Hi John—

Hope you're making the most out of your trip to Greece. I wanted to give you a brief overview on the results from our analysis on the drivers of high profit margins in our store portfolio.

The analysis results are very promising, so I wanted to share the key findings with you as soon as possible. Happy to put some time on your calendar to walk through the detailed results live.

1. Looking at the past 12 months of operating performance data for all 333 stores, **we see that the mean annual profit margin for a typical store is 24.8% which puts us 2 percentage points above the industry average of 22.8%.**
2. Margin performance is very different across geography with stores in Texas, California and Colorado performing very well with an average store margin of 27%. In contrast, the average store performance in New Jersey and Georgia is only 20.1%. However, I was pleased to see that **the 15 stores we recently launched in Colorado have been performing extremely well with an average margin of 25.4%**. This gives us a good untapped opportunity to grow our business further in the state.
3. Within NJ and GA, not all stores have a low margin. **We can improve the performance of the low margin stores by emulating the performance drivers from high margin stores**. Our analysis shows that the product portfolios of high margin stores is larger in volume than the product portfolio of low margin stores. By studying the differences in the product portfolios, I believe we can identify certain high margin SKUs that can boost the overall margins across the two states.

As a next step, I'm going to gather product mix data for NJ and GA stores to get a deeper understanding of the differences between high and low margin stores in the states. I'll update you on my findings from that analysis next week. Let me know your thoughts\questions on the above.

Best,

Siddharth