

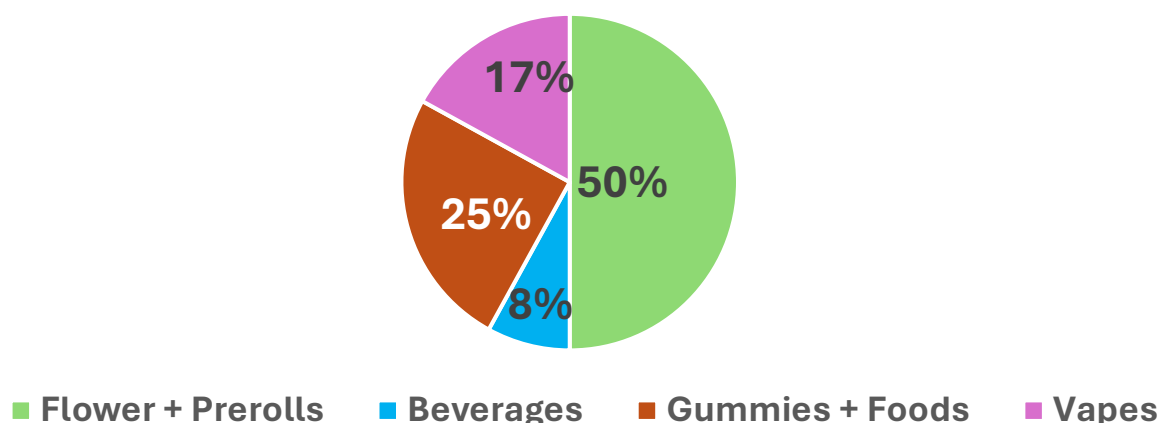
Texas Hemp Market Estimates

Robin Goldstein, University of California, Davis

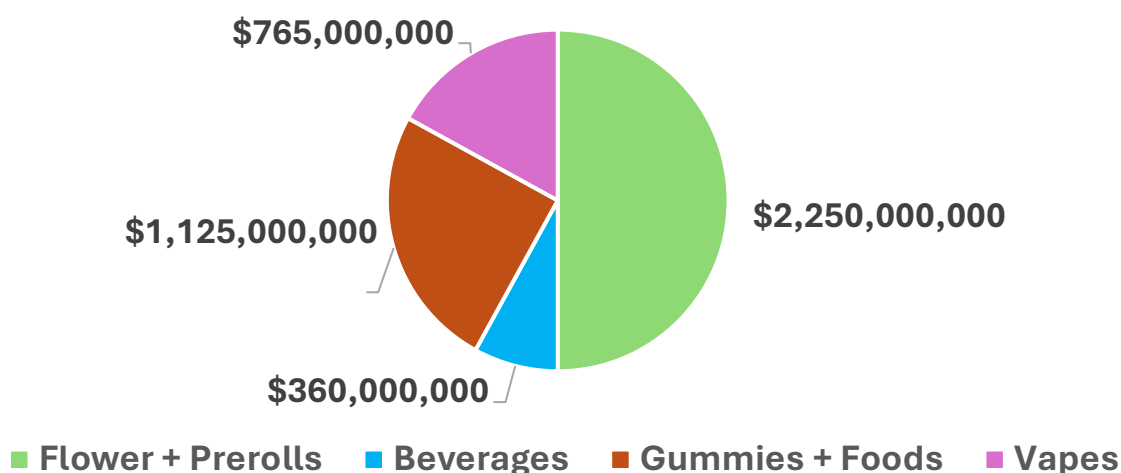
Estimates of current hemp market by product category

- About 1/2 of the current Texas hemp market, by retail value, is flower (including packaged dried flower + prerolls); about 1/4 is gummies and other foods or "therapeutics", including edibles and tinctures; about 1/6 is vape products; and about 1/12 is beverages.

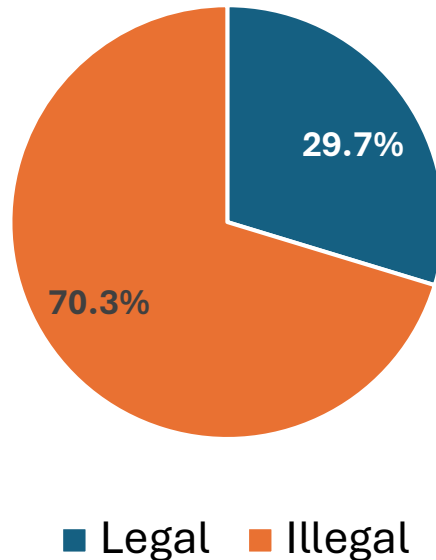
Current Texas Hemp Market: Estimated Category Shares by Percentage of Revenue



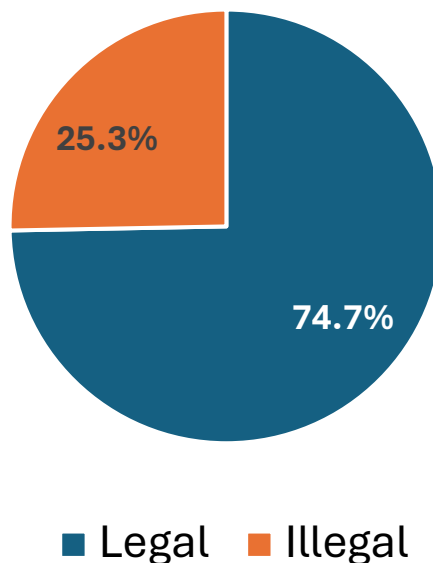
Current Texas Hemp Market: Estimated Category Shares by Total Revenue



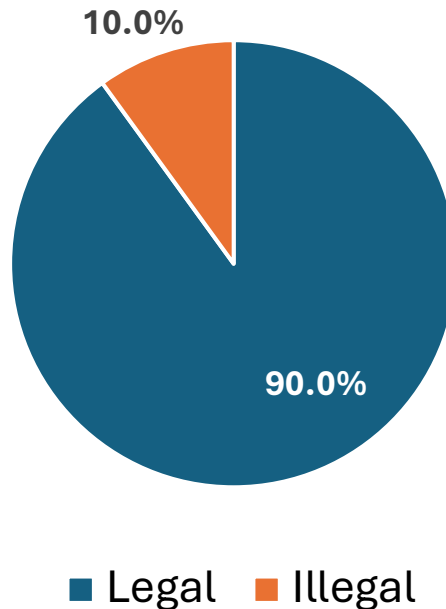
Scenario 1 - Only foods + beverages permitted: 70% of market (\$3.2B) goes to illegal drug cartels, 30% (\$1.3B) is legal



Scenario 2 - Foods + beverages + THCa flower permitted: 25% of market (\$1.1B) goes to illegal drug cartels, 75% (\$3.3B) is legal



Scenario 3 - Foods + beverages + THCa flower + vapes permitted: 10% of market (\$0.5B) goes to illegal drug cartels, 90% (\$4.5B) is legal



Estimated businesses surviving vs. failing in 3 scenarios

Estimated number of small hemp businesses that survive vs. fail in different scenarios
Assumes that about 3,000 of the ~8,000 current retail licensees are “hemp stores” (small retail businesses whose primary source of revenue is hemp).

	Hemp stores that stay in business	Hemp stores that go out of business
Current market before regulations	3,000 (100%)	0 (0%)
Scenario 1 - Only foods + beverages permitted (no THCa flower or vapes)	600 (20%)	2,400 (80%)
Scenario 2 - Foods + beverages + THCa flower permitted (no vapes)	2,700 (90%)	300 (10%)
Scenario 3 - Foods + beverages + THCa flower + vapes permitted	2,900 (97%)	100 (3%)