CANNABIS CATEGORY PERFORMANCE REVIEW: SURVIVING & THRIVING

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BDSA PROVIDES A COMPLETE VIEW OF THE GLOBAL CANNABINOID MARKET OF TODAY AND TOMORROW

Retail Sales Tracking

Know exactly what is selling where, when, and at what price point

Market Forecasts

Gain a comprehensive understanding of market size and future opportunity

Consumer Insights

Understand consumer (and non-consumer) segments, size, behavior, consumption patterns, purchase habits, and more

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LEGAL CANNABIS IS...

Everyone

So.Many.Product.Forms.

Rapid Innovation

Mainstream

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HOWEVER, IT IS ALSO. . .

Confusing

Different than BevAl

Challenged

Financial Stress

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RECAP AND BDSA MARKET OUTLOOK

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MAJORITY AGREE WITH SOME FORM OF LEGALIZATION

87%

of US adults agree there should be **some form of legal marijuana usage**

64%

in US agree marijuana **has medical benefits**

*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+

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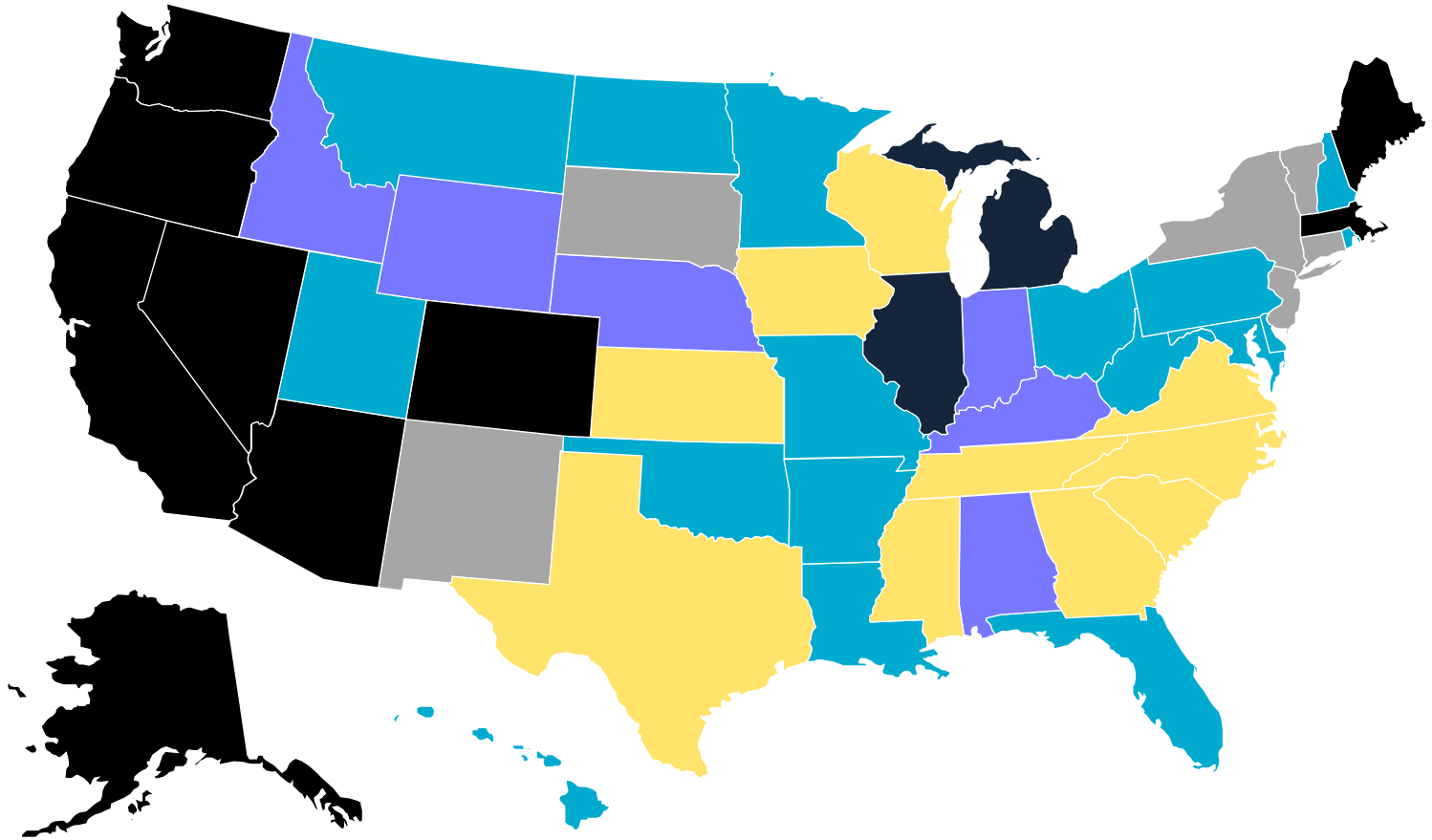
REGULATIONS LOOSENING ACROSS THE U.S.



- Fully Legal
- Fully Legal- Adult Use Not Yet Available
- CBD Legal
- Medical Legal
- Limited Medical

*Source: BDSA Updated June 2021

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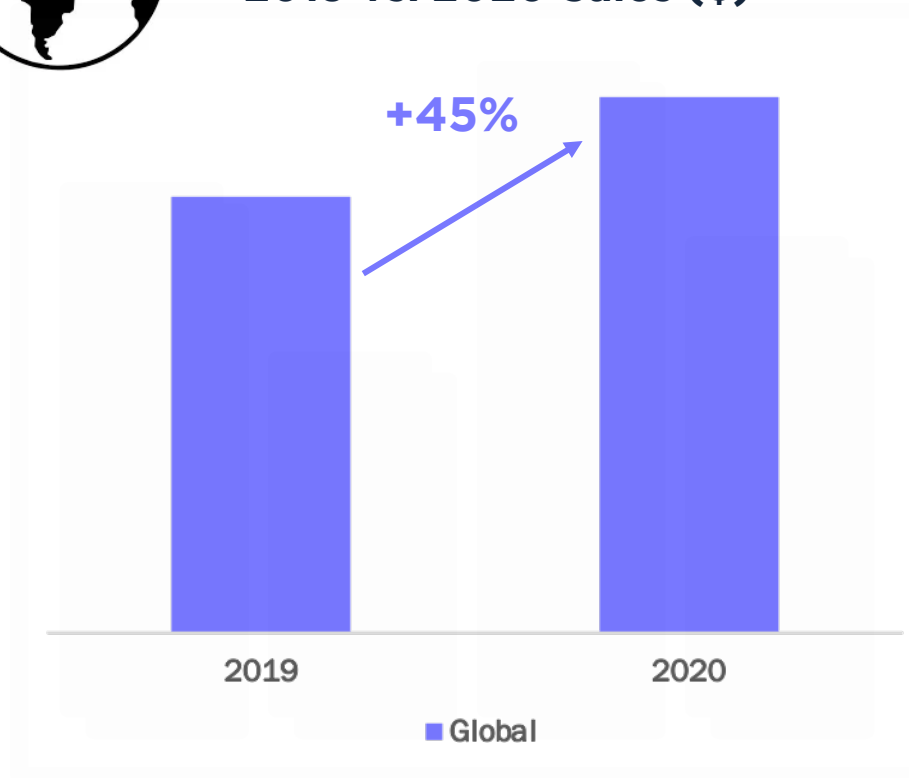
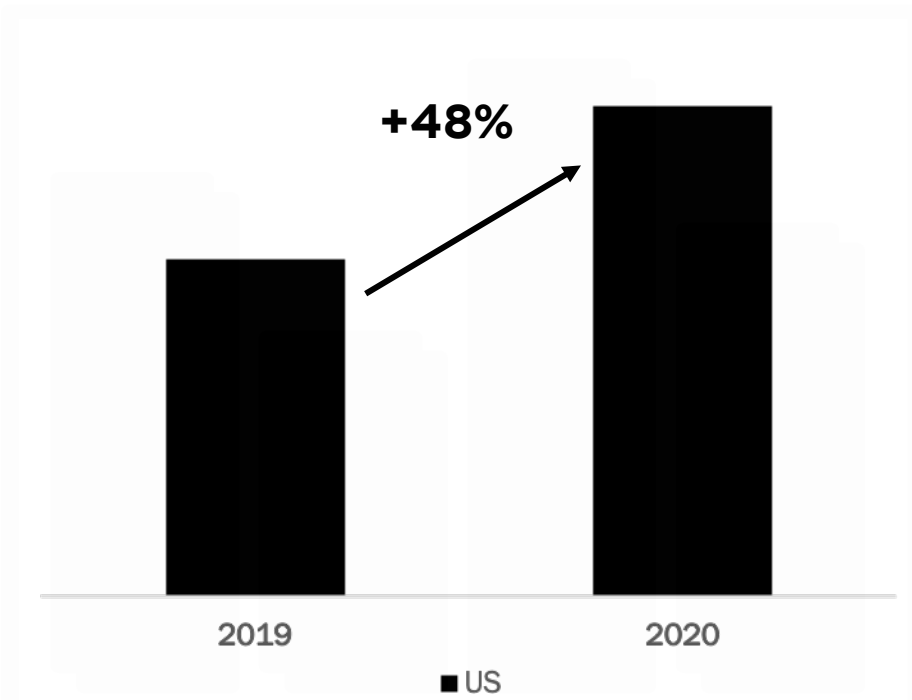
2020 FINISHED STRONG IN GLOBAL AND US MARKETS

BDSA Global Legal Cannabis 2019 vs. 2020 Sales ($)



BDSA US Legal Cannabis 2019 vs. 2020 Sales ($)



*Source: BDSA Forecast, as of February 2021

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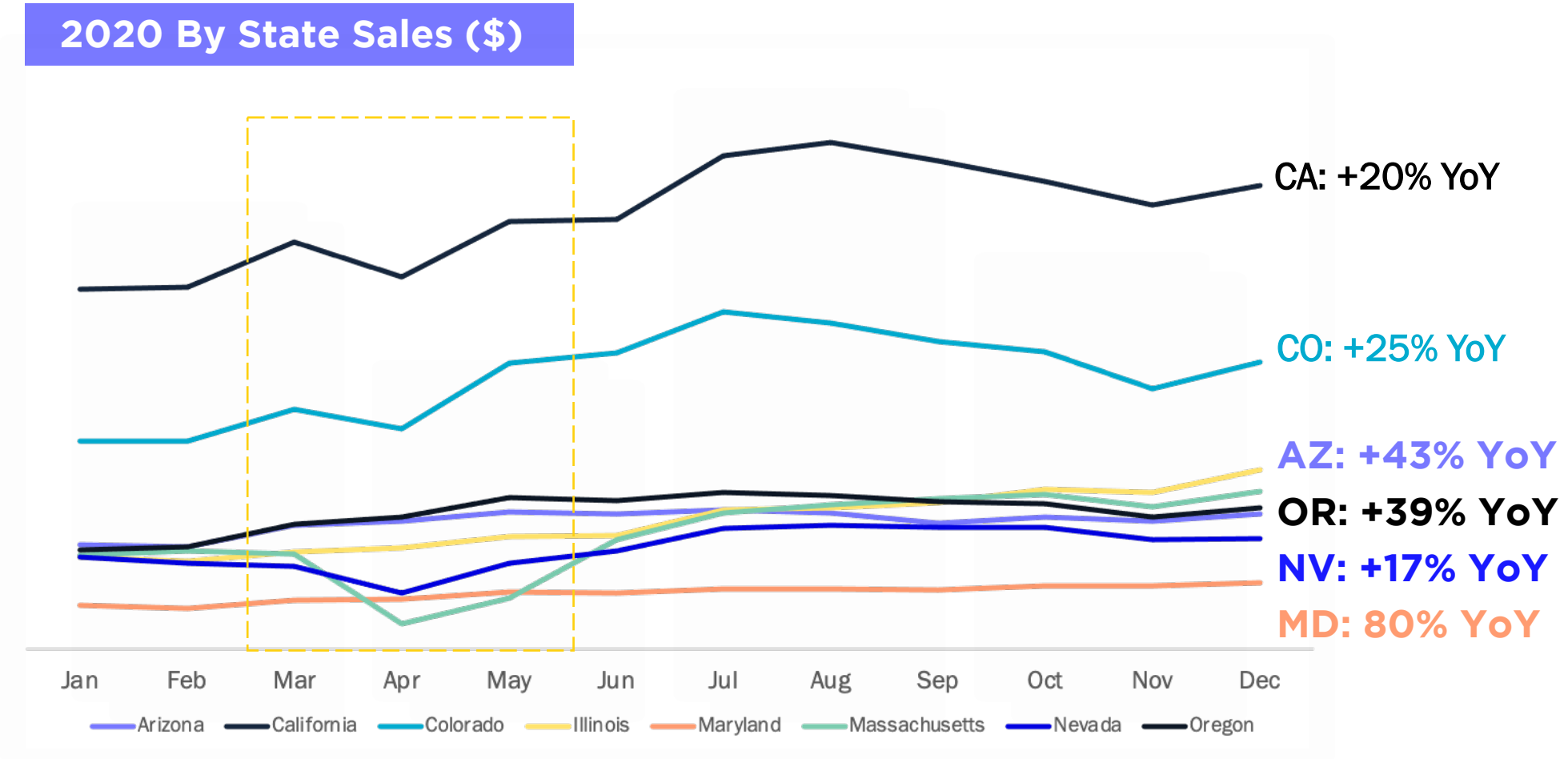
2020 SALES TRENDS SIMILAR ACROSS BDSA TRACKED US MARKETS

NOTABLE exceptions—the impact of stricter COVID regulations in NV and MA and the evolution of the newly adult-use legal market in IL



*Source: BDSA US Retail Sales Tracking

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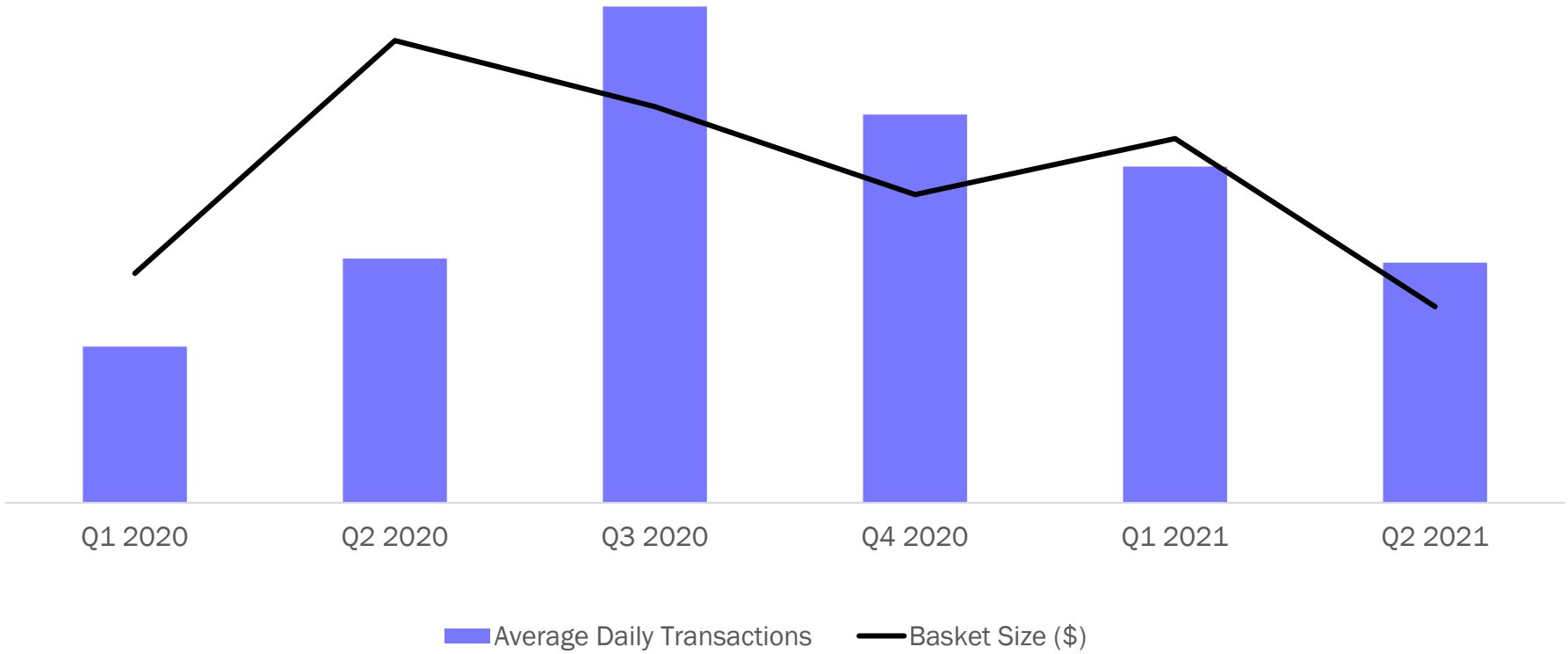
STOCK UP IN Q2 2020 BUT MORE TRANSACTIONS AS THE YEAR WENT ON

BDSA Basket Analytics: Daily Transactions & Basket

Colorado Q1 2020- Q2 2021



*Source: BDSA US Retail Sales Tracking

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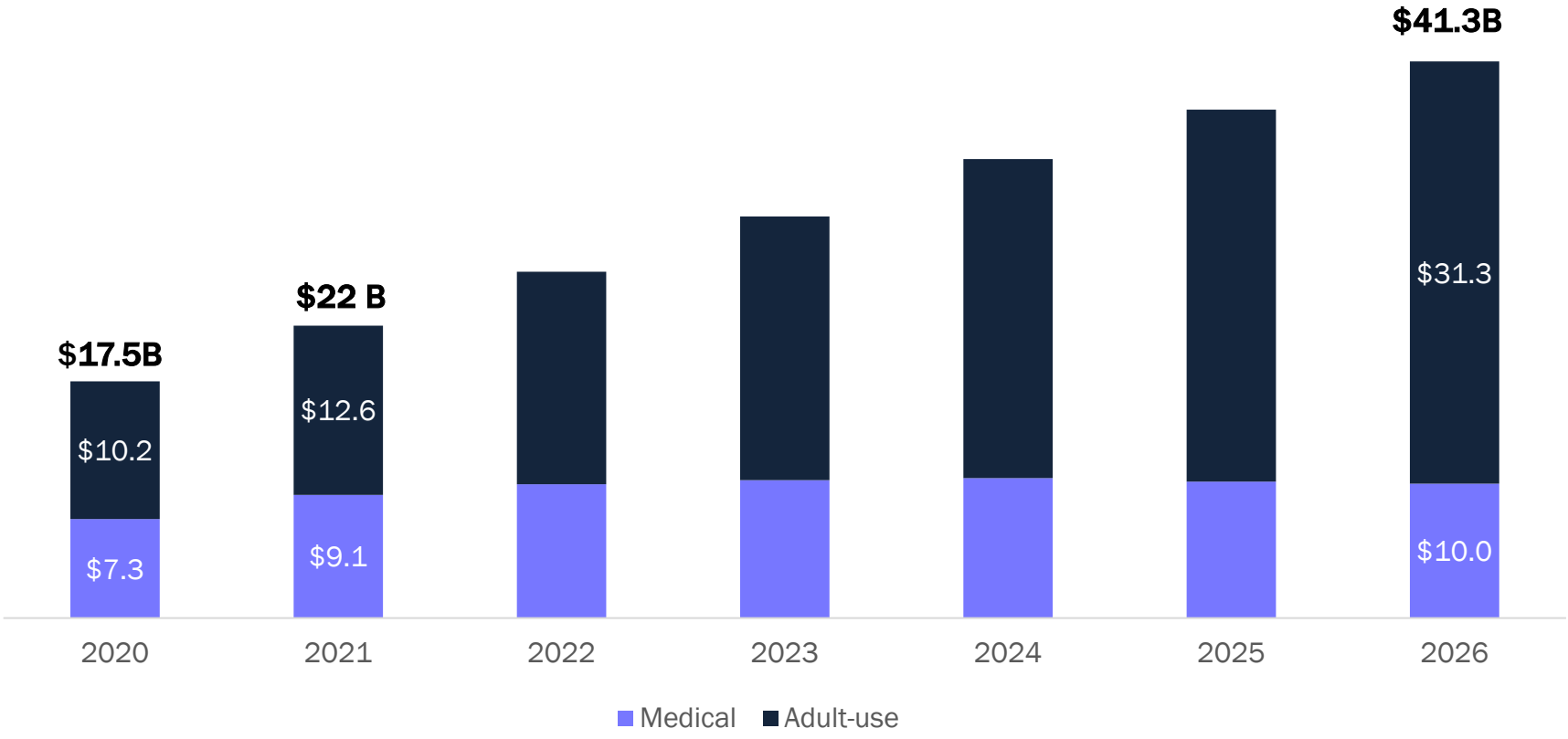
BOOMING US MARKET DRIVEN BY US ADULT-USE

BDSA US Legal Cannabis Forecast (USD, Billions)



BDSA Top 2026 US Markets

1. California
2. Colorado
3. Florida
4. New York
5. New Jersey

*Source: BDSA Forecast, as of February 2021

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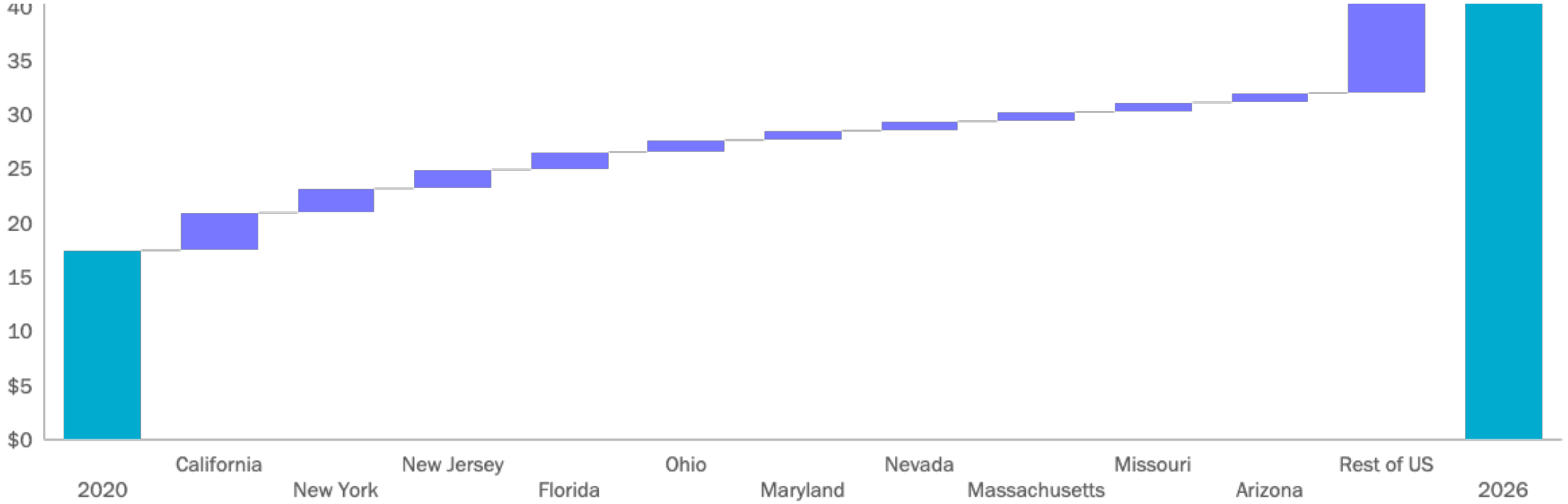
EXISTING AND EXPANDING MARKETS WILL CONTINUE TO DRIVE U.S. LEGAL SALES GROWTH

BDSA US Legal Cannabis Forecast (USD, Billions)



*Source: BDSA Forecast, as of February 2021

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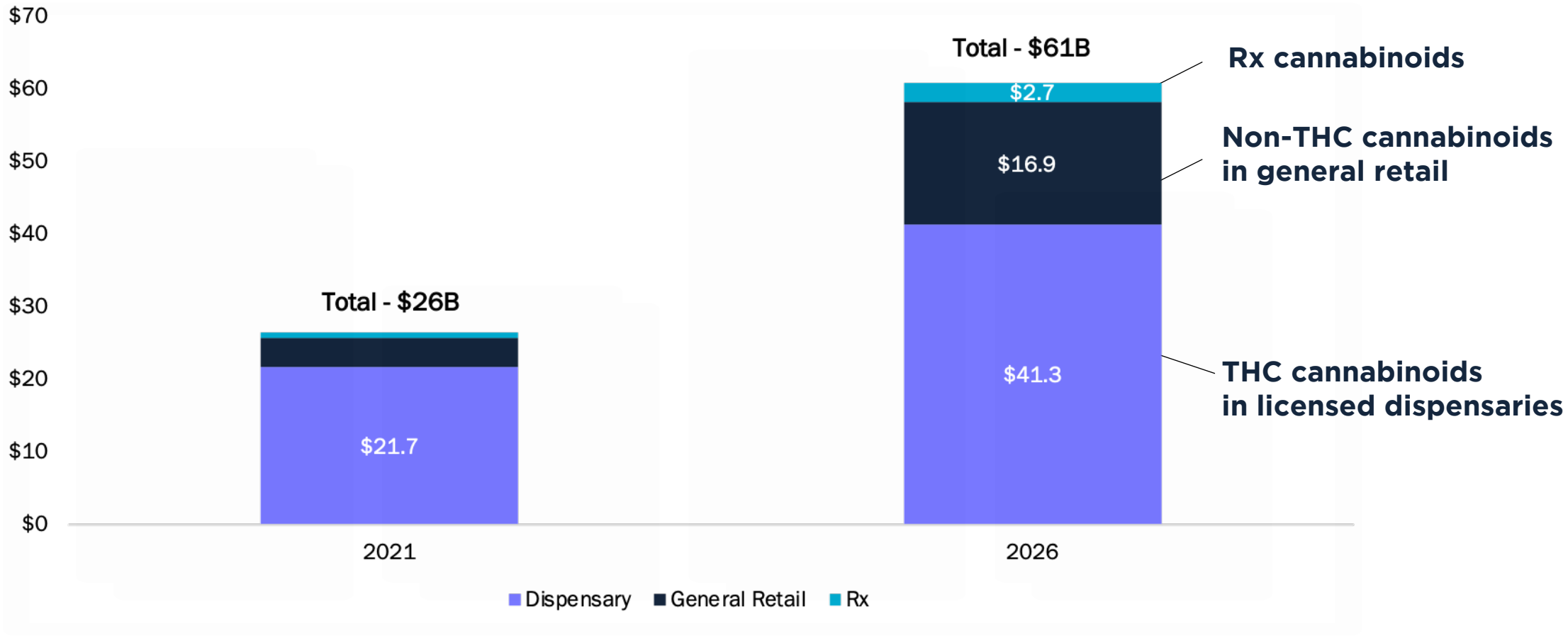
WITH MAINSTREAM CHANNELS OPENING, BDSA FORECASTS A $61B US TOTAL CANNABINOID (HEMP+MARIJUANA) MARKET IN 2026



*Source: BDSA Forecast February 2021 and CBD Forecast Spring 2021

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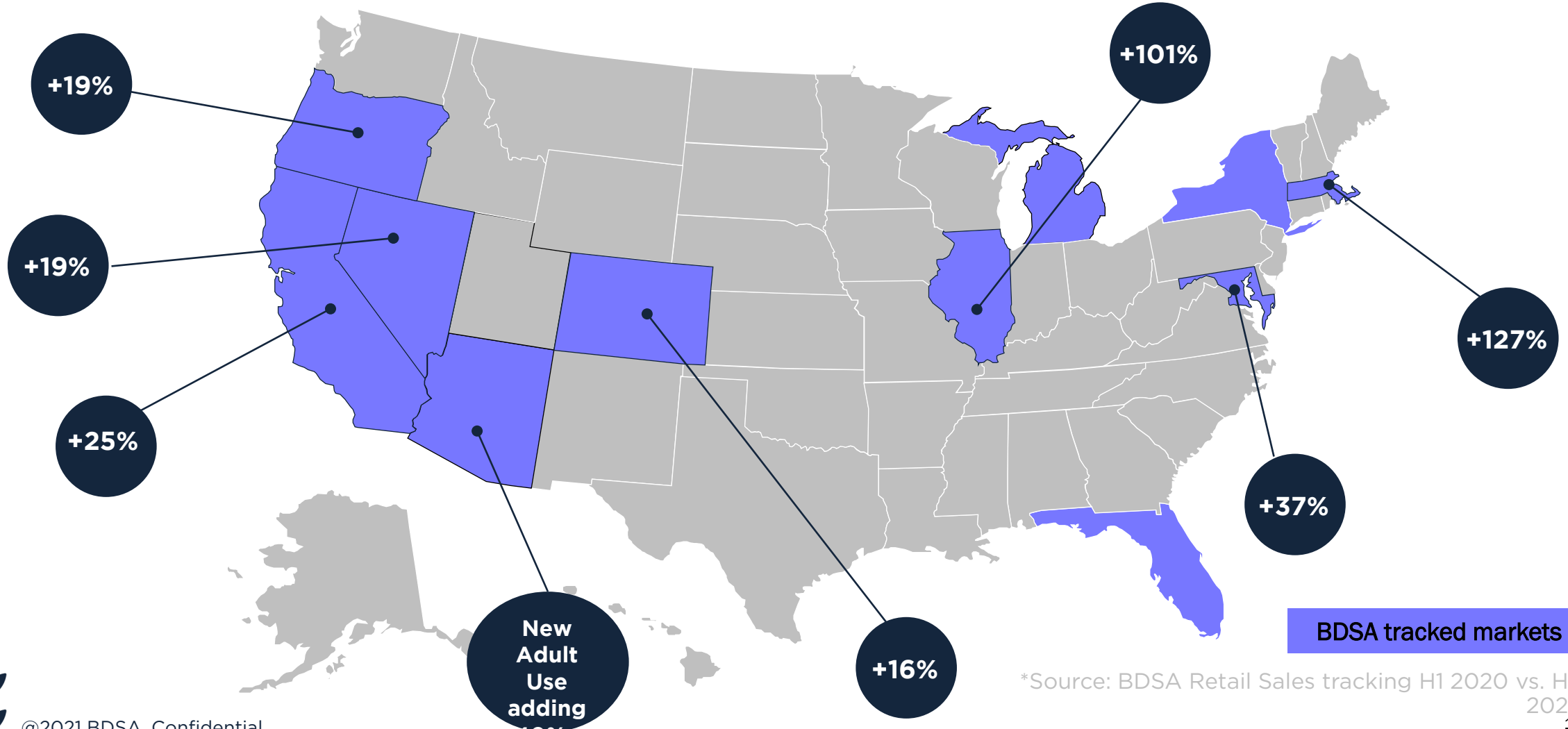
2021 IS SHOWING SUBSTANTIAL GROWTH

There has been substantial growth the first 6 months of the year in all BDSA tracked markets with year-over-year comparison; especially new Adult-Use markets such as Illinois, Massachusetts, Michigan, and Arizona.



*Source: BDSA Retail Sales tracking H1 2020 vs. H1 2021

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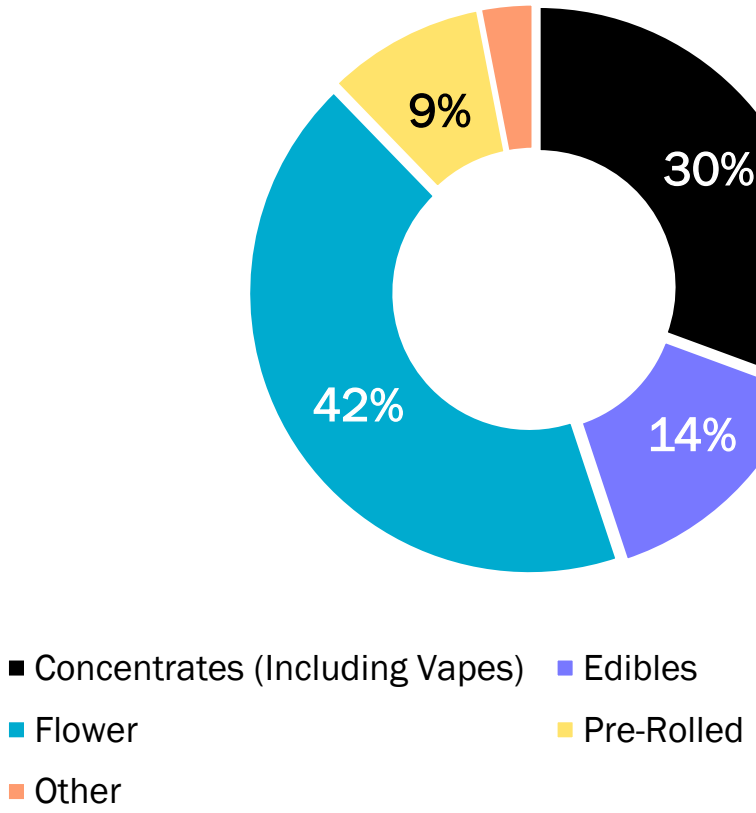
CATEGORIES: WHO IS WINNING?

Dollar Share by Category H1 2021



+33% Concentrates (including Vapes)

+39% Edibles

+37% Flower

+60% Pre-Rolled

H1 2021 Growth vs. H1 2020

*Source: BDSA Retail Sales Tracking; Growth reflected across AZ, CA, CO, IL, MA, MD, NV, OR

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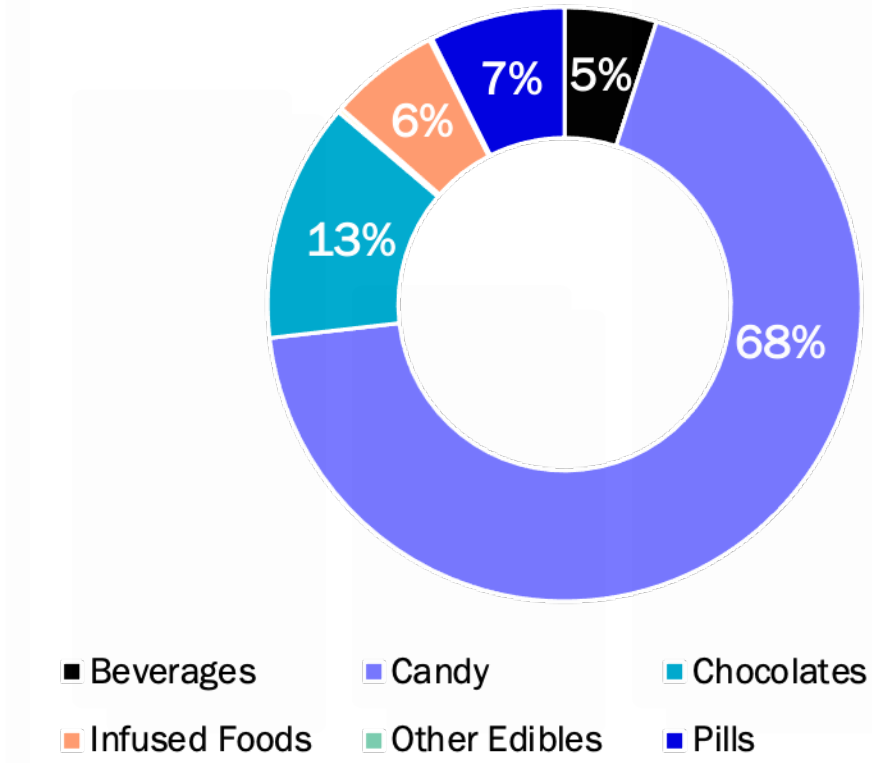
US EDIBLES DOMINATED BY CANDY, DRIVEN BY GUMMIES

Dollar Sales Spend Edibles Category



CANDY

Gummie Candy 86%
Mints 5%
Taffy 5%
Hard Candy 4%
Caramel Candy 1%
Other Candy <1%

*Source: BDSA Retail Sales Tracking; Growth reflected across AZ, CA, CO, IL, MA, MD, NV, OR

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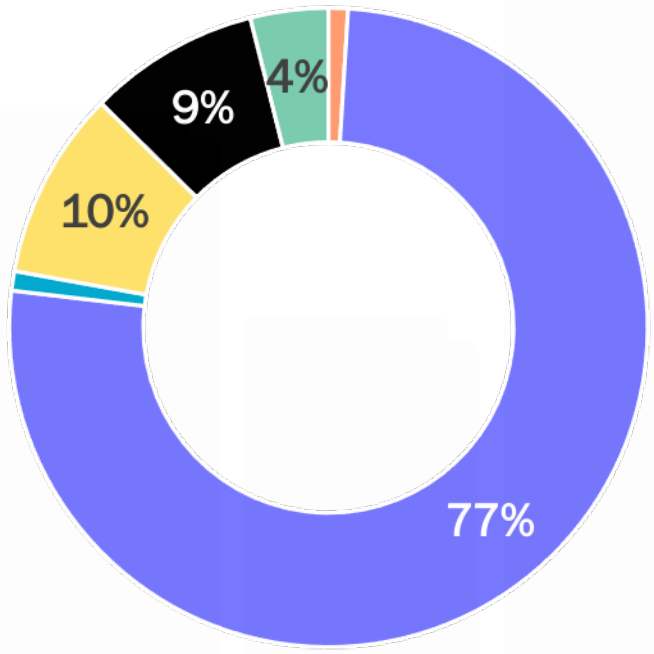
US BEVERAGES DOMINATED BY DRINKS

US Beverage Sales (Dollars)



DRINKS

Carbonated Drinks 37%
Non-Carbonated Drinks: 34%

+60%

Q1 2021 Total Edibles $ Growth vs. Q1 2020

*Source: BDSA Retail Sales Tracking; Growth reflected across AZ, CA, CO, OR, NV, MD, MA

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THE CONSUMER EVOLUTION

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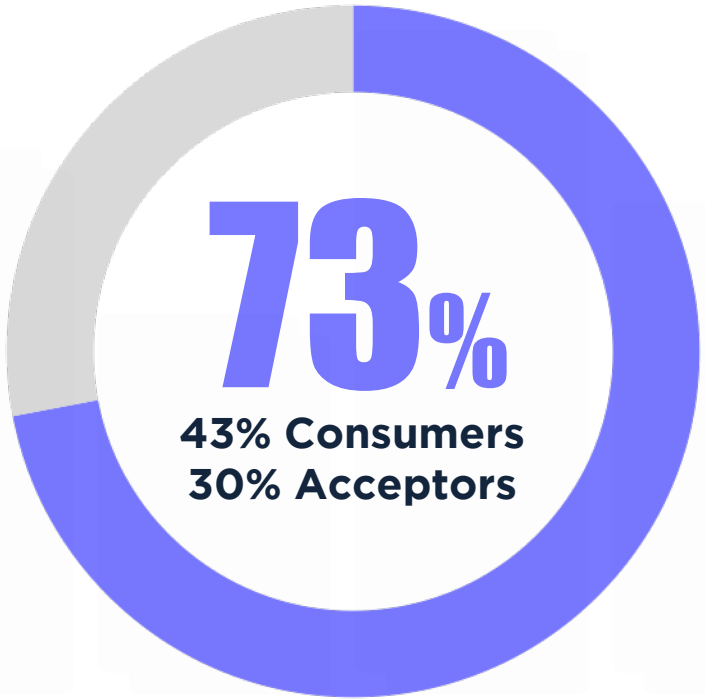
IN FULLY LEGAL STATES, ~75% OF ADULTS ARE "BOUGHT IN" TO CONSUMING



...of adults 21+ in fully legal U.S. states consume cannabis or are open to consuming cannabis

26% **are Rejecters**
(would not consider in the future)

*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States

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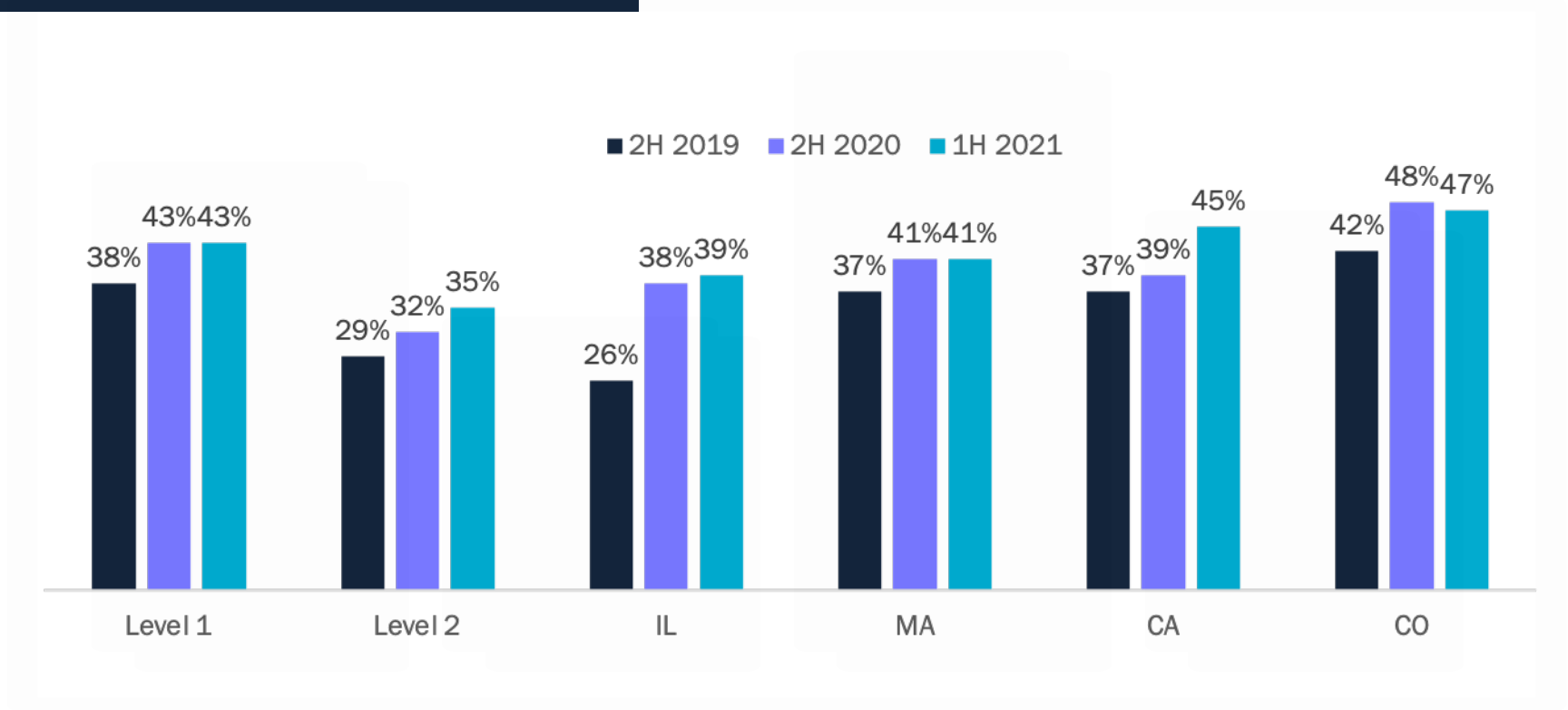
THE CONSUMER POPULATION, EVEN IN MATURE MARKETS, GREW IN 2020

Percent of Adult Population Who Are Cannabis Consumers

Consumers = Past 6 Months



Important BDSA Consumer Insights Terminology:

Consumer: Adult who has consumed cannabis in the past 6 months

Level 1: Aggregate of fully legal adult-use states

Level 2: Aggregate of medically legal states

*Source: BDSA Trending Consumer Insights, 2H 2019-1H 2021

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THE 'AVERAGE' CALIFORNIA CANNABIS CONSUMER IS EVOLVING

More Females

50/50 M/F

Spring 2020: 58/42 M/F

More Parents (or Guardians)

41% W/ KIDS

Spring 2020: 35% W/KIDS

Younge r

44% <35YO

Spring 2020: 35% <35YO

Still City Dwellers...

84% CITY/SUBURBS

Spring 2020: 87% CITY/SUBURBS

*Source: BDSA Consumer Research: Q1 2021 vs Q1 2020 California Adults 21+

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BUT THERE IS NO ONE CANNABIS CONSUMER

Cannabis Consumers Span:

- Generations
- Gender
- Socio & Economic Backgrounds
- Motivations
- Need States
- Benefits
- Premium / Luxury / Economy

UNDERSTANDING THE CONSUMER & NON-CONSUMER SEGMENTS

4 Non-Consumer Segments

Complete Rejecters

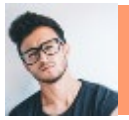
Cautious Medical Supporters

Willing But Not Able

Legally Limited

6 Consumer Segments

Cannabis Advocates


Better Living Loyalists

Socializers

Recreationalists

Medically Motivated

Medical Misgivings

BETTER LIVING LOYALIST

"I am a young, liberal male who lives in urban areas. I am an advocate for legalization and see the positive benefits it provides. I suffer from anxiety and believe cannabis can help me manage my anxiety and stress. I consume throughout the day to improve my quality of life. I also purchase frequently and buy products that are high in THC content."

= 9% Of Consumers!

*Source: BDSA Consumer Segmentation Study: Q1 2021 US Adults 21+

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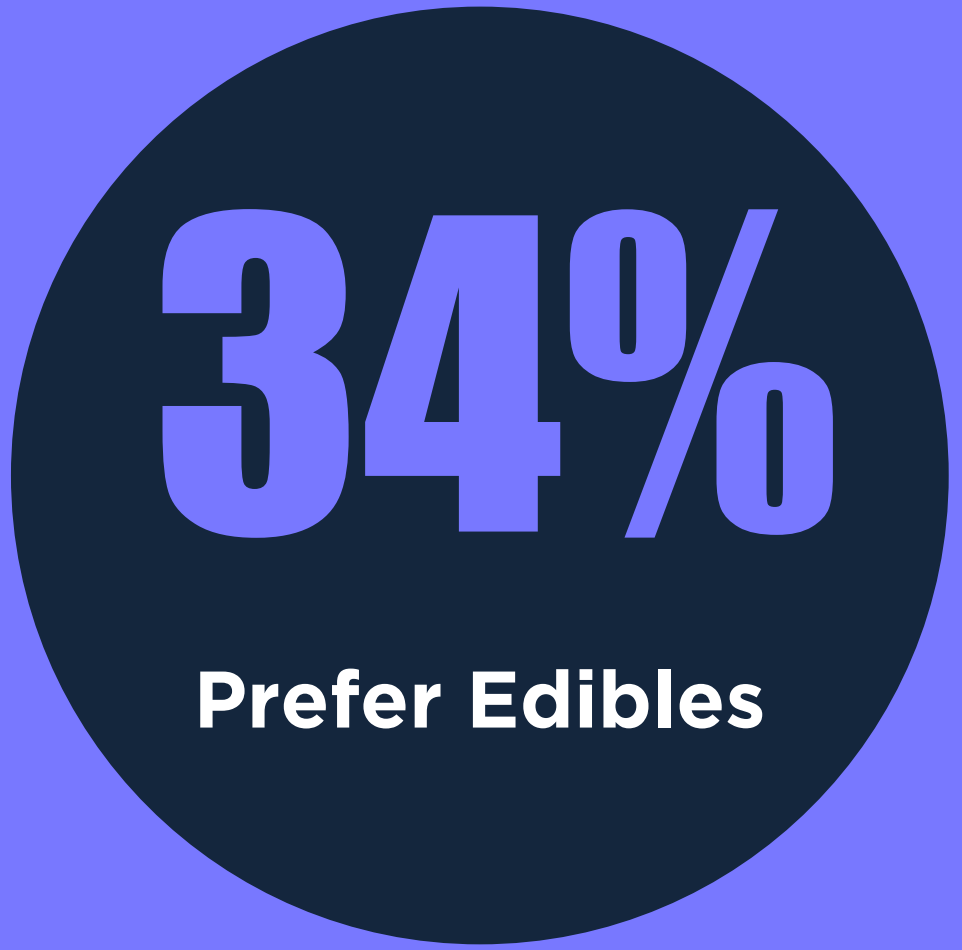
OF CANNABIS CONSUMERS...



*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States

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CROSS-CONSUMPTION IS VERY COMMON

OF INHALABLE CONSUMERS...

68%

Consume Edibles

TOP 3 FORMS

Gummies

Baked Goods

Chocolate

*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States

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CONSUMERS SEEK DIFFERENT BENEFIITS BY PRODUCT FORMAT

RELAX / BE MELLOW

#1 reported benefit of consumption for Inhalable consumers

RELIEVE PAIN

#1 reported benefit of consumption for Topical consumers

SLEEP BETTER

#1 reported benefit of consumption for Edible consumers

*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States

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LEGAL CANNABIS IS...

Impacting BevAl

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EVOLVING US CANNABIS BEVERAGES

Top Beverage Brand Q2 2021:

1. Keef Cola
2. Cann (CA)
3. PTS Tonic
4. Levia
5. Dixie

*Source: BDSA Brand-Level Retail Sales Tracking, Dollar Sales 2021: AZ, CA, CO, IL, MA, MD, OR, NV

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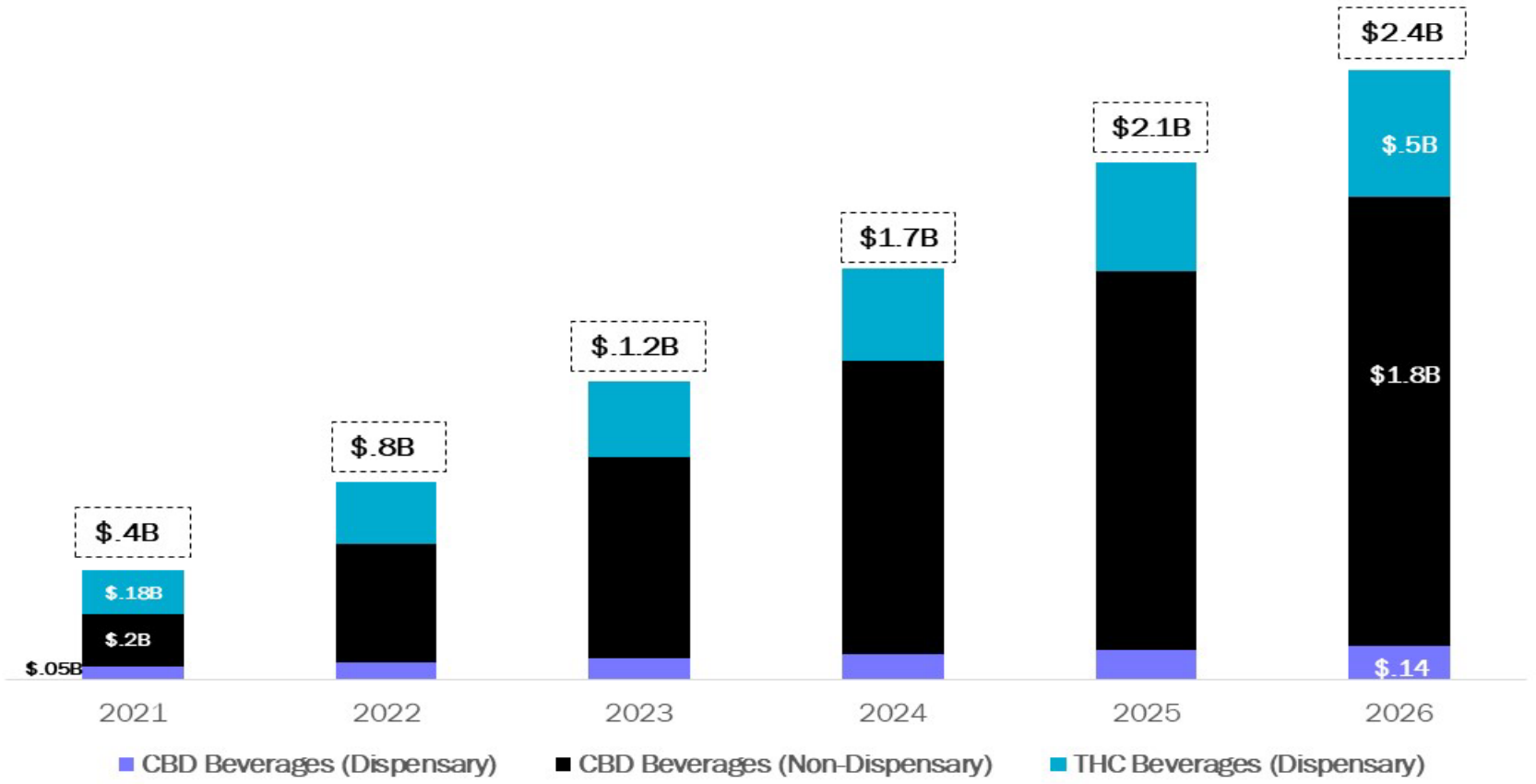
THE TOTAL BEVERAGE CANNABINOID INDUSTRY IS EXPECTED TO EXPAND

BDSA Cannabinoid Beverage Forecast (Billions USD$)



*Source: BDSA Brand-Level Retail Sales Tracking, Dollar Sales 2021: AZ, CA, CO, IL, MA, MD, OR, NV

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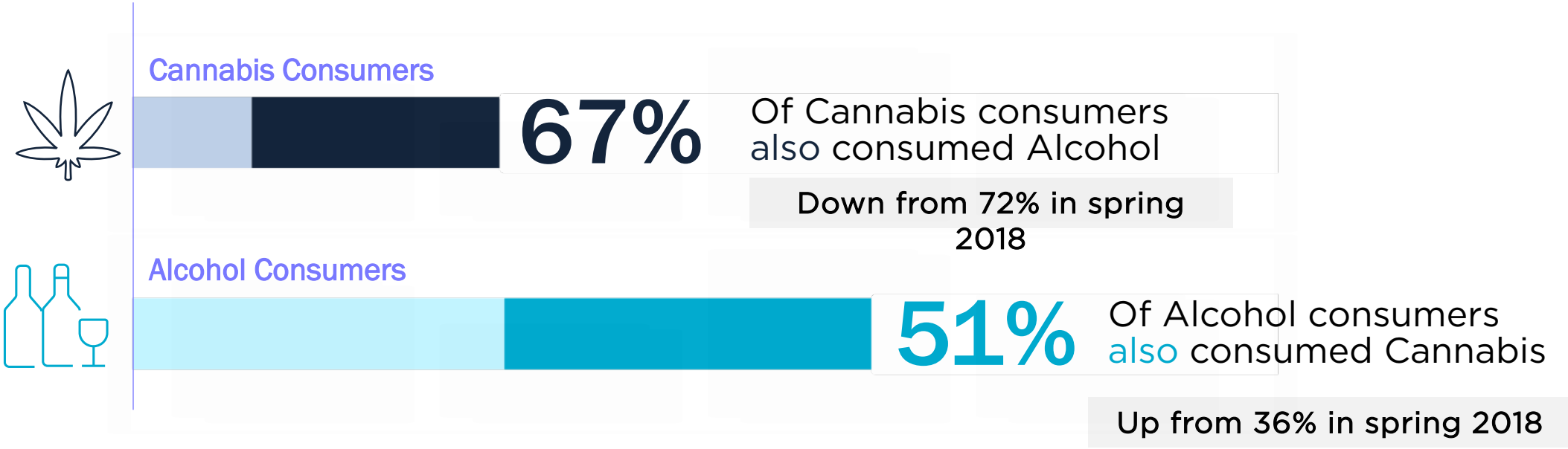
THE LONG-TERM IMPACT IS INEVITABLE

Half of all alcohol consumer now consumer cannabis

Q1 2021 Alcohol & Cannabis Consumption

Past 6 months in Legal Adult-Use Sates



*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States

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CANNABIS AND ALCOHOL ARE GOOD FOR...

Different times of day or days of the week

53%

Same times of day or days of the week

14%

Both

33%

Note: No shift since Q1 2020

*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States

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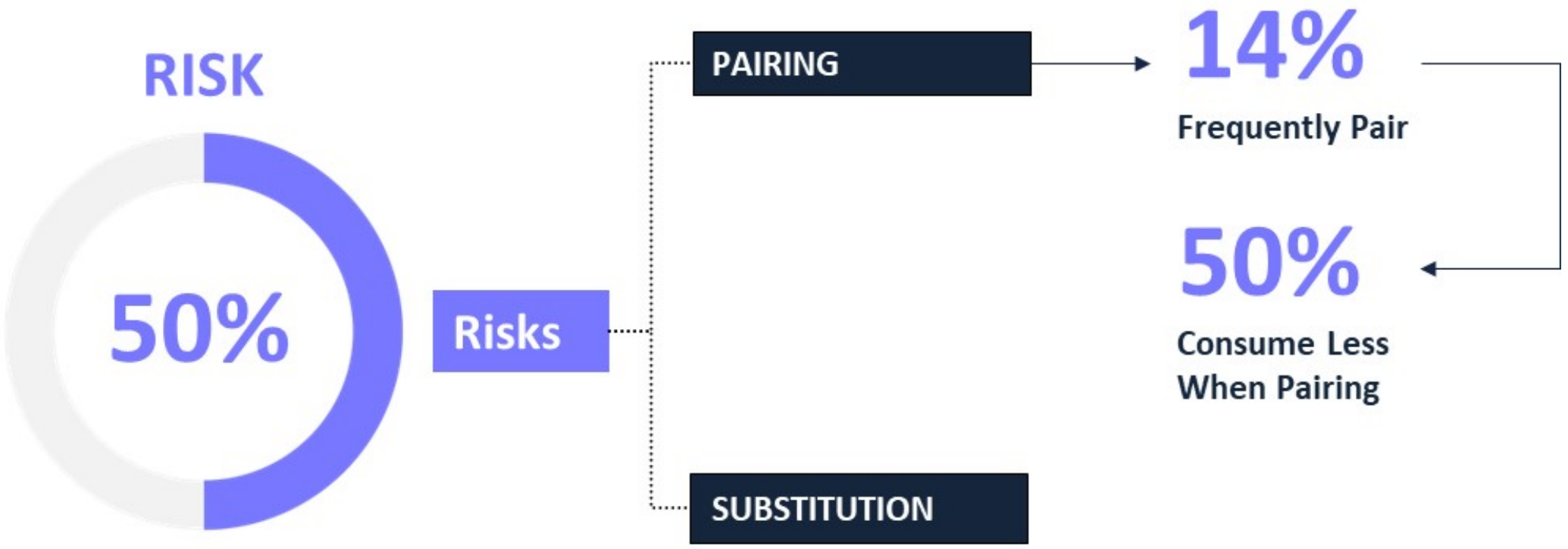
RISK OF CANNABIS AND ALCOHOL PAIRING



*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+ in Legal Level 1 States

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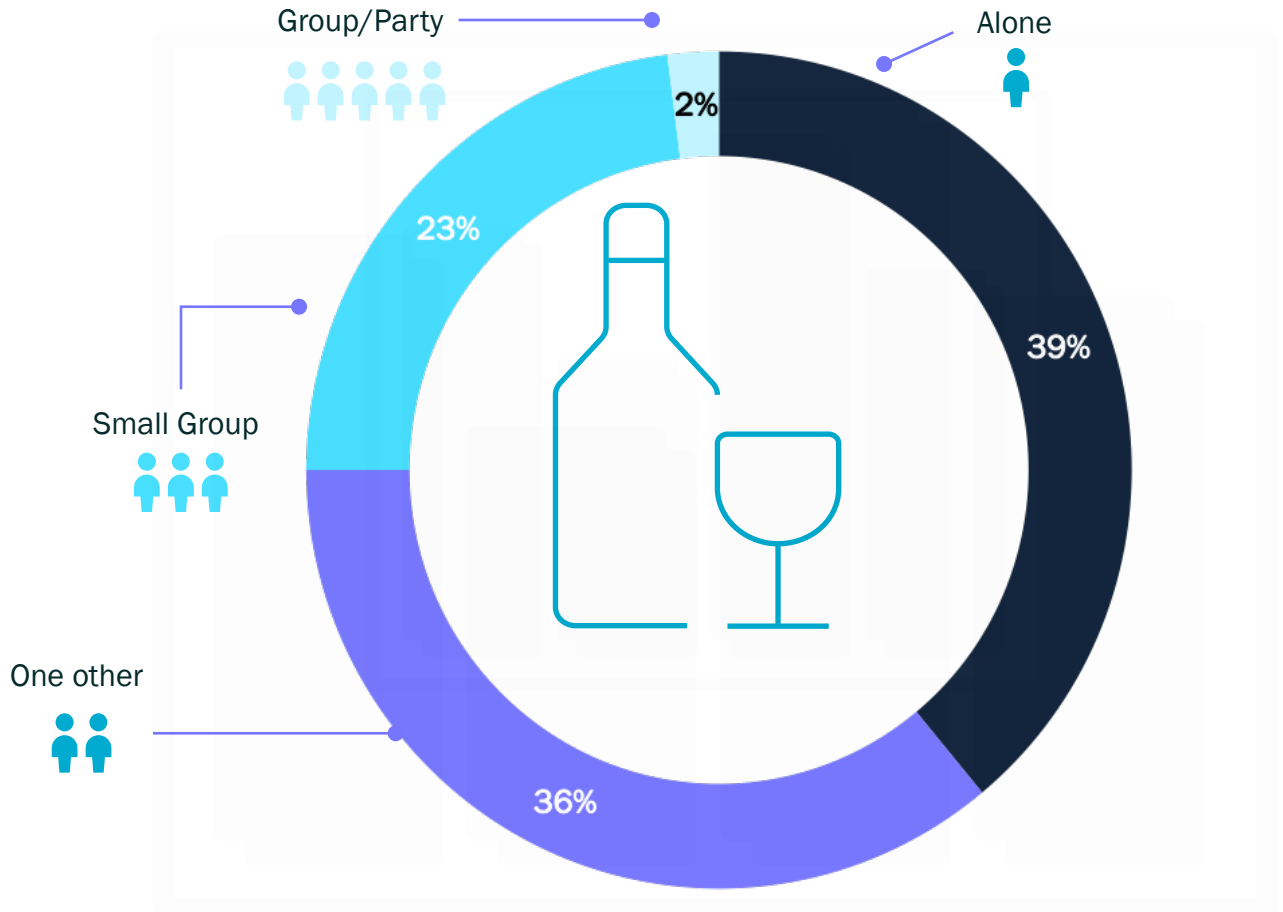
PAIRINGS IS TYPICALLY A SMALL GROUP (OR SOLO) OCCASION

When consuming alcohol and marijuana together, you are...



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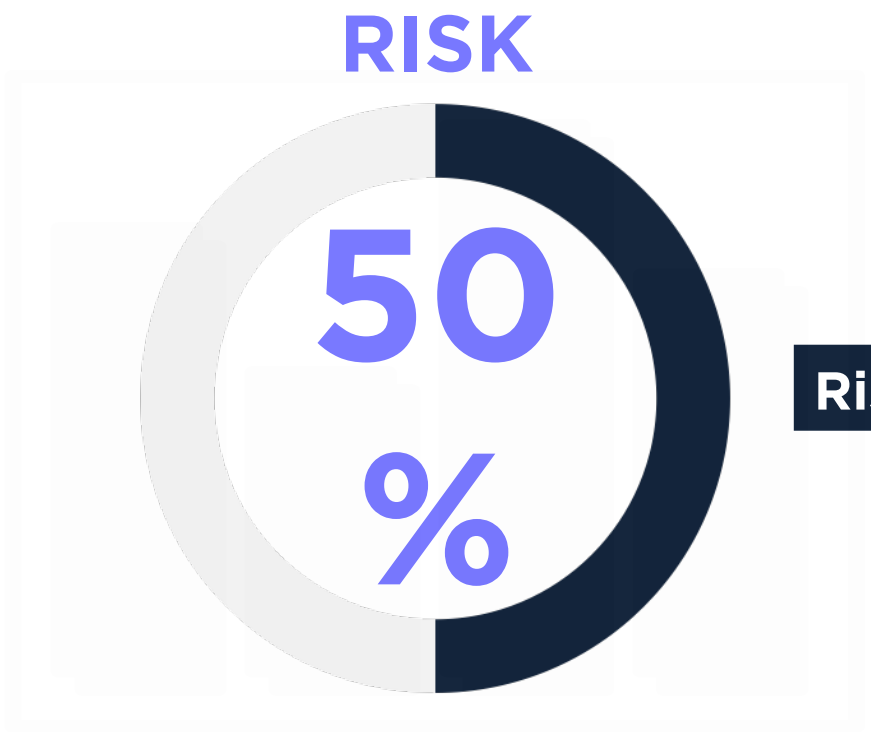
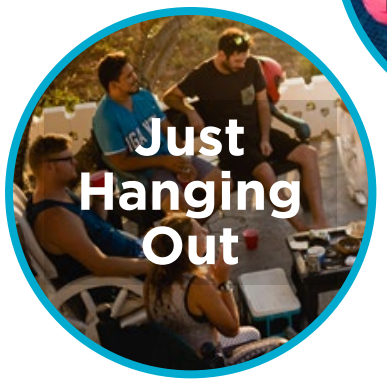


Risks

1-PAIRING

2-SUBSTITUTION



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WHAT'S NEXT. . .

- Legalization explodes in the next year—hCBD and Regulated Cannabis
- Innovation…
  - … Will continue at an extremely rapid rate
  - … Will become more sophisticated & targeted
  - … Will incorporate new technologies & cannabinoids
- Consolidation Accelerates—the Big get Bigger
- E-commerce is here to stay
- More Mainstream "Non-Cannabis" Companies Become Cannabis Companies

35

IT'S A NEW GAME.

DATA. DEEPER.

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