



CANNABIS MOVES TOWARD THE MAINSTREAM

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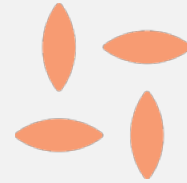
BDSA PROVIDES A COMPLETE VIEW OF THE GLOBAL CANNABINOID MARKET OF TODAY **AND** TOMORROW

**BDSA IS IRI'S STRATEGIC PARTNER FOR
ALL THINGS CANNABIS AND
CANNABINOIDS**



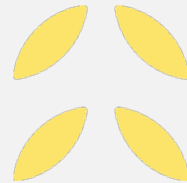
Retail Sales Tracking

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

LEGAL CANNABIS IS...



Mainstream



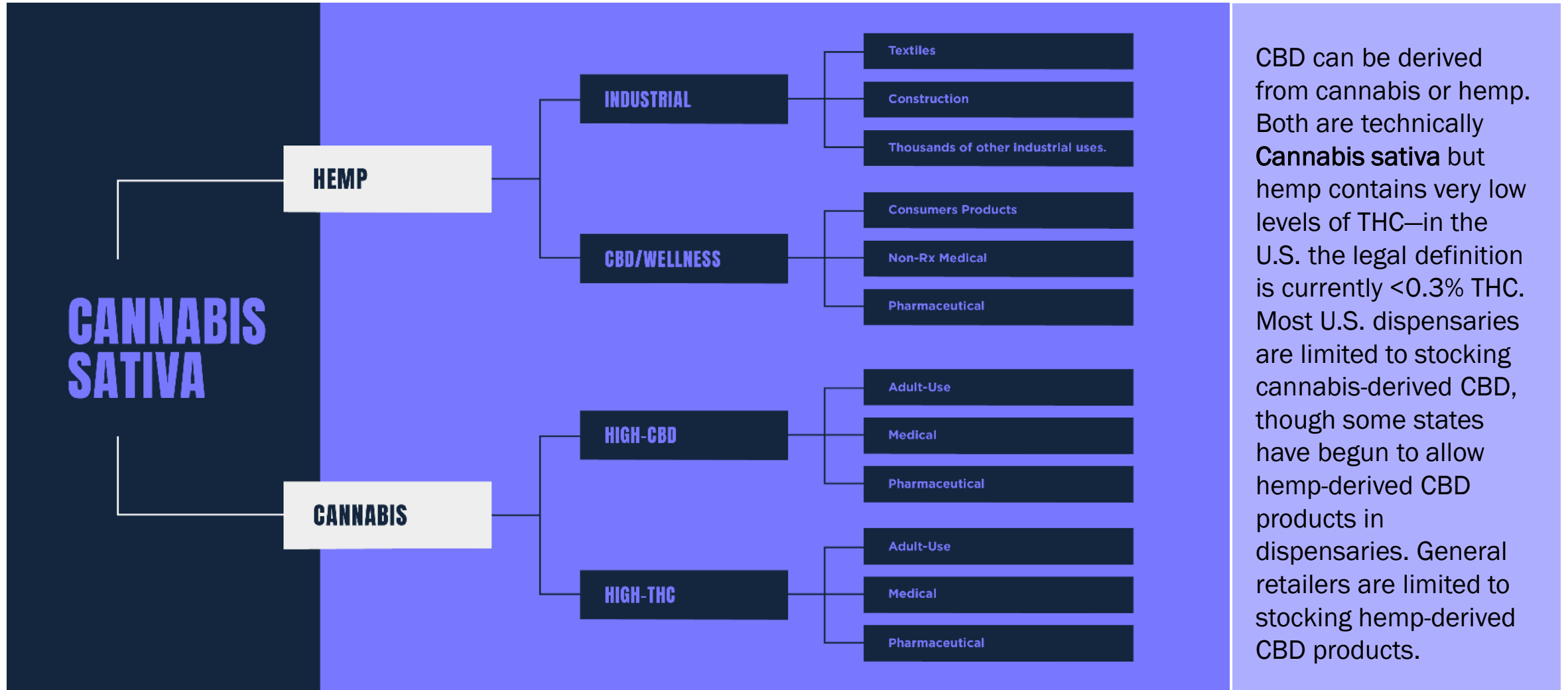
Different than Other Industries

**Rapid Innovation +
MANY formats**



Challenging

ONE PLANT, MANY MARKETS

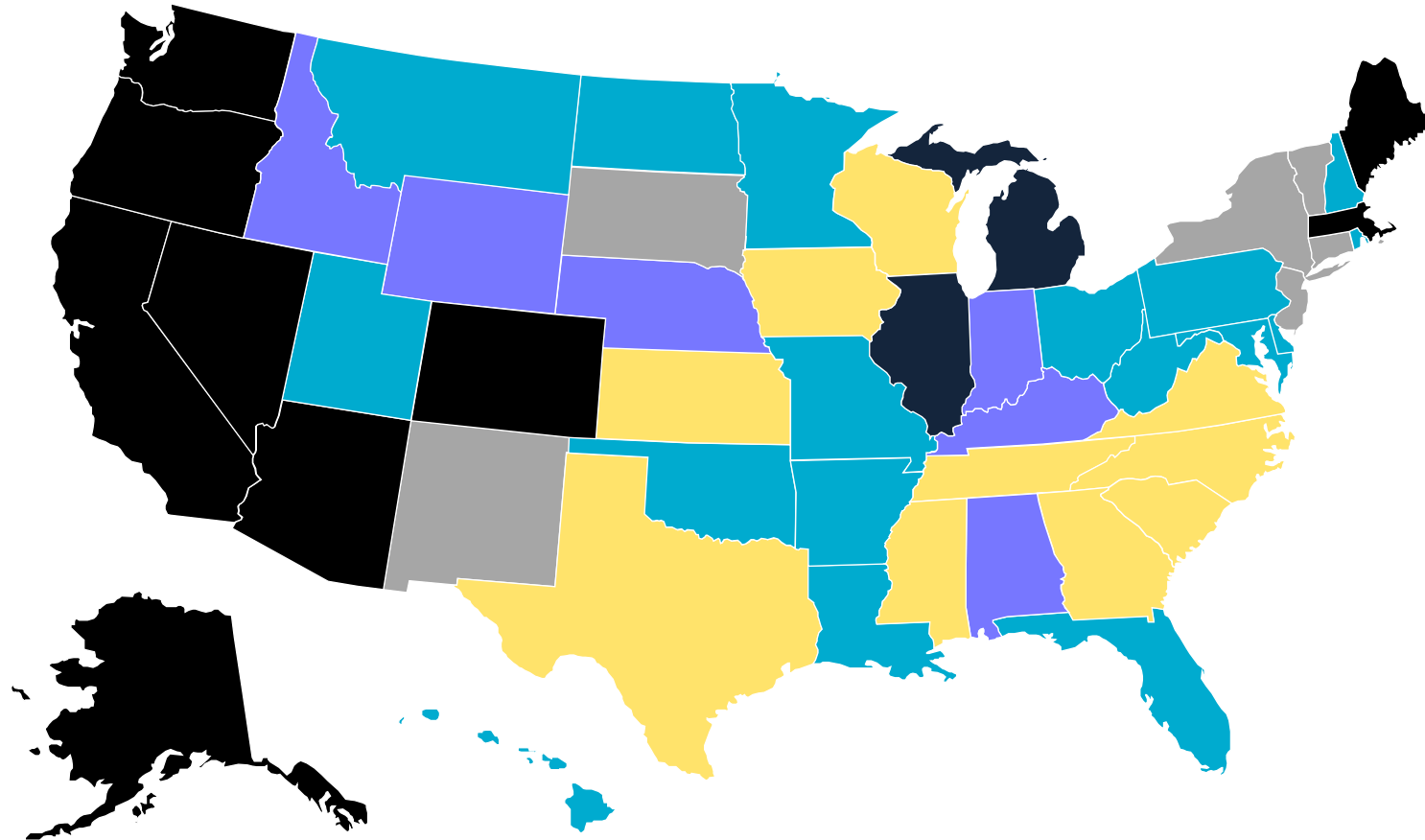


Source: BDSA



BDSA MARKET OUTLOOK

REGULATIONS LOOSENING ACROSS THE U.S.



Fully Legal

Fully Legal- Adult Use Not Yet Available

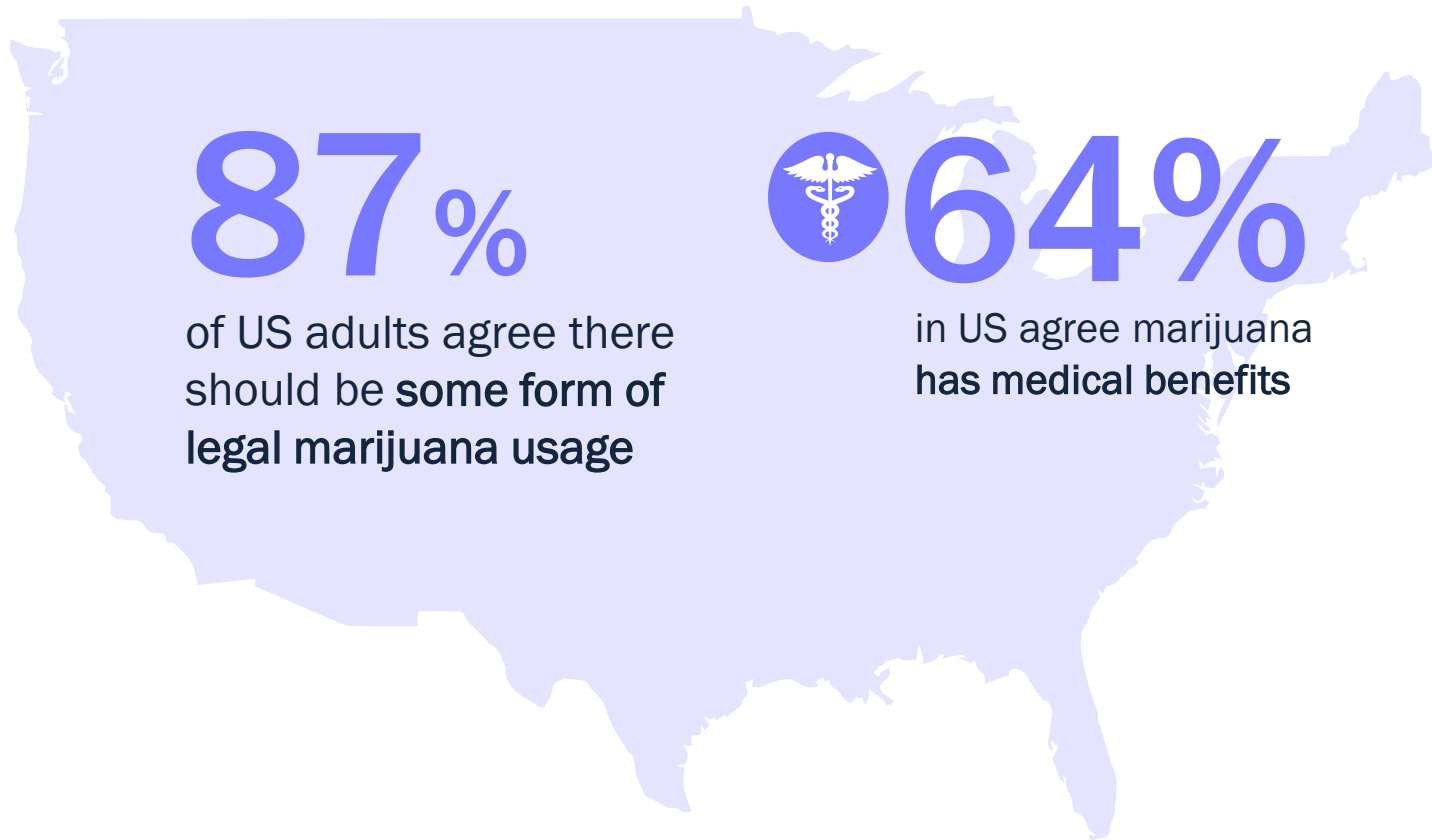
CBD Legal

Medical Legal

Limited Medical

*Source: BDSA Updated June 2021

AND THE MAJORITY **AGREE** WITH SOME FORM OF LEGALIZATION

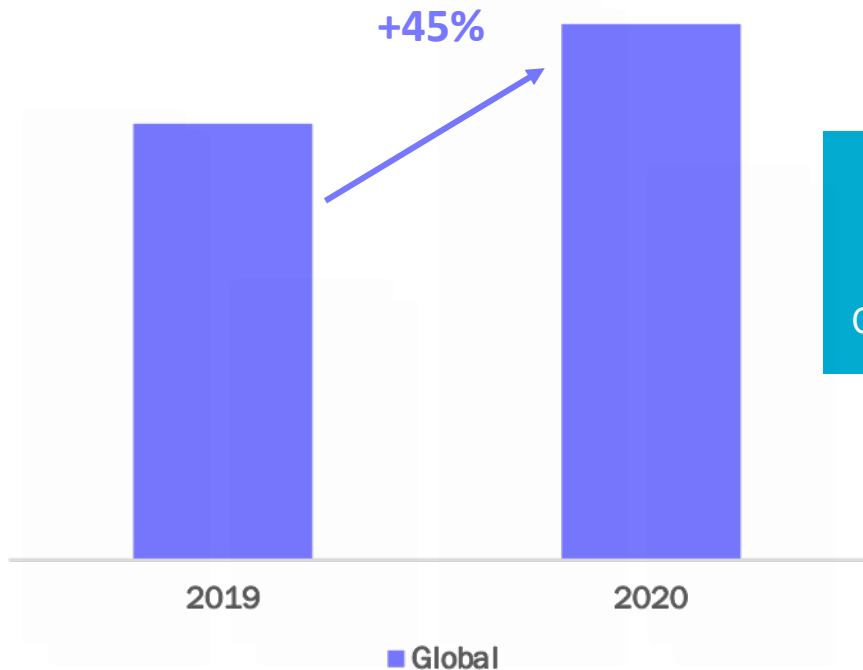


*Source: BDSA Consumer Research: Q1 2021 U.S. Adults 21+

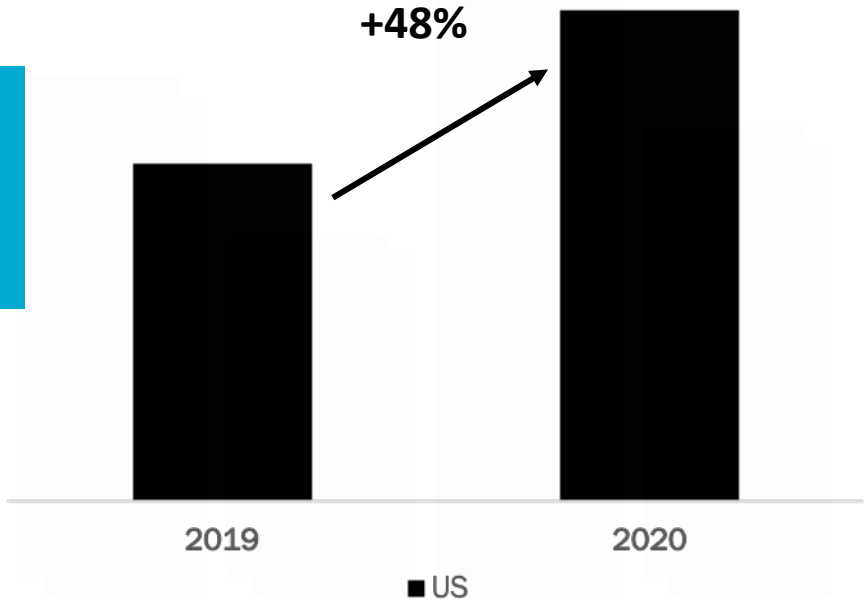
2020 FINISHED STRONG IN GLOBAL AND US MARKETS



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



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

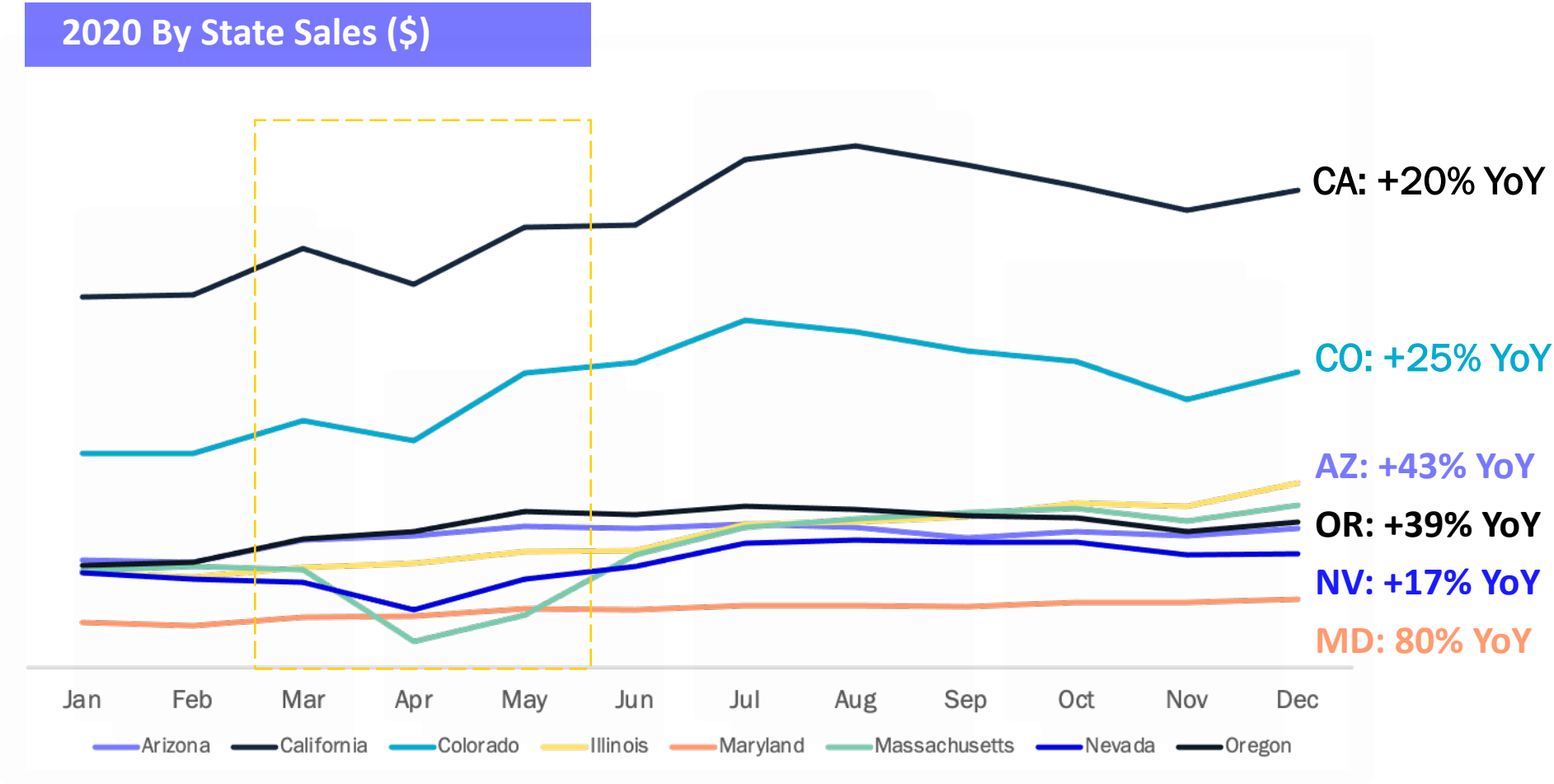


 **IRi**
Growth delivered.
For comparison,
CPG +11% in 2020

*Source: BDSA Forecast, as of February 2021

2020 SALES TRENDS SIMILAR ACROSS BDSA TRACKED US MARKETS

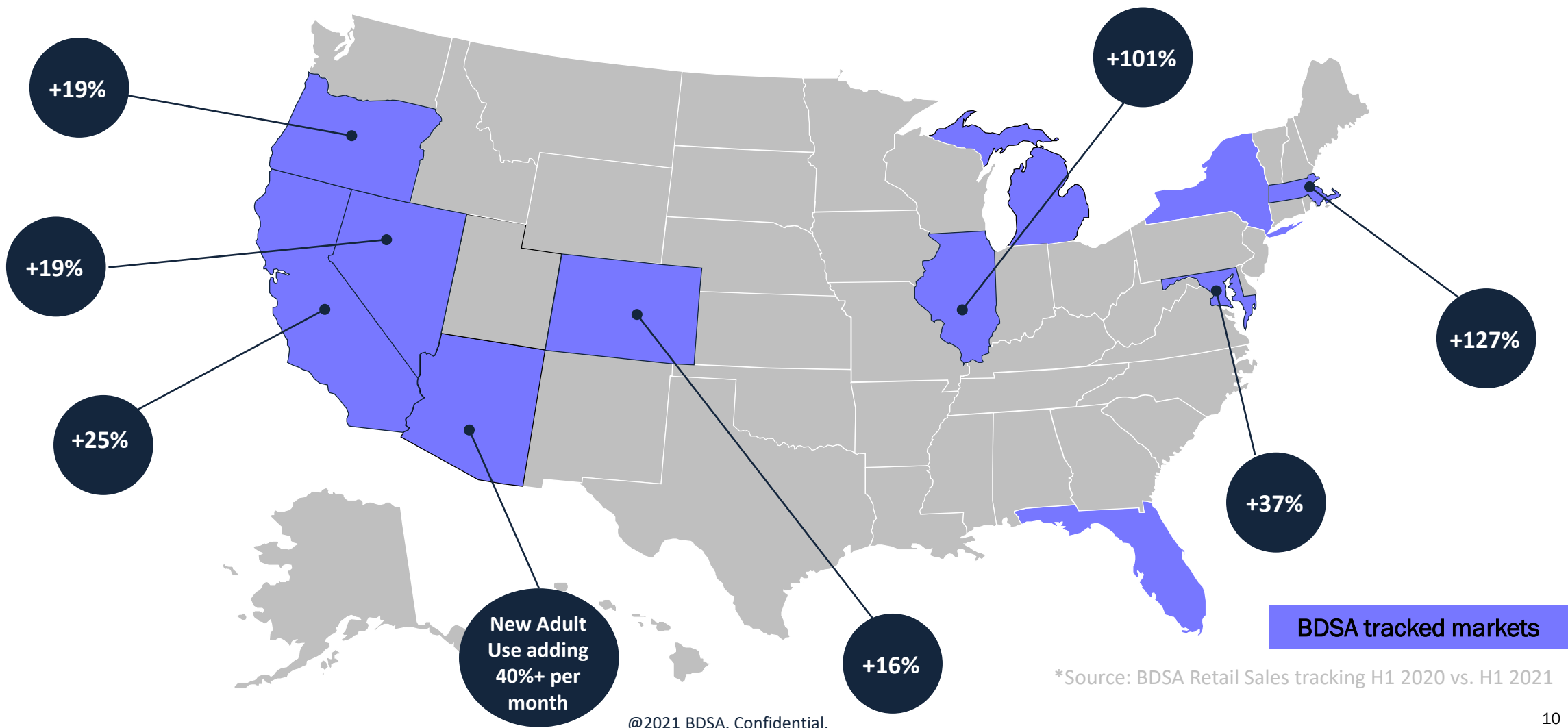
NOTABLE exceptions—the impact of stricter COVID regulations in NV and MA and the evolution of the newly adult-use legal market in IL



*Source: BDSA US Retail Sales Tracking

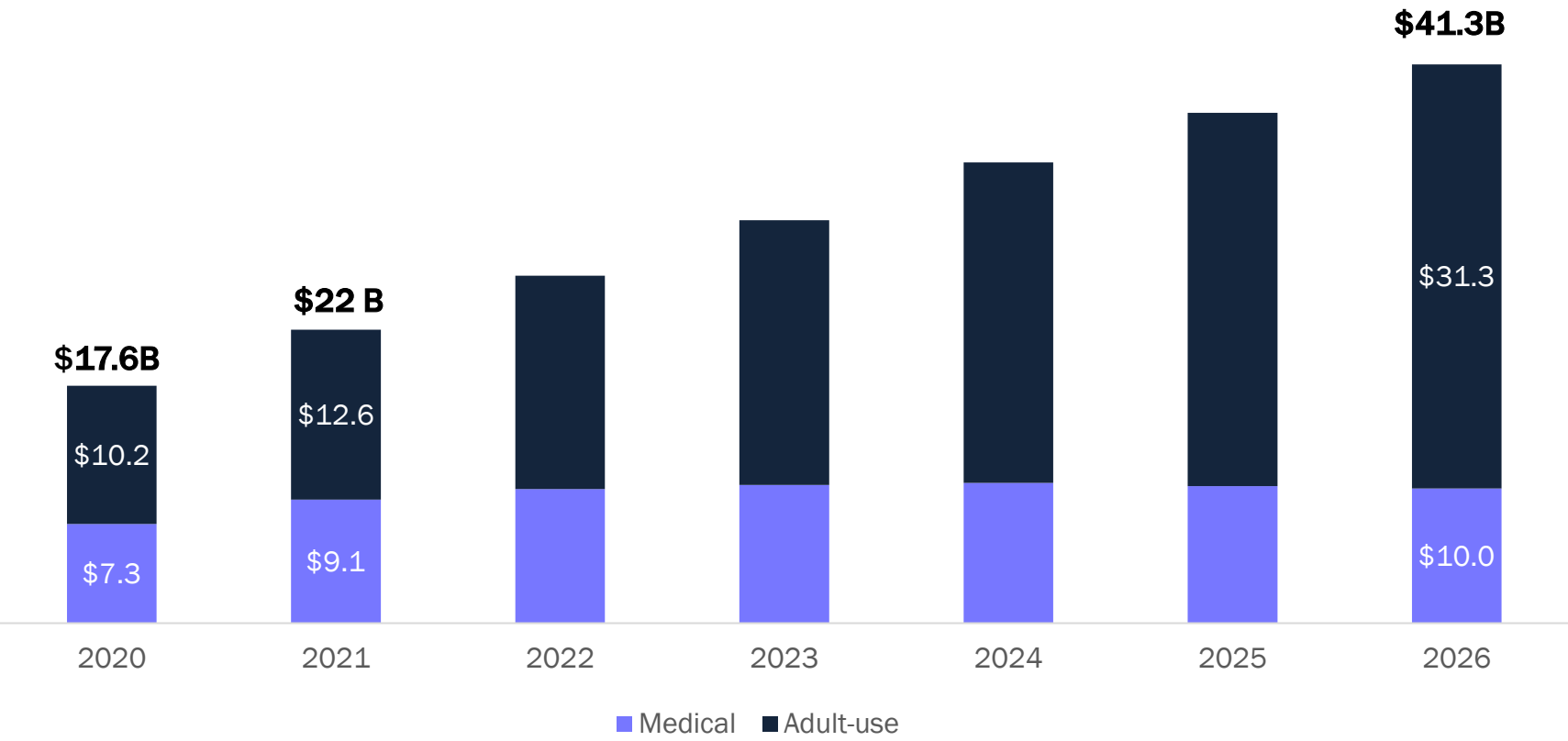
2021 IS SHOWING SUBSTANTIAL GROWTH

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.



BOOMING US MARKET DRIVEN BY US ADULT-USE

BDSA US Legal Cannabis Forecast (USD, Billions)



NOTE: BDSA still expects an additional ~\$40B to come from Illicit sales in 2025

BDSA Top 2026 US Markets

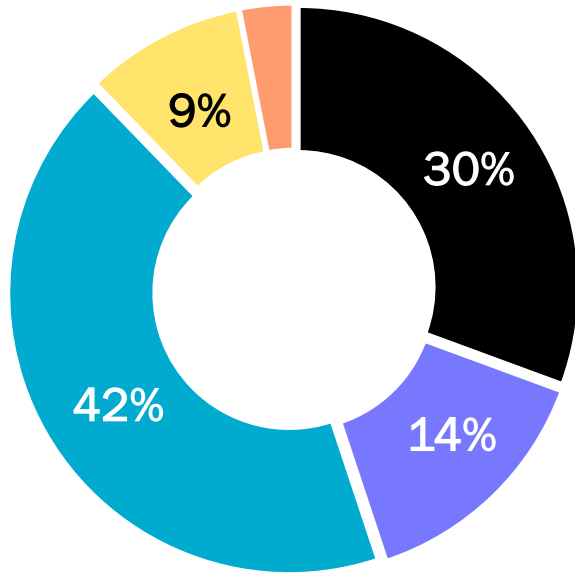
- 1. California
- 2. Colorado
- 3. Florida
- 4. New York
- 5. New Jersey

*Source: BDSA Forecast, as of February 2021



CATEGORIES: WHAT FORMATS ARE WINNING?

Dollar Share by Category H1 2021



- Concentrates (Including Vapes)
- Flower
- Other
- Edibles
- Pre-Rolled

+33% Concentrates (including Vapes)

+39% Edibles

+37% Flower

+60% Pre-Rolled

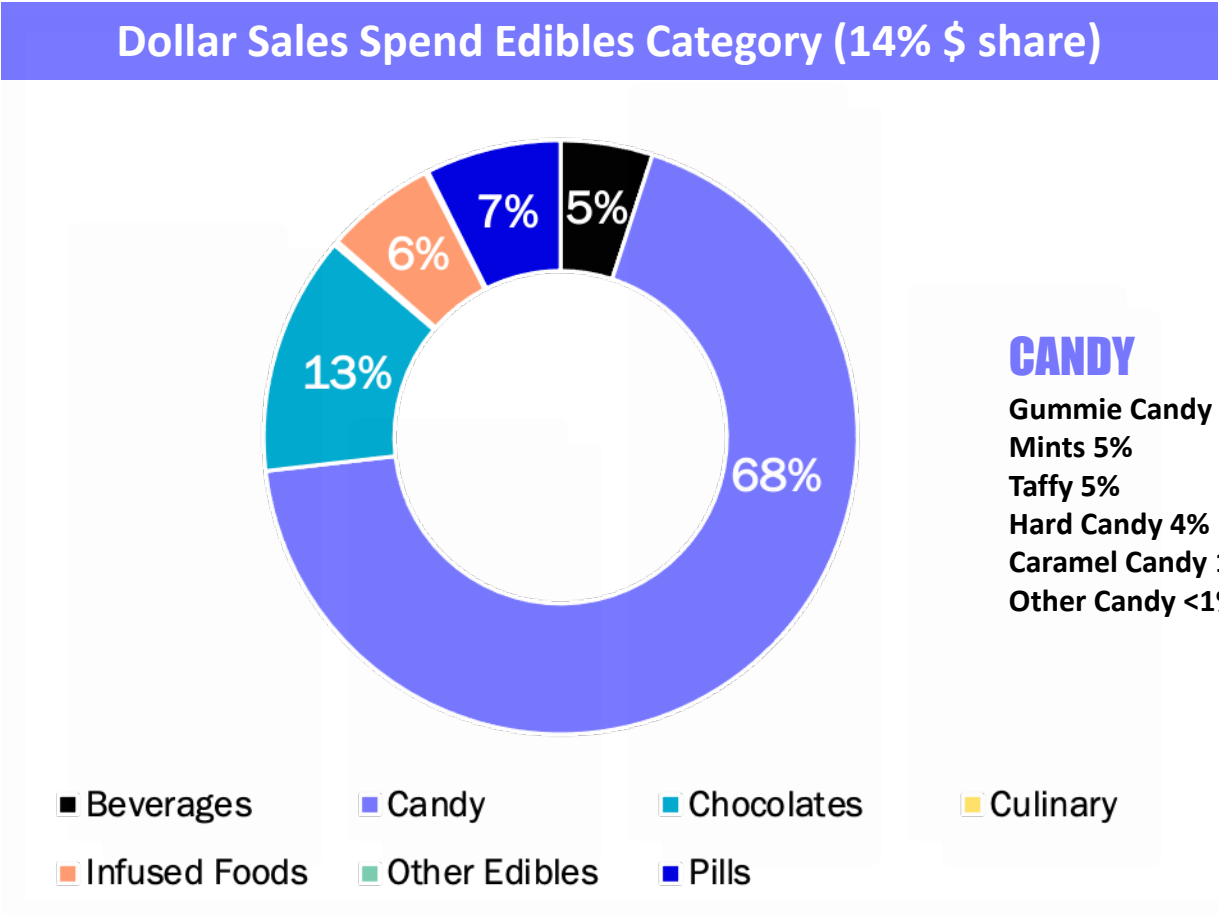


For comparison,
CPG +4.5% in 2021

H1 2021 Growth vs. H1 2020

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

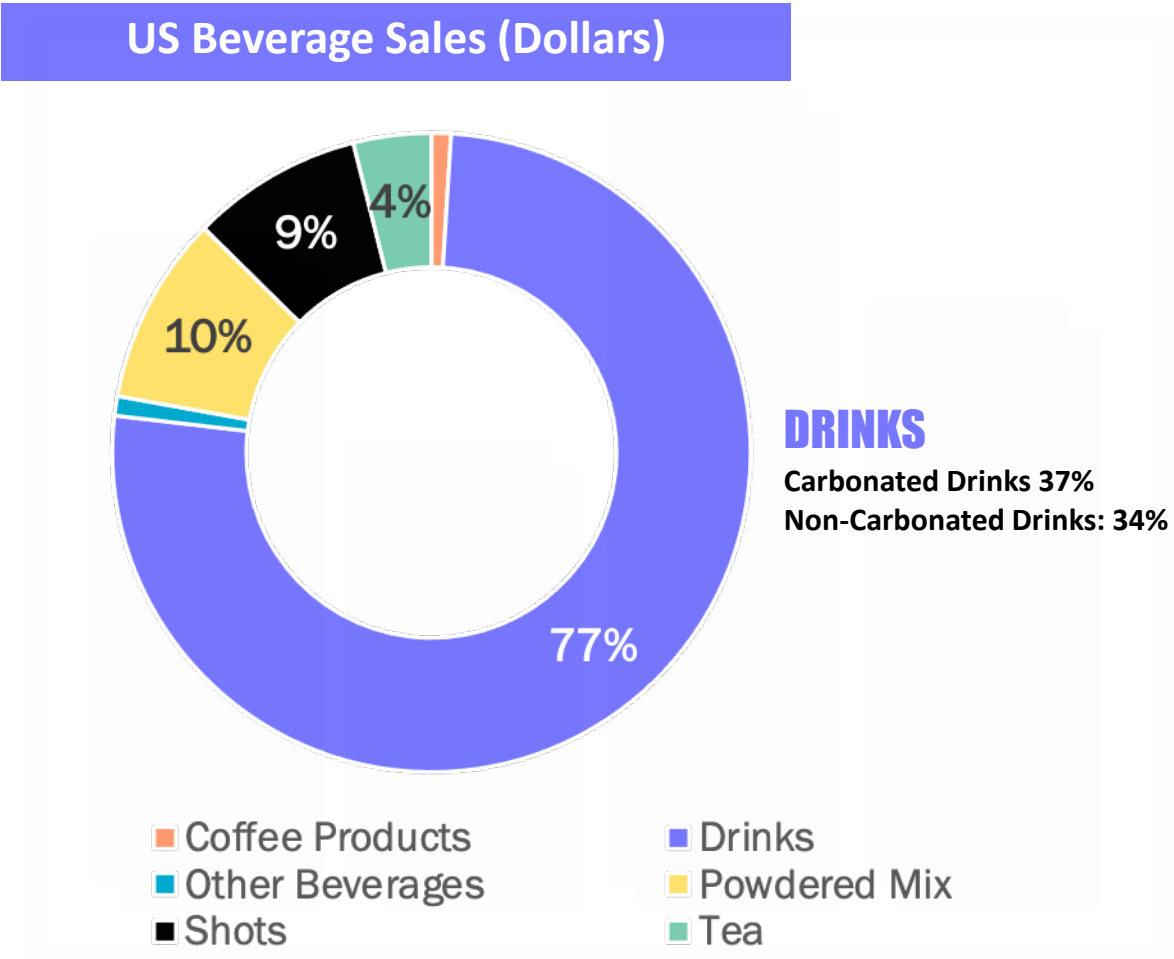
US EDIBLES DOMINATED BY CANDY, DRIVEN BY GUMMIES



*Source: BDSA Retail Sales Tracking 1H 2021: AZ, CA, CO, IL, MA, MD, NV, OR



US BEVERAGES DOMINATED BY DRINKS—BEVERAGES ARE SMALL!



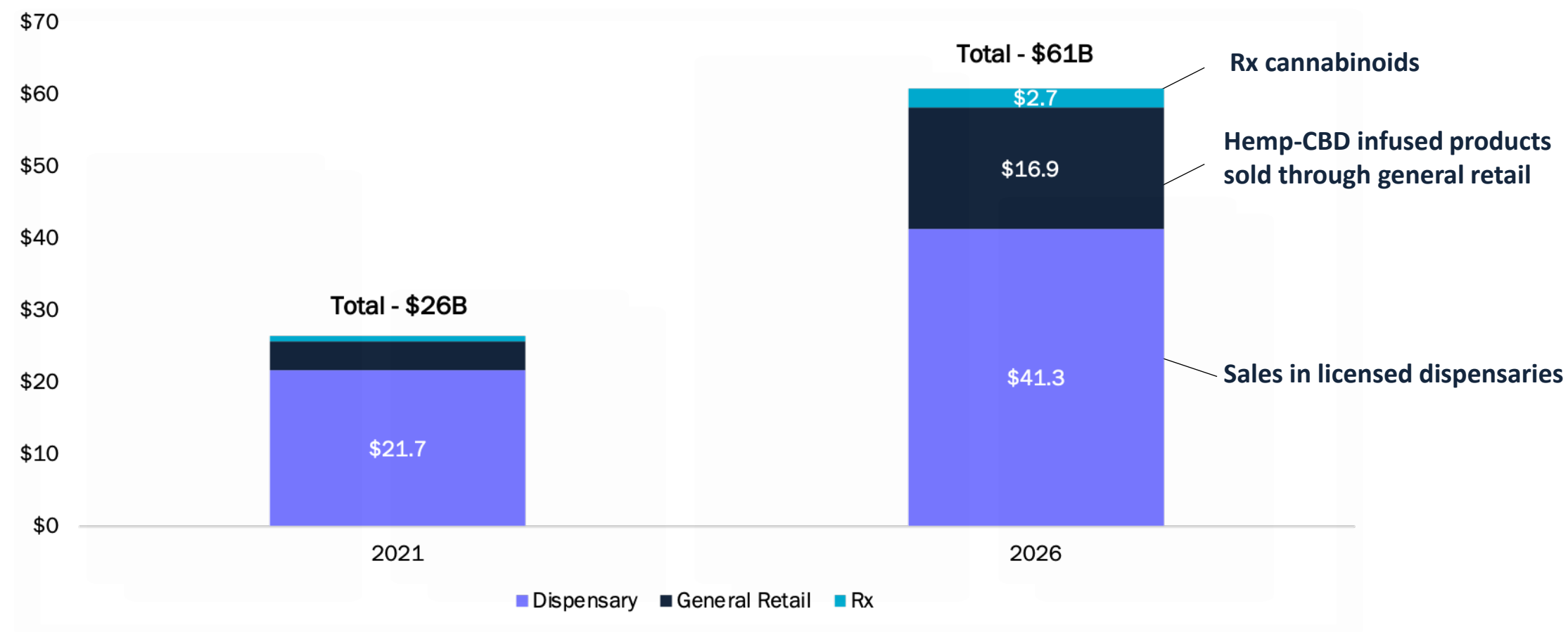
+60%

Q1 2021 Total Edibles \$ Growth vs. Q1 2020

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



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

EDIBLES ANTICIPATED TO DRIVE CBD SALES IN MAINSTREAM CHANNELS

2021

18%

**OF CBD \$ IN
MAINSTREAM RETAIL**

INCLUDES
Food
Beverages
Confections

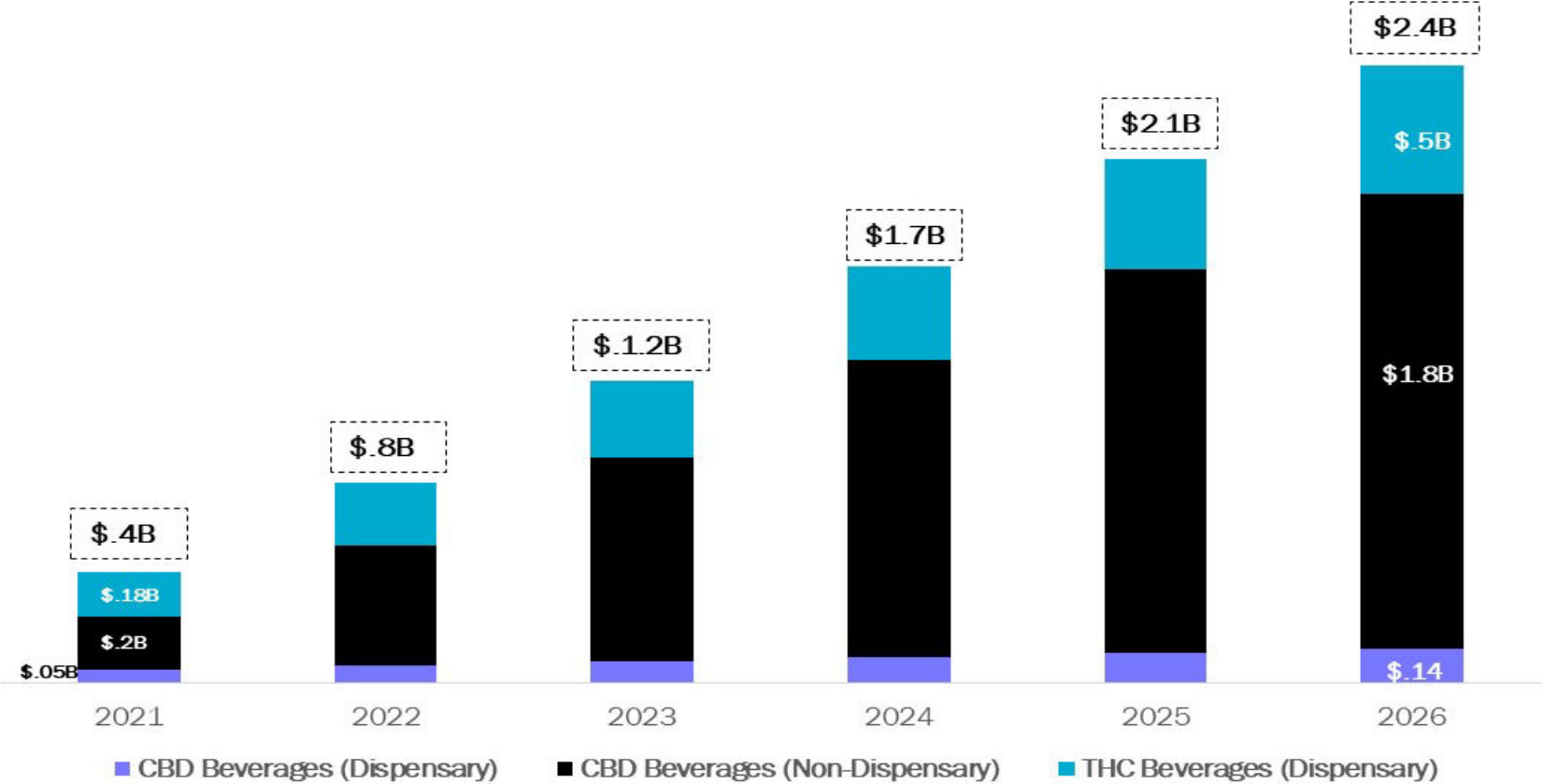
2026

30%

**OF CBD \$ IN
MAINSTREAM RETAIL**

THE TOTAL BEVERAGE CANNABINOID INDUSTRY IS EXPECTED TO EXPAND

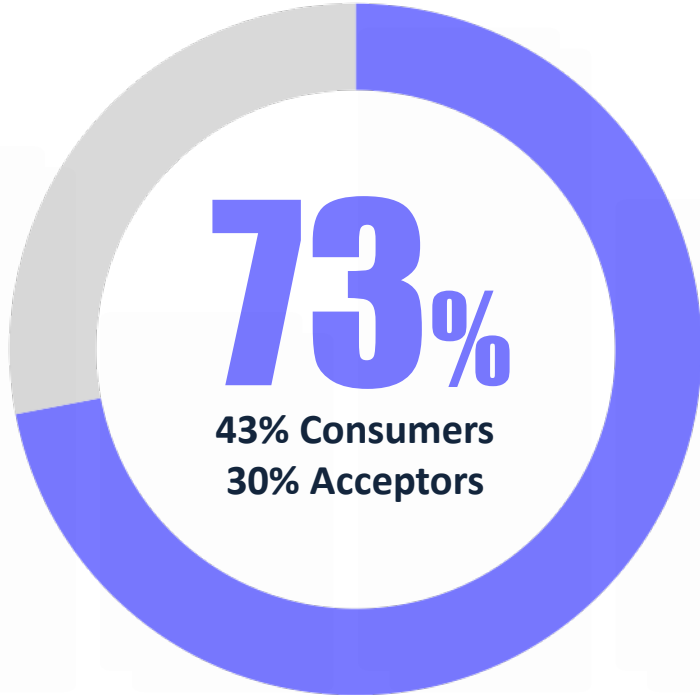
BDSA Cannabinoid Beverage Forecast (Billions USD\$)





THE CONSUMER EVOLUTION

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



Up from 63% in 1H 2018
32% Consumers
31% Acceptors

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

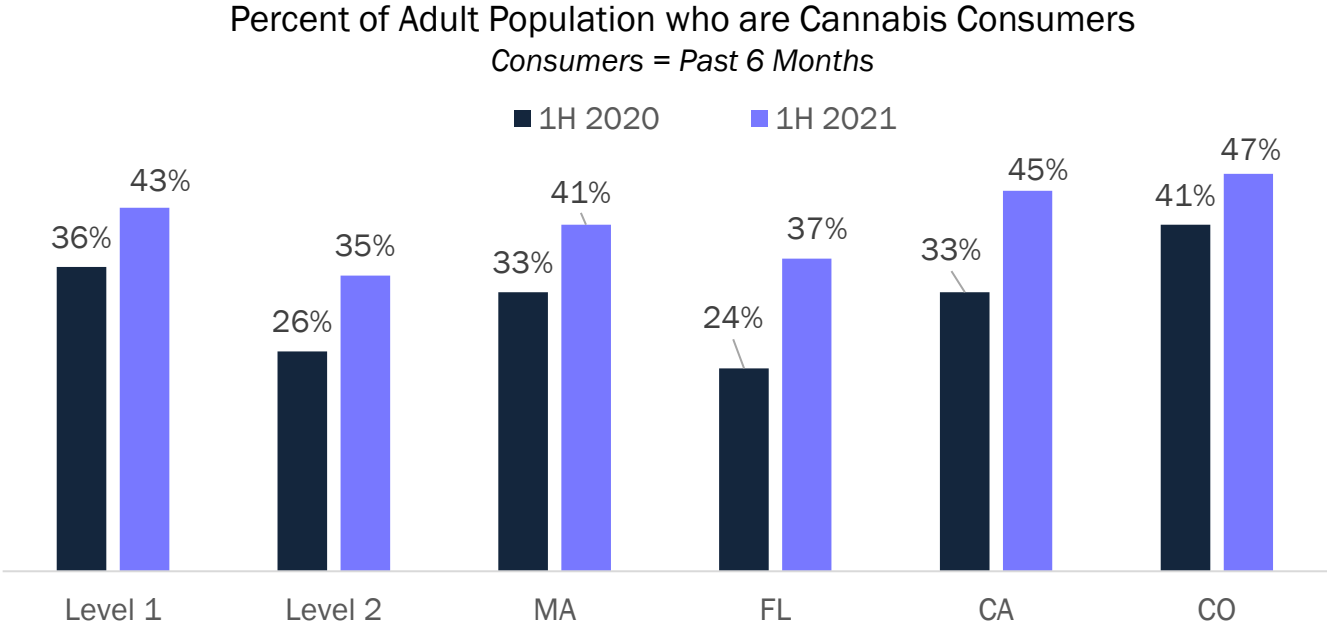
26% are Rejecters
(would not consider in the future)

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

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

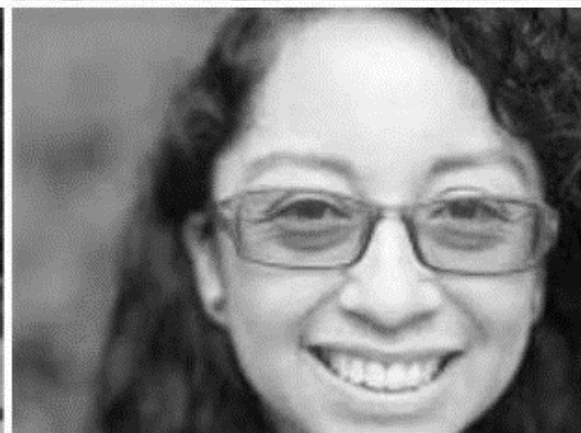
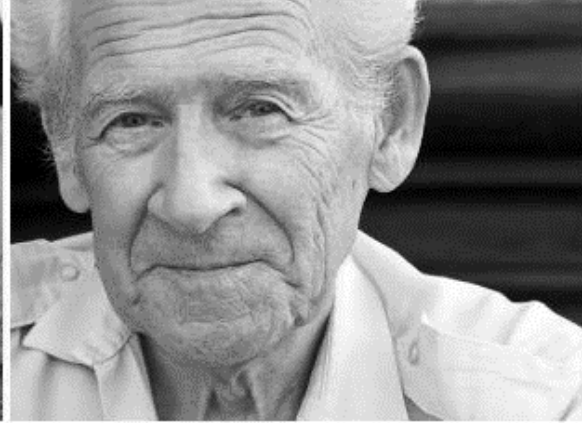
*Source: BDSA Trending Consumer Insights, 2H 2019-1H 2021



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+

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

Younger

44% <35YO

Spring 2020: 35% <35YO

Still City Dwellers...

84% CITY/SUBURBS

Spring 2020: 87% CITY/SUBURBS

THE 'AVERAGE' US CBD CONSUMER DOESN'T LOOK DIFFERENT

More Males

54/46_{M/F}

CA Marijuana: 50/50 M/F

Educated

62% COLLEGE OR MASTERS+

CA Marijuana: 64%

Older than Marijuana

35% <35YO

CA Marijuana: 44%

Considerably Conservative

27% CONSERVATIVE

CA Marijuana: 30%

OF CANNABIS CONSUMERS...

70%

Consume Edibles

34%

Prefer Edibles

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

CROSS-FORM CONSUMPTION IS THE NORM

72%

OF CANNABIS CONSUMERS CONSUME INHALABLES

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

CONSUMERS SEEK DIFFERENT BENEFITS 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

Reasons for Consuming CBD:

1. Relieve Pain
2. Sleep Better
3. Manage Anxiety
4. Manage Stress

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



CANNABIS IS CPG

DO MULTI-STATE OPERATORS MIMIC CPG POWERHOUSES?

WHAT THEY ARE

- MSOs are cannabis companies that span across multiple legal cannabis states. The ones you hear about are powerhouses in brands and retail

HOW THEY ARE CHANGING THE CANNABIS LANDSCAPE

- They are large organizations established to expand geographical footprint of brands, products, and retail
- 6 of the 10 leading cannabis brands tracked by BDSA are owned by MSOs. They are dominating top brands in new markets such as Illinois and Massachusetts
- More and more they are becoming the first entrants into up-and-coming states, either through expansion or M&A



BDSA TOP CANNABIS BRAND EXAMPLES

Brands selected based on volumetric performance, growth, and/or market expansion

INHALABLES



#1 brand in all of cannabis with success in flower, vape and concentrates



#1 brand in IL with expanding geographic footprint with “elevating the everyday” message



#1 brand in California and growing. Success with Original Pods and now expanding categories



Top brand with CA only focus, dominate the Live Resin Vape category

EDIBLES



As the #1 brand in CO, continue to expand their line with new technologies



#1 edibles brand in CA and strong expansion into other geographies



#1 edibles brand overall combined across all markets. Highly relevant focus on quality ingredients at reasonable price



Green Thumb brand with success across wide range of geographies with both chocolate and gummies

DO THE RULES OF CPG APPLY TO CANNABIS....YES & NO

PRICE MATTERS

“PRICE” is consistently a top-3 claimed driver of product choice with ~30% saying that price influences their purchase decision. It falls just behind taste/flavor and high THC content.

Price alone does not indicate quality or premium. BUT there are drivers and product attributes that cannabis consumers WILL pay more for.

BUT NOT NATIONAL

There are no national standards- the exact same product (same size, variety, THC content, etc.) can have dramatically different pricing by state/province

BRANDS MATTER...ISH

Brand alone doesn't seem to matter at the surface, BUT a good experience, trusted recommendation, and brand familiarity does. These benefits tie back to brand.

Brand dominance does not yet exist and brand rankings shift constantly.

DO THE RULES OF CPG APPLY TO CANNABIS....YES & NO

Top 5 Edibles Brands: CA Market Over Time

Brand Rank	2018	2019	2020	2021 YTD
Rank 1	Kiva Confections	Kiva Confections	Kiva Confections	Kiva Confections
Rank 2	Plus Products	Plus Products	Wyld	Wyld
Rank 3	Big Pete's Treats	Sunderstorm	Sunderstorm	Sunderstorm
Rank 4	Sunderstorm	Smokiez	Plus Products	Plus Products
Rank 5	Flav	Wyld	Smokiez	Smokiez

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

IT'S A NEW GAME. DATA. DEEPER.

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