CANNABIS-INFUSED FOOD AND BEVERAGES BY THE NUMBERS

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CANNABIS PRODUCTS EXCHANGE
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BDSA PROVIDES A COMPLETE VIEW OF THE GLOBAL CANNABIS 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
LEGAL CANNABIS IS...

Everyone

Rapid Innovation


Mainstream
HOWEVER, IT IS ALSO . . .

Confusing

Different than “CPG”

Challenged

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

...of adults 21+ in fully legal U.S. states consumed cannabis in the past 6 months or are open to consuming cannabis

66% in CANADA

Source: BDSA Consumer Research: Fall 2021 U.S. Adults 21+ in Legal Level 1 States
THE CONSUMER POPULATION, EVEN IN MATURE MARKETS, GREW IN 2021

Percent of Adult Population who are Cannabis Consumers
Consumers = Past 6 Months

Level 1  Level 2  CAN  MA  CA  CO

2H 2020: 43% 32% 37% 41% 45% 48%
2H 2021: 47% 38% 37% 46% 45% 50%

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 2020-2H 2021
CONSUMER ADOPTION GREW IN 2021, AND CONSUMERS ARE CONSUMING ACROSS MORE FORMS AND MORE FREQUENTLY

Source: BDSA Trending Consumer Insights, 2H 2020 vs. 2H 2021
STATE OF THE INDUSTRY
2021 SAW SUBSTANTIAL GROWTH

Source: BDSA Retail Sales Tracking 2020 vs. 2021
NOT SURPRISINGLY, THE US REMAINS THE LARGEST GLOBAL LEGAL MARKET

BDSA Global Legal Cannabis Forecast (USD, billions)

$61B

$28B

Source: BDSA Forecast, as of February 2022
US MARKET DRIVEN BY ADULT-USE

BDSA US Legal Cannabis Forecast (USD, Billions)

Source: BDSA Forecast, as of February 2022

BDSA Top 2026 US Markets:
1. California
2. New York
3. New Jersey
4. Florida
5. Michigan
NEW STATES LEGALIZE; US MARKET GROWS

<table>
<thead>
<tr>
<th>MEDICAL</th>
<th>ADULT-USE</th>
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<tbody>
<tr>
<td><strong>2021</strong></td>
<td></td>
</tr>
<tr>
<td>West Virginia</td>
<td>Arizona, Marianas</td>
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<tr>
<td>Georgia, Mississippi, South Dakota, US Virgin Islands</td>
<td>Connecticut, Guam, Montana, New Jersey, New Mexico, Rhode Island, Vermont</td>
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<tr>
<td><strong>2022</strong></td>
<td></td>
</tr>
<tr>
<td>Alabama, Kentucky, North Carolina, South Carolina, Wisconsin, Wyoming</td>
<td>Delaware, D.C., New York, North Dakota, Ohio</td>
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<tr>
<td><strong>2023</strong></td>
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<tr>
<td>Idaho, Indiana, Kansas, Nebraska, Tennessee</td>
<td>Florida, Maryland, Missouri, Pennsylvania, South Dakota, Virginia</td>
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<tr>
<td><strong>2024</strong></td>
<td></td>
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</tbody>
</table>

Source: BDSA Forecast, as of February 2022
Note: Timeline refers to start of retail sales; as of BDSA market forecast released February 2022
CALIFORNIA CONTINUES TO TOP THE US MARKET

BDSA US Legal Cannabis Forecast (USD, billions)

Source: BDSA Forecast, as of February 2022
Q1 2022 TOP SELLING ($) BRANDS (AZ, CA, CO, IL, MA, MD, MI, MO, NV, OR, PA)

1. RYTHM (Green Thumb)
2. CRESCO CANNABIS (Cresco Labs)
3. STIIIZY (Shryne Group)
4. SELECT (Curaleaf)
5. WYLD

Source: BDSA RETAIL SALES TRACKING 2021—AZ, CA, CO, IL, MA, MD, MI, MO, NV, OR, PA
NOW FOR MORE FUN...
EDIBLES AND BEVERAGES
CONSUMERS SEEK DIFFERENT BENEFITS BY FORM FACTOR

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: 2H 2021 U.S. Adults 21+ in Legal Level 1 States
TOP 3 REASONS CONSUMERS CONSUME EDIBLES

SLEEP BETTER

RELAX / BE MELLOW

RELIEVE PAIN

50% to Sleep Better

45% to Relax

41% to Relieve Pain

Source: BDSA Trending Consumer Insights, 2H 2021 in Fully Legal states
US Legal Cannabis Spending Growth in Regulated Dispensary Channel (% vs. 2021)

By 2026, dollar sales will be...

- **Edibles**: 2.2x
- **Total Market**: 1.9x

... vs. 2021

Source: BDSA Forecast, as of February 2022
OF CANNABIS CONSUMERS...

74% Consume Edibles

34% Prefer Edibles

Source: BDSA Trending Consumer Insights, 2H 2021 in Fully Legal states
WHAT DRIVES EDIBLES PURCHASING DECISIONS?

Among Dispensary Shoppers Preferring Edibles

#1 Taste or Flavor (39%)
#2 Is a Brand I’ve Used Before (29%)
#3 Low Price (27%)

Source: BDSA Trending Consumer Insights, 2H 2021 in Fully Legal states
US EDIBLES DOMINATED BY CANDY, DRIVEN BY GUMMIES

Dollar Sales Spend Edibles Category

- Candy
  - Gummie Candy 89%
  - Taffy 5%
- Beverages
- Infused Foods
- Other Edibles
- Pills
- Chocolates
- Culinary

Source: BDSA Sales Tracking, Full year 2021 Dollar Sales: AZ, CA, CO, OR, NV, MD, MA, MI, MO, IL, FL, PA

2021 Total Edibles $ Growth vs. 2020

+30%
Q1 2022 TOP SELLING ($) EDIBLE BRANDS (AZ, CA, CO, IL, MA, MD, MI, MO, NV, OR, PA)

1. WYLD
2. KIVA
3. WANA
4. INCREDIBLES (Green Thumb)
5. 1906

Source: BDSA RETAIL SALES TRACKING 2021—AZ, CA, CO, IL, MA, MD, MI, MO, NV, OR, PA
IS THERE MORE TO EDIBLES THAN GUMMIES?

PILLS: 1906
+39%

Pills $ 2020 vs. 2021

#1 PILL BRAND
37% OF PILL $ Sales

Next closest at 16%

Source: BDSA 2021 Retail Sales Tracking
OF CANNABIS CONSUMERS...

30% Consume Beverages

4% Prefer Beverages

Source: BDSA Trending Consumer Insights, 2H 2021 in Fully Legal states
US BEVERAGES SMALL (5% $) BUT GROWING

US Beverage Sales (Dollars)

**DRINKS**
Carbonated Drinks 47%
Non-Carbonated Drinks: 31%

2021 US Total Beverage $ Growth vs. 2020

Source: BDSA Sales Tracking, Full year 2021 Dollar Beverage Sales: AZ, CA, CO, OR, NV, MD, MA, MI, MO, IL, FL, PA
Q1 2022 TOP SELLING ($) BEVERAGE BRANDS (AZ, CA, CO, IL, MA, MD, MI, MO, NV, OR, PA)

1. KEEF
2. CANN
3. LEVIA (AYR)
4. PTS
5. SELECT (CURALEAF)

Source: BDSA RETAIL SALES TRACKING 2021—AZ, CA, CO, IL, MA, MD, MI, MO, NV, OR, PA
AND CBD IN DISPENSARIES…

+12% Avg Retail Price for Cannabis Edibles with CBD

366/697 Edibles Brands offer at least one CBD SKU

Wyld
1906
Wana
Plus Products
Incredibles

Source: BDSA 2021 Retail Sales Tracking
BDSA QUICK HITS: SOVENTLESS EDIBLES

Some Examples...

710 Labs Hash Rosin Gummi

LEVEL Hashtag

Wana Spectrum
dialed in...gummies

Source: BDSA US Retail Sales Tracking
BDSA QUICK HITS: STRAIN SPECIFIC EDIBLES

Some Examples...

PLUS strains

KIVA Lost Farm

dialed in...gummies
BDSA QUICK HITS: MINOR CANNABINOIDs

Some Examples...

WYLD (CBG)  WANA (THCV)  KIVA (CBN)
OF CANNABIS ACCEPTORS (non-consumers)...

45% Would Consider Edibles

23% Would consider Inhalables

55% Would consider Topicals

Source: BDSA Consumer Research 2H 2021: U.S. adults 21+ in Fully Legal US States
WHAT IS STILL TO COME IN 2022?
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.
BDSA FULL YEAR 2022 PREDICTIONS

1. Classification (indica, sativa, hybrid) will fade away as a designation of the consumer experience – cannabinoid content and terpene driven benefits are the way of the future

2. Brand recognition will grow, and dare we say, brand loyalty will emerge

3. More blatant quality cues will drive greater pricing differentiation

4. The race for global cannabis dominance is well on its way – but traditional CPG will not lead the way

5. The FDA will continue to limit the potential of the mainstream CBD market (indefinitely?)

6. Vape will continue to survive (and thrive) despite reputational hits
IT’S A NEW GAME.
DATA. DEEPER.

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