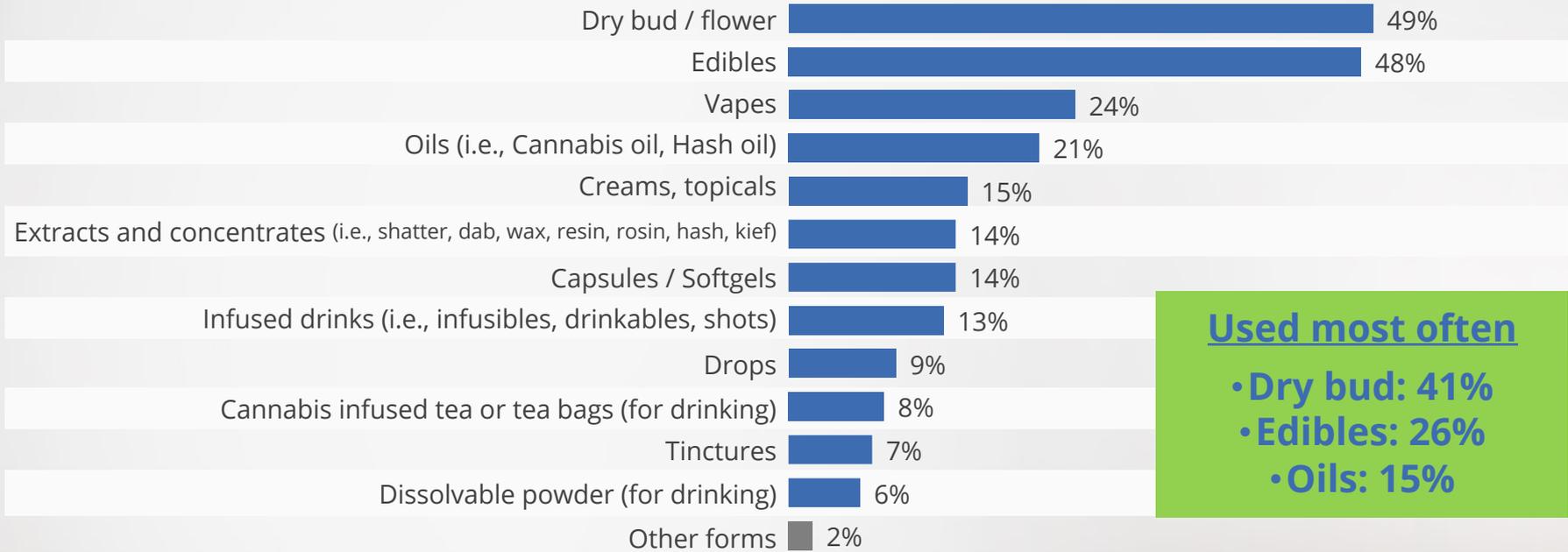


25% of Canadians report using Cannabis in the past 12 months

26%	Dec 2021
25%	Dec 2020
24%	Mar 2020
24%	Jan 2020
18%	Mar 2019
13%	Jul 2018
11%	Dec 2017
11%	Mar 2017

1: In your lifetime, have you ever used cannabis (also known as marijuana) in some form – whether smoked, vaped, dabbed, or consumed in edible or drinkable form? This includes both medical and recreational use. 2: About when was the last time that you used cannabis (also known as marijuana) in some form – whether smoked, vaped, dabbed, or consumed in edible or drinkable form? This includes both medical and recreational use. 3: In the last 12 months, about how often have you used cannabis (also known as marijuana) in some form – whether smoked, vaped, dabbed, or consumed in edible or drinkable form? This includes both medical and recreational use. Note: Cannabis is often referred to as marijuana, weed, pot, grass, mary jane, etc. This survey refers to cannabis in all of its different forms and extracts, such as joints, edibles, capsules/softgels, infused drinks (also known as drinkables), kief, hashish, hash, hash oil, shatter, and wax. But, these survey questions do not refer to synthetic marijuana, also known as spice, K2, K3, etc. Base: Total (N=2013)

Cannabis formats used

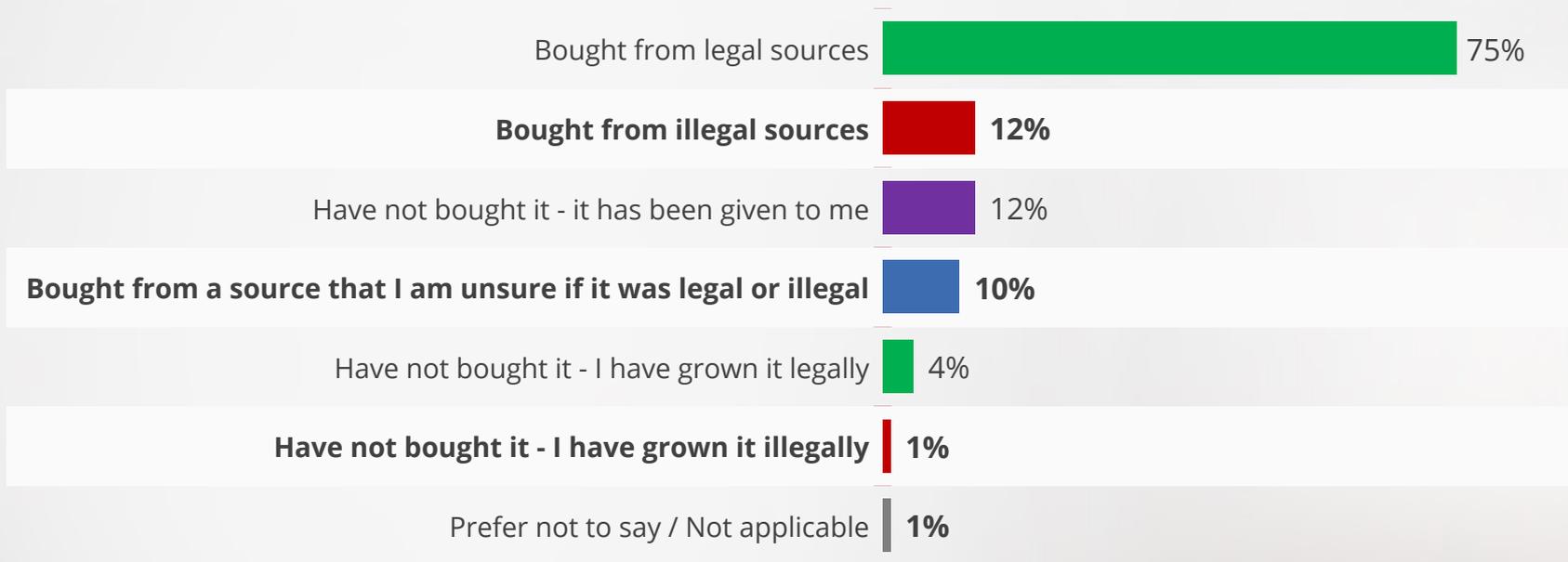


Used most often

- **Dry bud: 41%**
- **Edibles: 26%**
- **Oils: 15%**

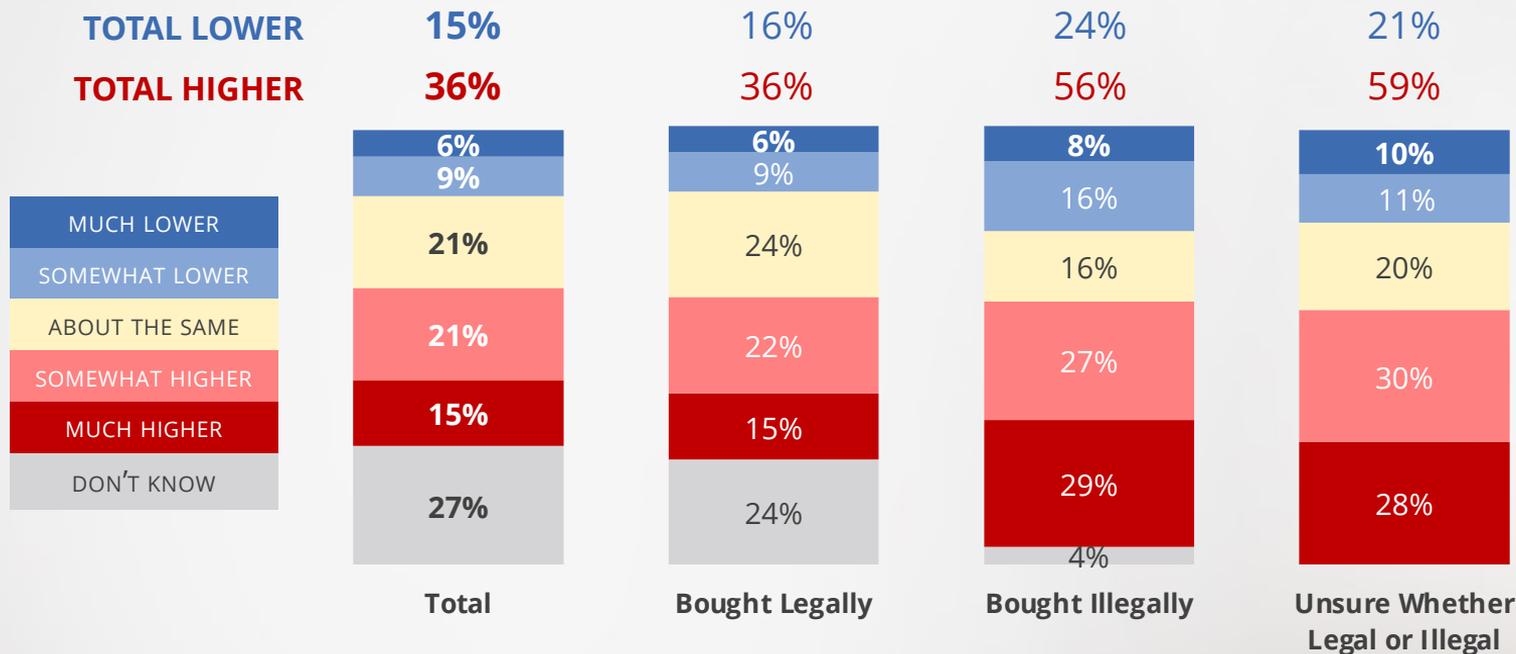


Sources: Legal vs. illegal



And, thinking about the past 12 months, where/how have you bought recreational cannabis/marijuana? Please click all that apply.
BASE: Past 12 Month Cannabis Users. Multiple Mentions. (N=536)

Perceptions of legal prices vs. black market



Generally speaking, thinking about comparable products and THC/CBD levels, would you say that legal prices for recreational cannabis/marijuana are...
 BASE: Past 12 Month Cannabis Users. (N=536)

Impact of reduced legal prices on illegal buyers

LEGAL PRICE REDUCTION BY:	5%	10%	15%	20%	25%	30%
Buy recreational cannabis from legal sources/stores more often	22%	26%	23%	25%	25%	38%
Buy recreational cannabis from legal sources/stores exclusively - I'd stop buying it from illegal sources	17%	19%	22%	26%	29%	26%
Buy recreational cannabis from legal sources/stores for the first time	11%	9%	14%	11%	8%	6%
This would not have any impact on whether I buy recreational cannabis from legal or illegal sources	43%	39%	35%	26%	26%	19%

Overall, thinking about recreational cannabis/marijuana, if legal prices were reduced by the following percentage, would you...
 BASE: Past 12-Month Cannabis Users who have bought or grown illegally (N=66). Not shown: % saying Don't know / Unsure (7-10%) and Prefer Not to Say (1%).

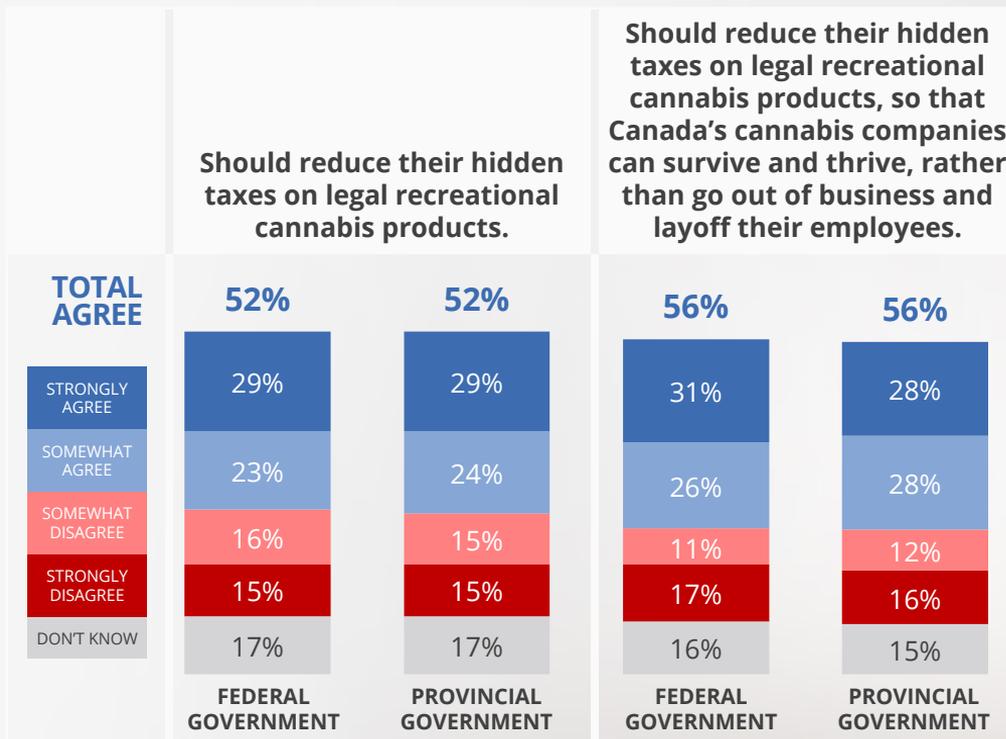


Half of Canadians support reducing hidden taxes on cannabis companies

Generally speaking, Canadian cannabis companies are **selling their legal recreational cannabis/marijuana products at prices that are low enough to compete with cannabis prices in the illegal market.**

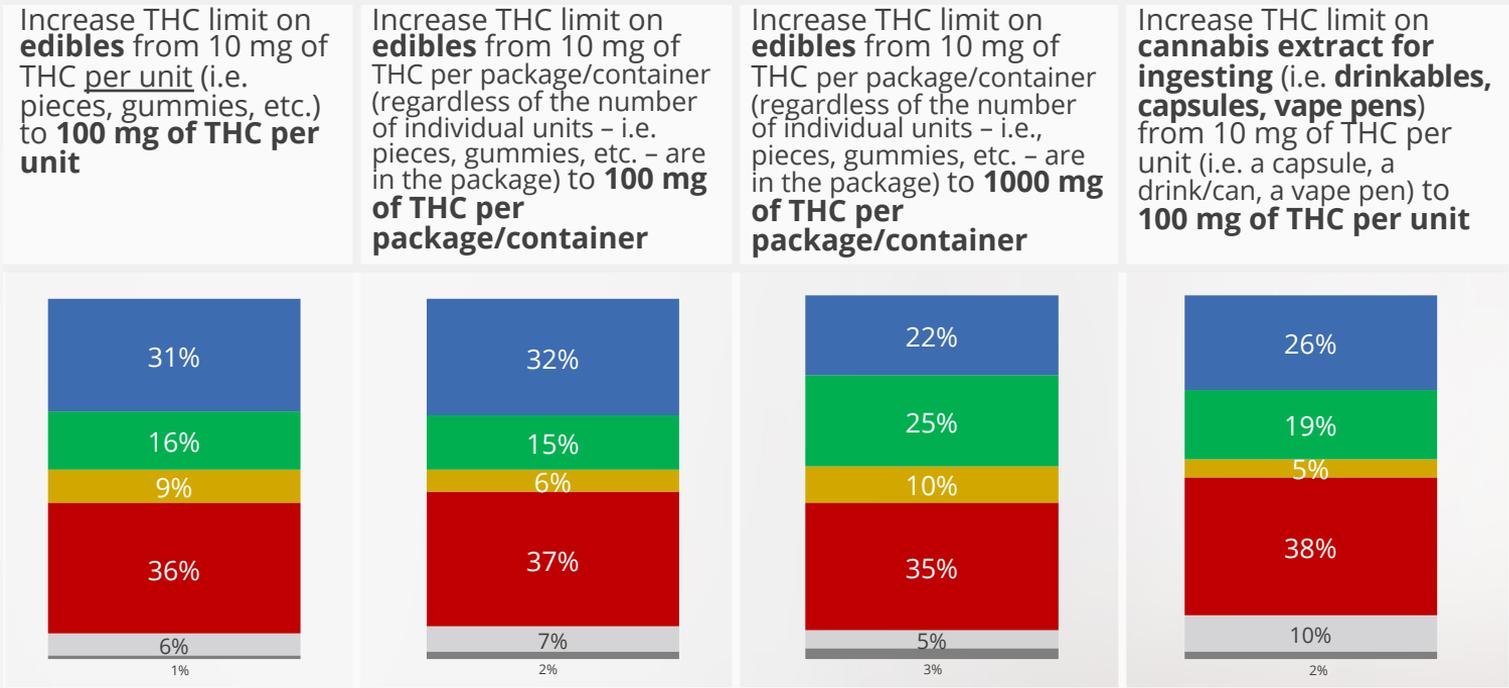
As you may know, the **federal government and provincial governments collect hidden taxes (i.e., excise duties/taxes) from cannabis companies on their cannabis products, in addition to any sales taxes** that are applied.

The combination of the need to compete with the illegal market on price and the hidden federal and provincial taxes on their products has left **many of Canada's cannabis companies in a situation where they are breaking even or losing money on the sales of many of their products.**



Generally speaking, Canadian cannabis companies are selling their legal recreational cannabis/marijuana products at prices that are low enough to compete with cannabis prices in the illegal market... Thinking about this... how much do you agree or disagree with the following statements: BASE: General Population Adult Canadians - Randomized Split Sample: Half saw short, first statement (N=765); Half saw longer, second statement (N=753)

Impact of increased THC purchase limits on illegal buyers



As you may know, thinking about recreational cannabis/marijuana, currently there are limits on the amount of THC that can be legally sold per unit and per package/container. For example: •Edibles are limited to 10 mg of THC in each package/container, regardless of how many individual units (i.e. pieces, gummies, etc.) are in the package/container. •Cannabis extract for ingesting is limited to 10 mg of THC in each unit (e.g., a capsule, an individual drink/can, vape pen, or other dispensed amount etc.) and 1000 mg per package/container. **Now, overall, if limits on the amount of THC that can be legally sold were increased in the following ways, would you...** BASE: Past 12-Month Cannabis Users who have bought or grown illegally (N=66).

Impact of changing drinkables purchase limits upon illegal buyers



As you may know, currently, there are limits on how much recreational cannabis/marijuana that Canadians can buy at a time. The current purchase limit is based on weight of the product, not the amount of THC in it. Specifically, the purchase limit is 30 grams of dried cannabis flower – or the equivalent weight for other cannabis products. Thinking about drinkables (i.e., cannabis-infused sparkling water, soda, and juice)... these purchase limits mean that, at a single time of purchase, people buying cannabis can buy a maximum of: •5 cans/bottles (355ml each) of cannabis drinkables, with a total of 25mg of THC across all of the cans/bottles OR •9 small cans (222ml each) of concentrated cannabis drinks, with a total of 90 mg of THC across all of the cans. **If the purchase limits for recreational cannabis drinkables (i.e., cannabis-infused sparkling water, soda, and juice) were changed to be based on THC content instead of product weight, this would allow people to buy more drinkables at the time of purchase than is currently allowed. If this were done, would you...** BASE: Past 12-Month Cannabis Users who have bought or grown illegally (N=66).



Thank you!

This presentation contains an initial foray into some of the subject matter that will be covered by our upcoming, new syndicated study – **Growing Green** – which will be dedicated to testing the impact of a range of market, regulatory, product, retail, and brand levers upon cannabis users' legal purchase patterns.

The study will launch in February 2023.
Contact us if you're interested in subscribing.

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