BDSA CANNABIS MARKET REVIEW: POWER OF THE NORTHEAST

Micah Tapman- CEO

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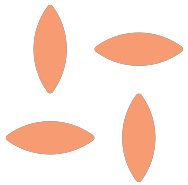
BDSA PROVIDES A COMPLETE VIEW OF THE GLOBAL CANNABINOID MARKET OF TODAY AND TOMORROW

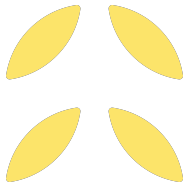
RETAIL SALES TRACKING

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, sizing, behavior, consumption patterns, purchase habits, and more

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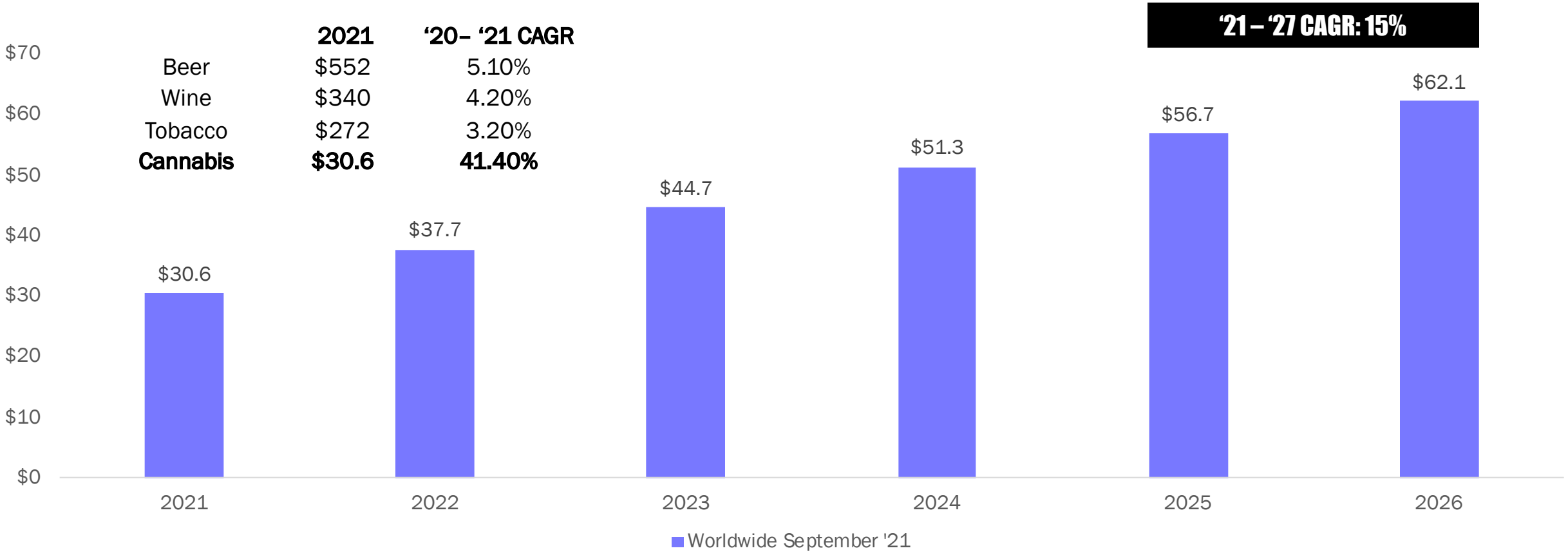
BDSA PREDICTS A $62B LEGAL CANNABIS MARKET IN 2026

BDSA Global Legal Cannabis Forecast (USD, billions)

	2021	'20– '21 CAGR
Beer	$552	5.10%
Wine	$340	4.20%
Tobacco	$272	3.20%
Cannabis	**$30.6**	**41.40%**



Source: BDSA Forecast, as of September 2021
Source: Research & Markets Wine - Global Market Trajectory & Analytics April 2021
Source: Research & Markets Tobacco Products Global Market Report August 2021
Source: Statista Beer Report November 2020

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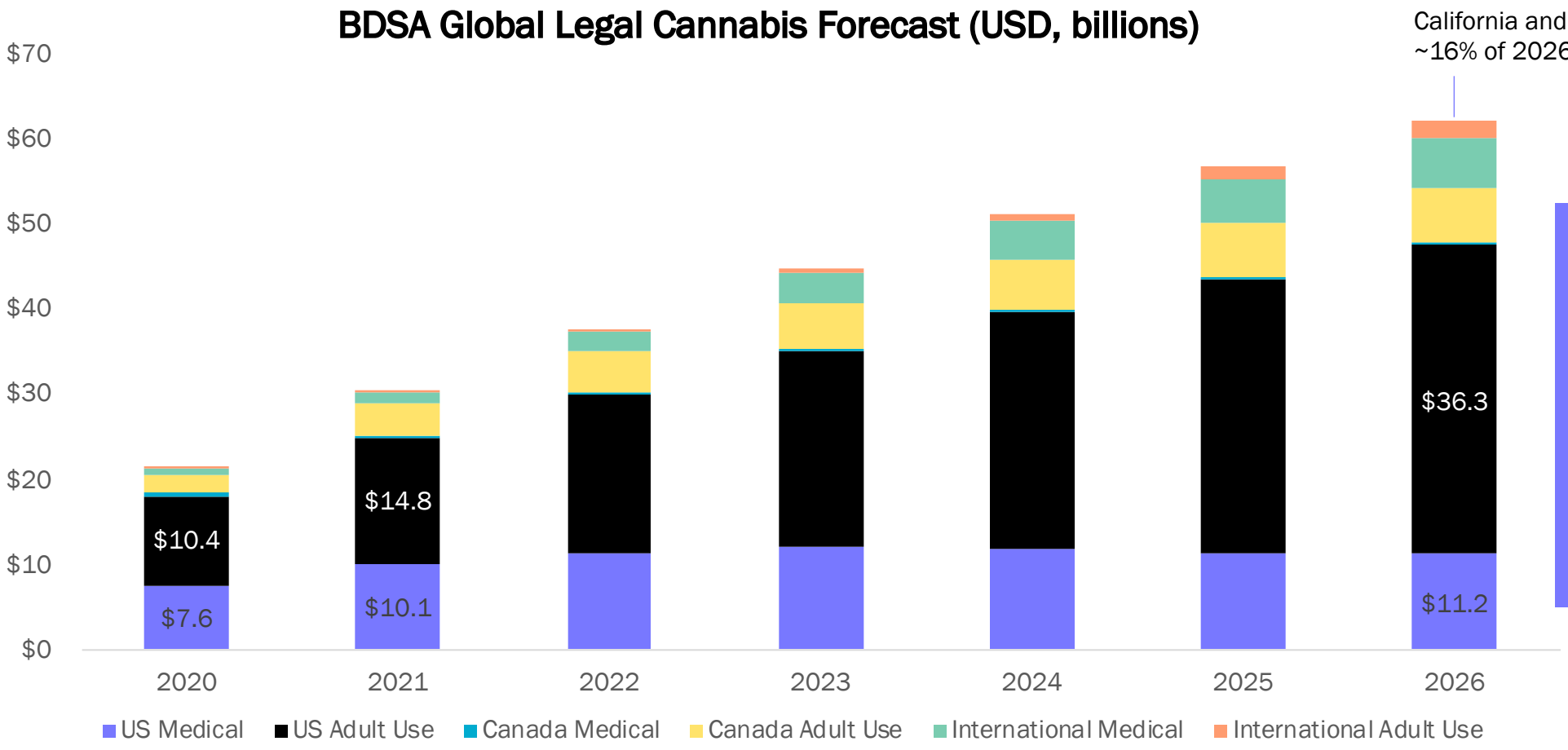
THE US REMAINS THE LARGEST LEGAL MARKET—DRIVEN BY ADULT-USE



BDSA Top 2026 US Markets:

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

With top 5 markets making up 39% of revenue by 2026

Source: BDSA Forecast, as of September 2021

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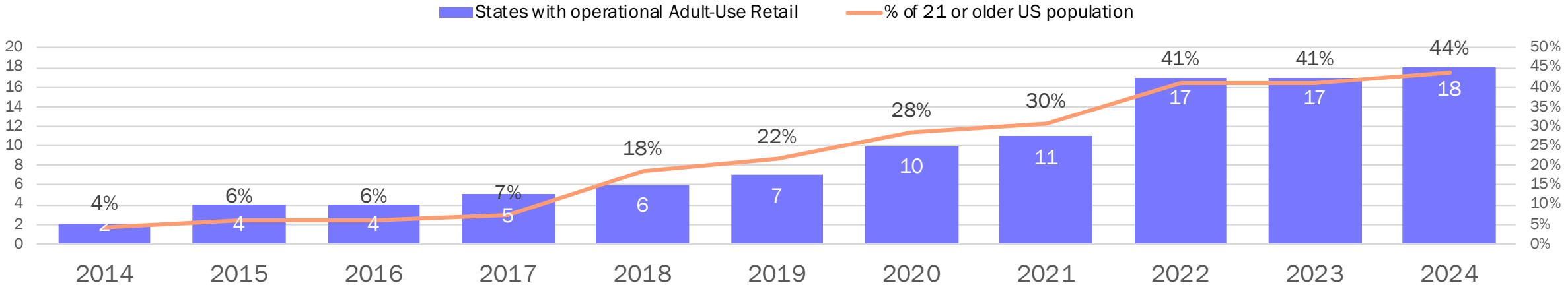
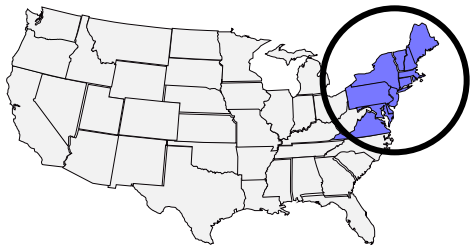
BY 2024 NEARLY HALF OF US ADULTS WILL HAVE ACCESS TO ADULT USE

US States with Adult-Use Cannabis Sales - Overtime



2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Colorado	Colorado	Colorado	Colorado	Colorado	Colorado	Colorado	Colorado	Colorado	Colorado	Colorado
Washington	Washington	Washington	Washington	Washington	Washington	Washington	Washington	Washington	Washington	Washington
	Alaska	Alaska	Alaska	Alaska	Alaska	Alaska	Alaska	Alaska	Alaska	Alaska
	Oregon	Oregon	Oregon	Oregon	Oregon	Oregon	Oregon	Oregon	Oregon	Oregon
			Nevada	Nevada	Nevada	Nevada	Nevada	Nevada	Nevada	Nevada
				California	California	California	California	California	California	California
					Michigan	Michigan	Michigan	Michigan	Michigan	Michigan
						Illinois	Illinois	Illinois	Illinois	Illinois
						Massachusetts	Massachusetts	Massachusetts	Massachusetts	Massachusetts
						Maine	Maine	Maine	Maine	Maine
							Arizona	Arizona	Arizona	Arizona
								New Jersey	New Jersey	New Jersey
								New York	New York	New York
								New Mexico	New Mexico	New Mexico
								Vermont	Vermont	Vermont
								Montana	Montana	Montana
								Connecticut	Connecticut	Connecticut
										Virginia



NE states listed in purple coming online thru 2024 **will bring adult use cannabis to ~16% of US adult population**; if PA, MD, DC, NH, RI, DE follow other NE states with adult use sales this adds another ~8% of US adults = ~25% access

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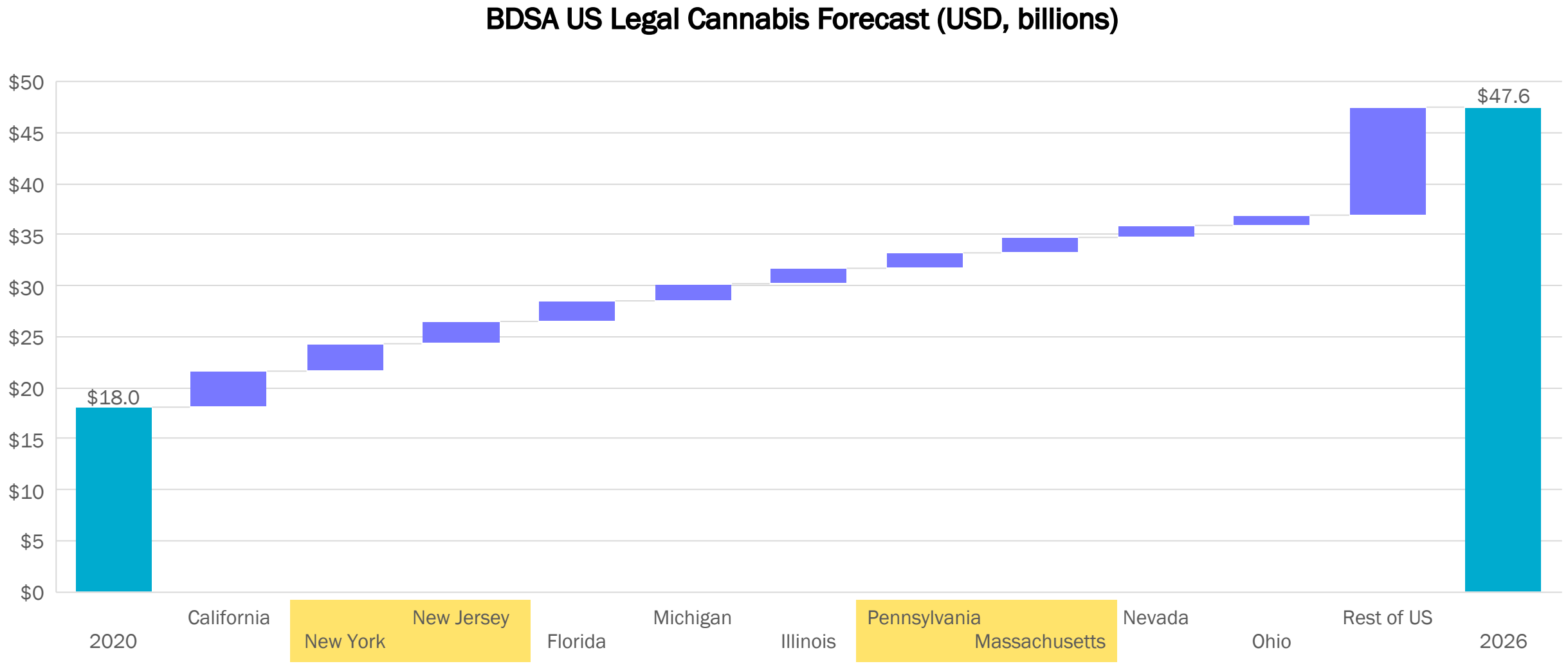
TOP TEN US CONTRIBUTORS TO GROWTH (IN BILLIONS)



Source: BDSA

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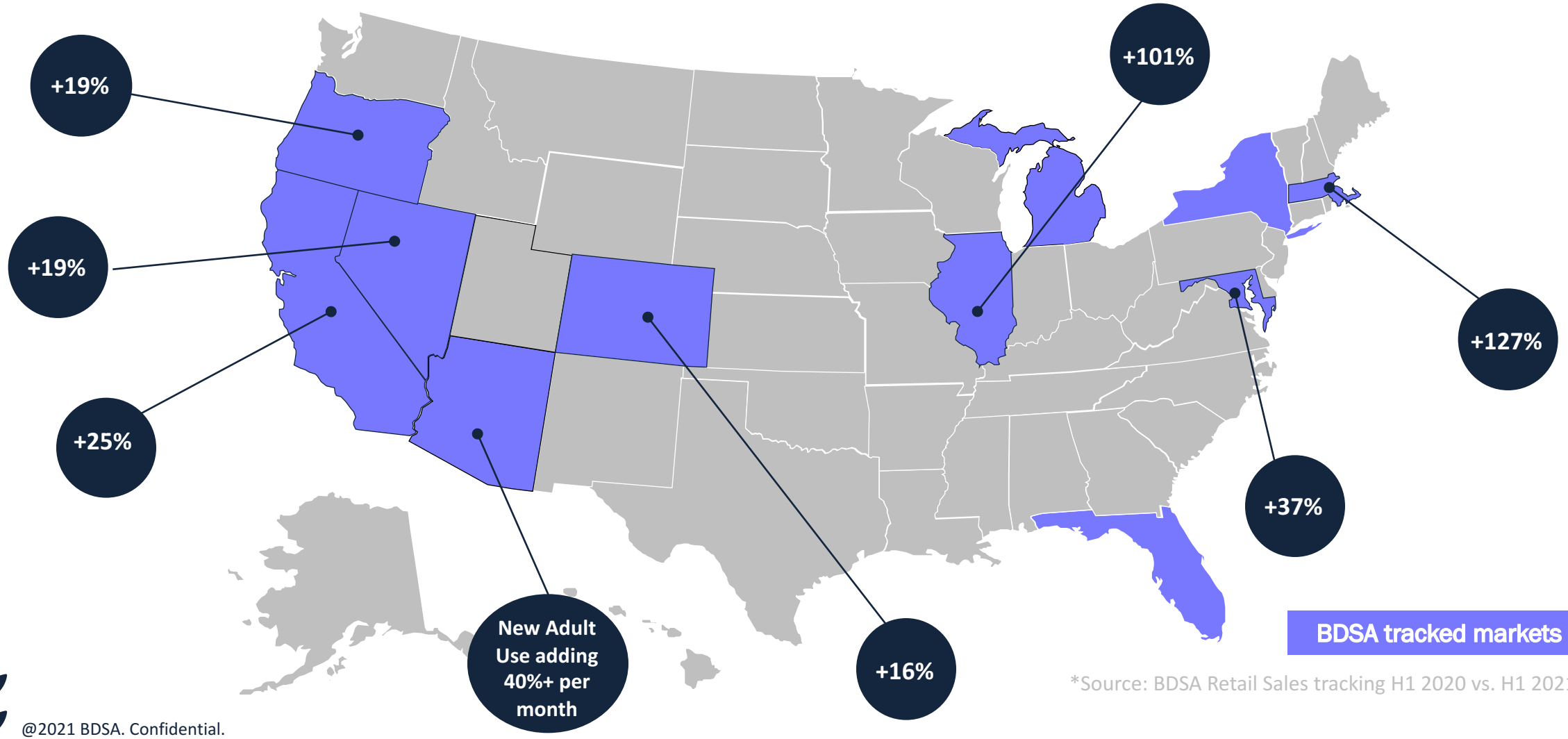
2021 IS SHOWING SUBSTANTIAL GROWTH

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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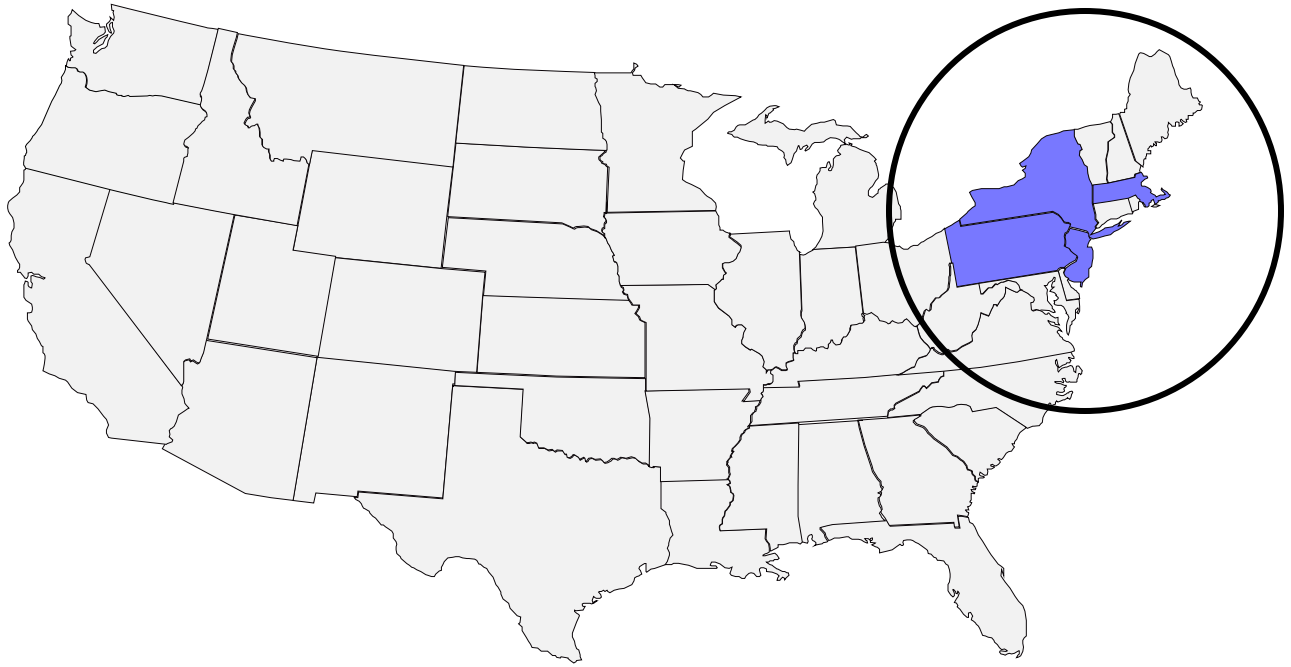
THE NORTHEAST IS SLATED TO PROVIDE HUGE REVENUE OPPORTUNITY



Four densely populated states in NE expected to be combined ~$10B opportunity by 2026

TOP-15 BDSA MARKETS BY 2026

Market	Size	Spend / 21+ adult
California	$7.01B	$271
Colorado	$3.02B	$821
Florida	$3.00B	$196
New York	**$2.92B**	**$222**
Michigan	$2.76B	$379
Illinois	$2.57B	$276
Pennsylvania	**$2.30B**	**$203**
Massachusetts	**$2.28B**	**$453**
New Jersey	**$2.25B**	**$365**
Washington	$1.98B	$322
Nevada	$1.98B	$865
Arizona	$1.92B	$384
Oregon	$1.48B	$369

Source: BDSA Forecast, as of September 2021, US Census Bureau 21+ Adult Population 2020

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PENNSYLVANIA - MED TODAY, ADULT USE TOMORROW?

If as predicted the state goes adult-use it would bring legal cannabis access to another 10M US adults

+21 pop 9.71M **2021 Sales $812M** **# brands w/ Sales 101** **# retailers selling 132**

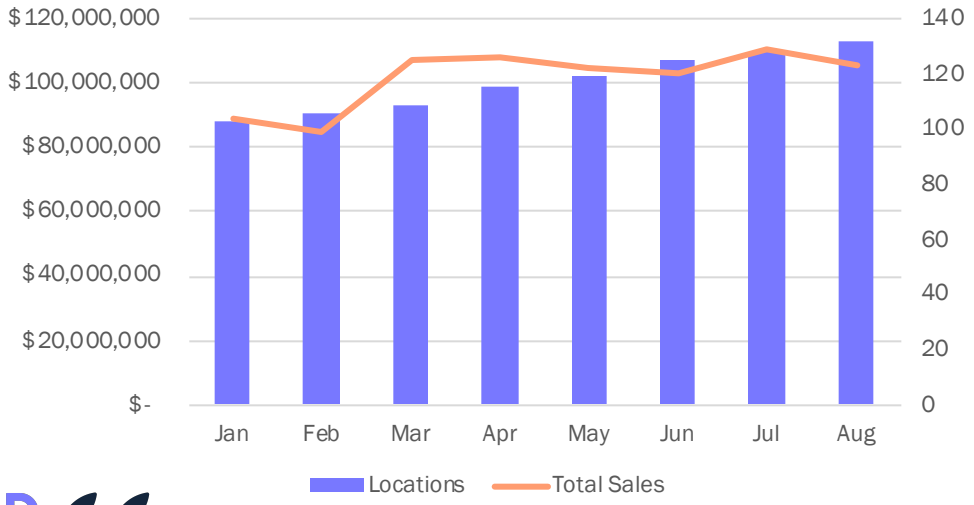
	2021	% CHG vs. 2020
Registered Patients	320,445	17.50%

	Per Month	Per Trip
Patient Spend	$100	$80

Purchase Influencers	
High THC Content	34%
Taste/Flavor	32%
Natural Ingredients	21%

Top reasons for consuming	
Relieve Pain	14%
Relax/Be mellow	10%
Manage Anxiety	8%

Sales and # Dispensaries – January - August



Format Trends	Past Three Months vs. Prior				
	Mar-May		Jun-Aug		$, %
	$M	$ Share	$M	$ Share	Change
All Accessories	$2.67	0.3%	$2.55	0.3%	-5%
Ingestibles	$12.1	2%	$11.7	1%	-3%
Pills	$5.46	0.7%	$4.14	0.5%	-24%
Tinctures	$6.67	0.8%	$7.55	1%	13%
Inhaleables	$302	38%	$302	38%	-0.02%
Concentrates	$159	20%	$157	20%	-2%
Dabbable Concentrates	$49.6	6%	$44.7	6%	-10%
Vape	$110	14%	$112	14%	2%
Flower	$142	18%	$145	18%	2%
Topicals	$2.1	0.3%	$2.08	0.3%	-1%

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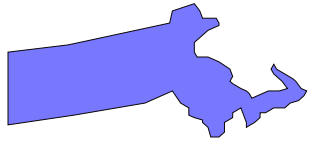
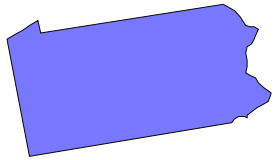
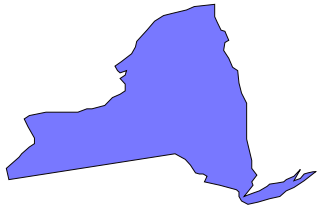
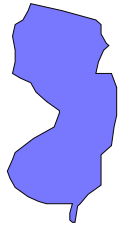
*Source: BDSA Retail Sales Tracking - Pennsylvania (Medical), January 2021 – August 2021

BDSA TOP MSOS & BRANDS

	Massachusetts*	Pennsylvania*	New York	New Jersey
Brands	Rythm	Cresco	Cresco	Verano
	Strane	Revel	Wyld	Curaleaf
	Sira Naturals	Modern Flower	Curaleaf	Rythm
	INSA	Terrapin	Rythm	Wyld
	Nature's Heritage	Franklin Labs	Grassroots	Vireo
MSOs	Cresco Labs	Verano	Vireo Health	Curaleaf
	Jushi	Jushi	Cresco Labs	Verano
	GTI	Truelieve	Columbia Care	Ayr Wellness
	Truelieve	TerrAscend	Curaleaf	Acreage
	Parallel	GTI	MedMen	PharmaCann

*Source: BDSA Retail Sales Tracking - Massachusetts (Adult-Use + Medical); Pennsylvania (Medical), January 2021 – August 2021

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PRICE COMPARISONS BY MARKET

BDSA expects new adult-use markets in NE to have higher prices relative to those observed in IL & MA

	Concentrates	Edibles	Flower	Pre-Rolled	Shake	Sublinguals	Topicals
California	$33.59	$17.49	$8.18	$16.69	$2.90	$42.46	$30.03
Colorado	$24.75	$17.56	$4.51	$8.16	$2.53	$26.12	$29.55
Illinois	$50.08	$25.05	$14.04	$21.12	$9.33	$36.62	$35.36
Massachusetts	$54.27	$20.85	$13.10	$15.65	$5.56	$53.41	$37.82
Michigan	$35.77	$14.48	$8.29	$12.15	$6.90	$34.42	$22.87
Nevada	$27.39	$17.81	$8.70	$13.08	$4.44	$38.55	$36.72
Oregon	$21.75	$9.15	$5.20	$7.42	$1.86	$34.54	$32.28

shading denotes Highest / 2nd Highest Price per category

Source: BDSA Retail Sales Tracking – Average Retail Price – Q3 2021

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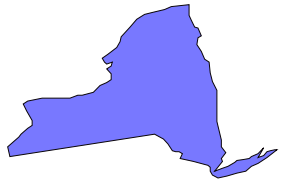
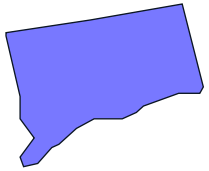
TRI-STATE REGULATION & IMPLICATIONS

- License prioritization will likely lead to more fragmentation early on
- Delays in all market launches expected
- Markets will struggle with supply during ~6-12 months of roll-out
- Expect higher prices like IL and MA
- Most brands will perform well early on and delays on who are the dominant market leaders
- Markets will require indoor cultivation so higher prices than outdoor-viable markets
- Tighter regulations on cultivators due to indoor cultivation





	New York	New Jersey	Connecticut
Retail Opens	Mar-22	Feb-22	Before end of 2022
Home Cultivation	6 plants	None	7/1/23 - 6 plants / person; 12 plants / household
Weight Limits	3 oz flower, 24 grams concentrate	1 oz	up 6.5 oz cannabis or equivalent amount concentrates
Consumer Sales Tax	9% state, 4% local	7%	~20% (6.35% state, 3% municipal, ~10 - 15% of sale / THC content)
License Prioritization	Minority / women-owned businesses, applicants from communities disproportionately impacted by cannabis enforcement, distressed farmers, service-disable Vets	Minority / women-owned businesses, businesses located in "economically distressed areas"	Reserve 50% of applications for eligible license types for "social equity applicants"
Cultivator License Caps	None - but individuals can't hold retail license or distribution license	37 (expires 02/23)	None - but applicants can only get approval for one license type
Recent Development	New York Cannabis Control Board appointed final two members in late Sept '21	Reuglators missed Sept deadline to begin accepting adult use license applications	Applications will be available in several months (as of Sept. 28)

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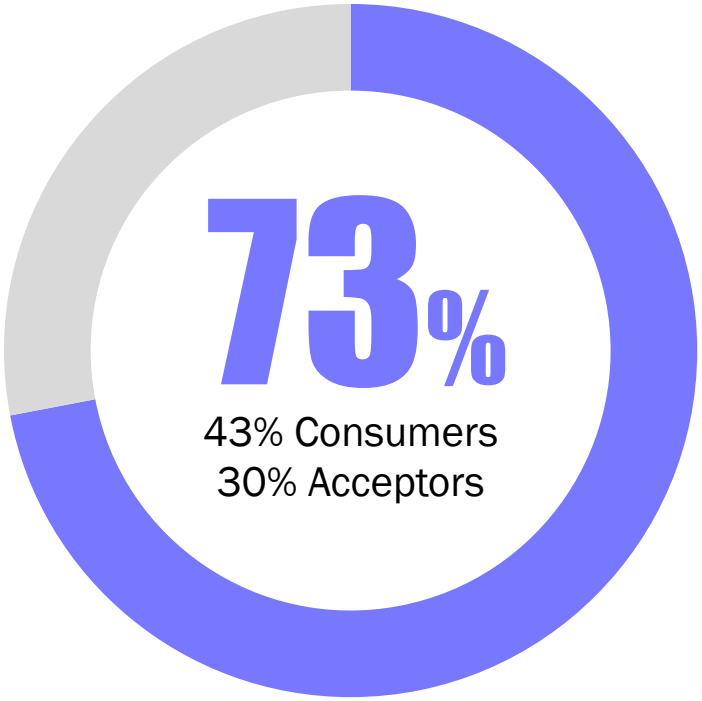
Source: BDSA

ADDRESSABLE MARKET STARTS WITH CONSUMER (SHOPPER) INSIGHT

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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CONSUMERS RELY ON CANNABIS FOR PHYSICAL AND EMOTIONAL BENEFITS

Relieve Pain	14%
Relax / Be Mellow	10%
Manage Anxiety	8%
Sleep Better	8%
Manage Stress	6%
Improve My Overall Health	6%
Get ‘High’ Or ‘Stoned’	6%
Have Fun	5%
Be Happy	5%
Improve My Quality of Life	4%

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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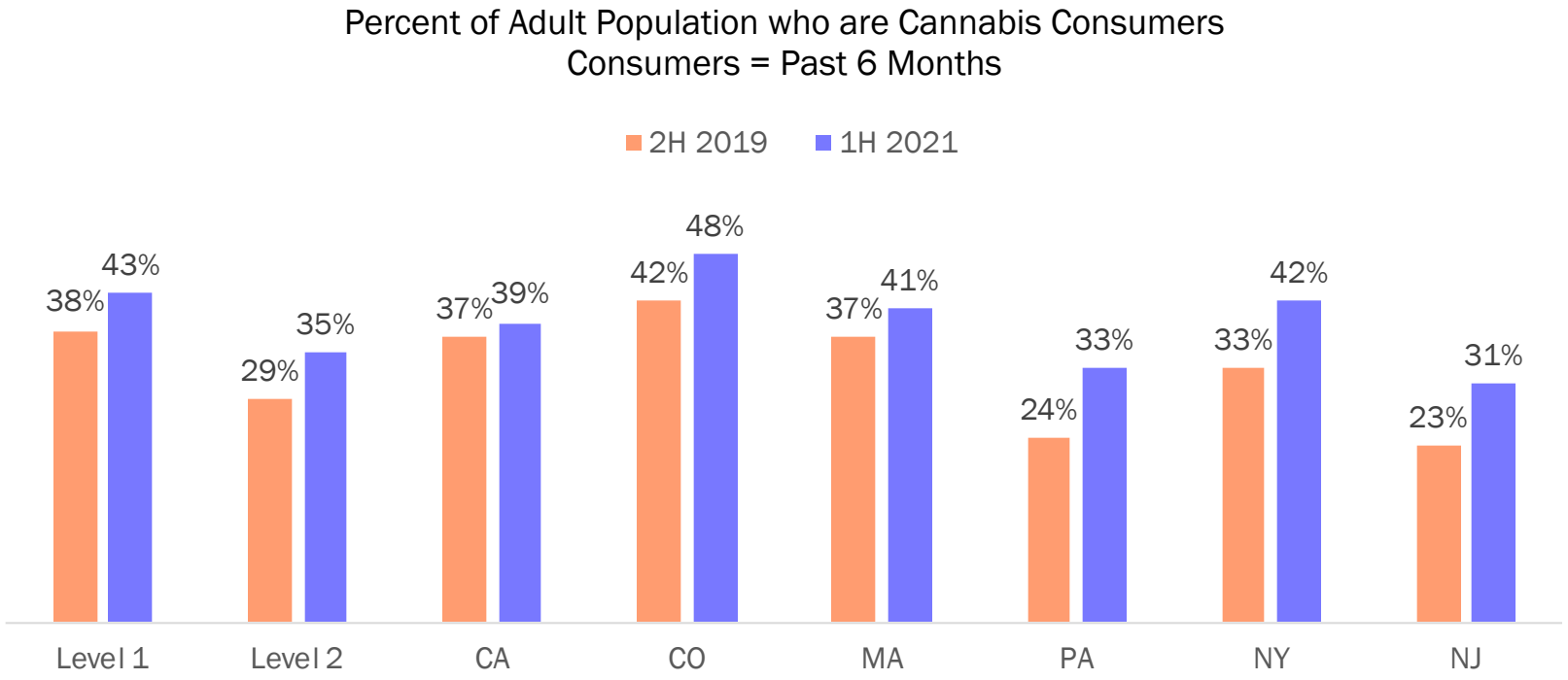
THE CONSUMER POPULATION, EVEN IN MATURE MARKETS, IS ON THE RISE



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 2019-2H 2020

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IF YOU ARE NOW PULLING OUT YOUR CHECKBOOK TO SIGN-UP WITH BDSA, WE JUST SO HAPPEN TO HAVE SOME THOUGHT STARTERS

If you are...

...Covering Public Companies	...Conducting Due Diligence	...A Cannabis Retailer	...A Cannabis Manufacturer
MSO/ Parent Company Monthly Performance Tracking +5 Year (to 2026) Cannabis Market Forecast **$24,000**	Quarterly Top Brand Report 4 "Custom" Brand/ Category Performance Deep Dives **$20,000**	Retail Sales Tracking Shopper Insights **30%-100% Discount for Partners**	Retail Sales Tracking Consumer Insights **Talk to BDSA**

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IT'S A NEW GAME

WHAT DOES THAT MEAN FOR YOUR BUSINESS?

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