CANNABIS BY THE NUMBERS

BEER MARKETER'S INSIGHTS

5.12.22

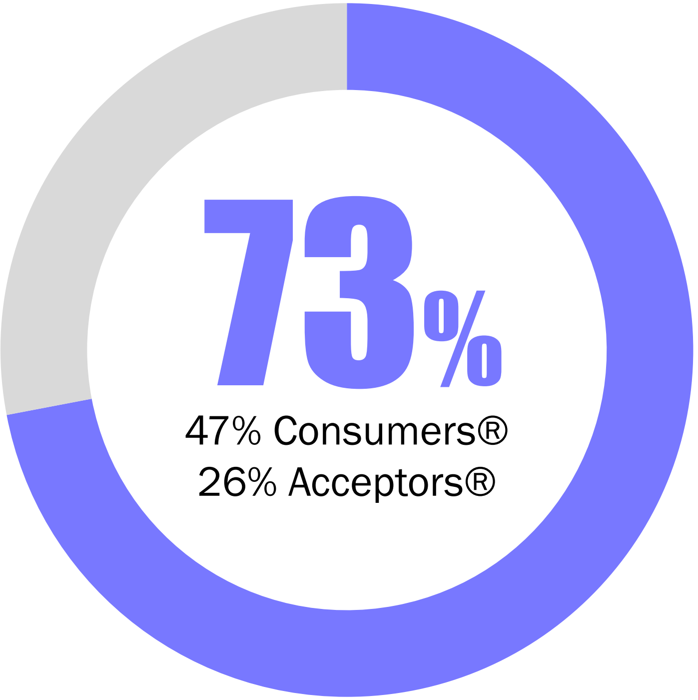
BDSA PROVIDES A COMPLETE VIEW OF THE GLOBAL CANNABIS MARKET OF TODAY AND TOMORROW

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

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



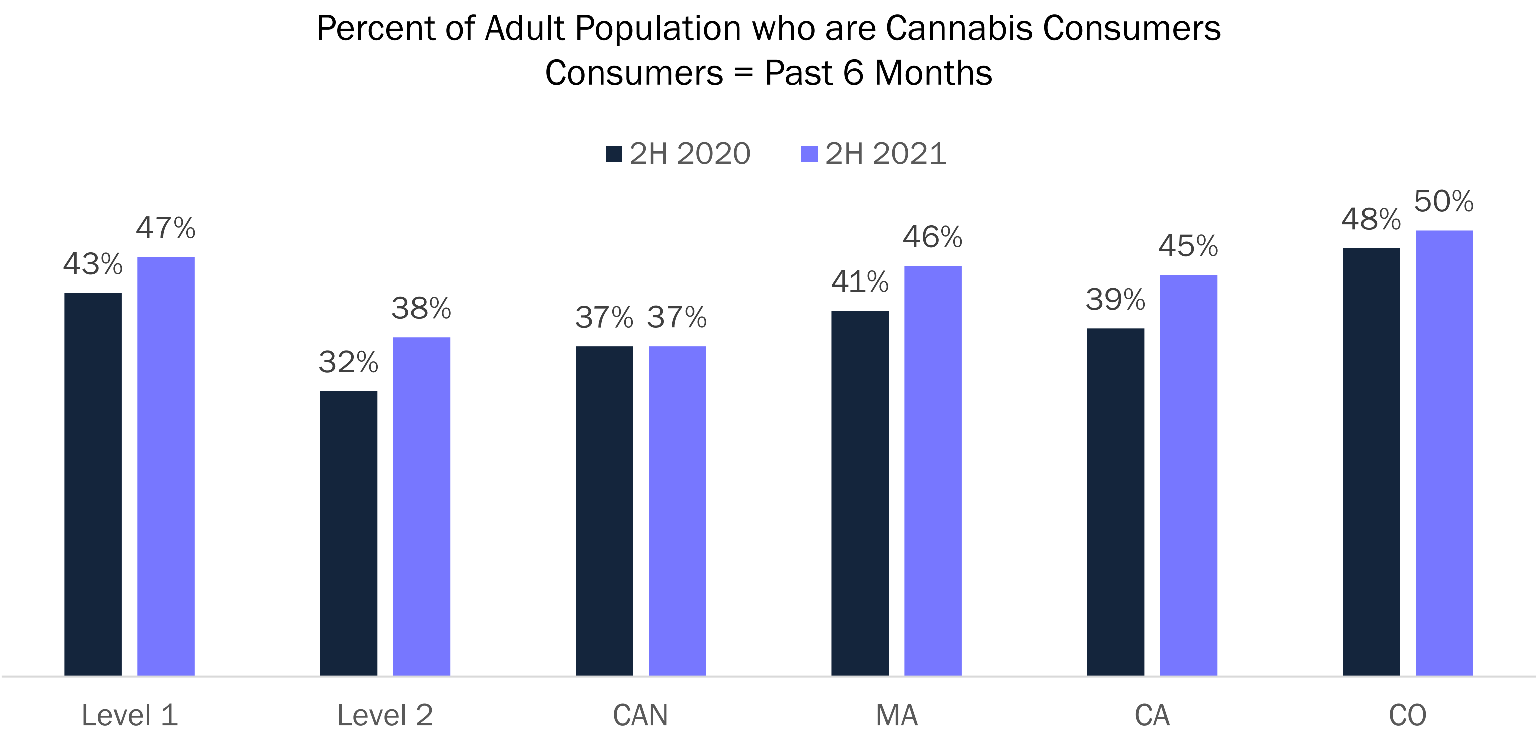
66% in CANADA

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

27% are **Rejecters®**
(would not consider in the future)

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



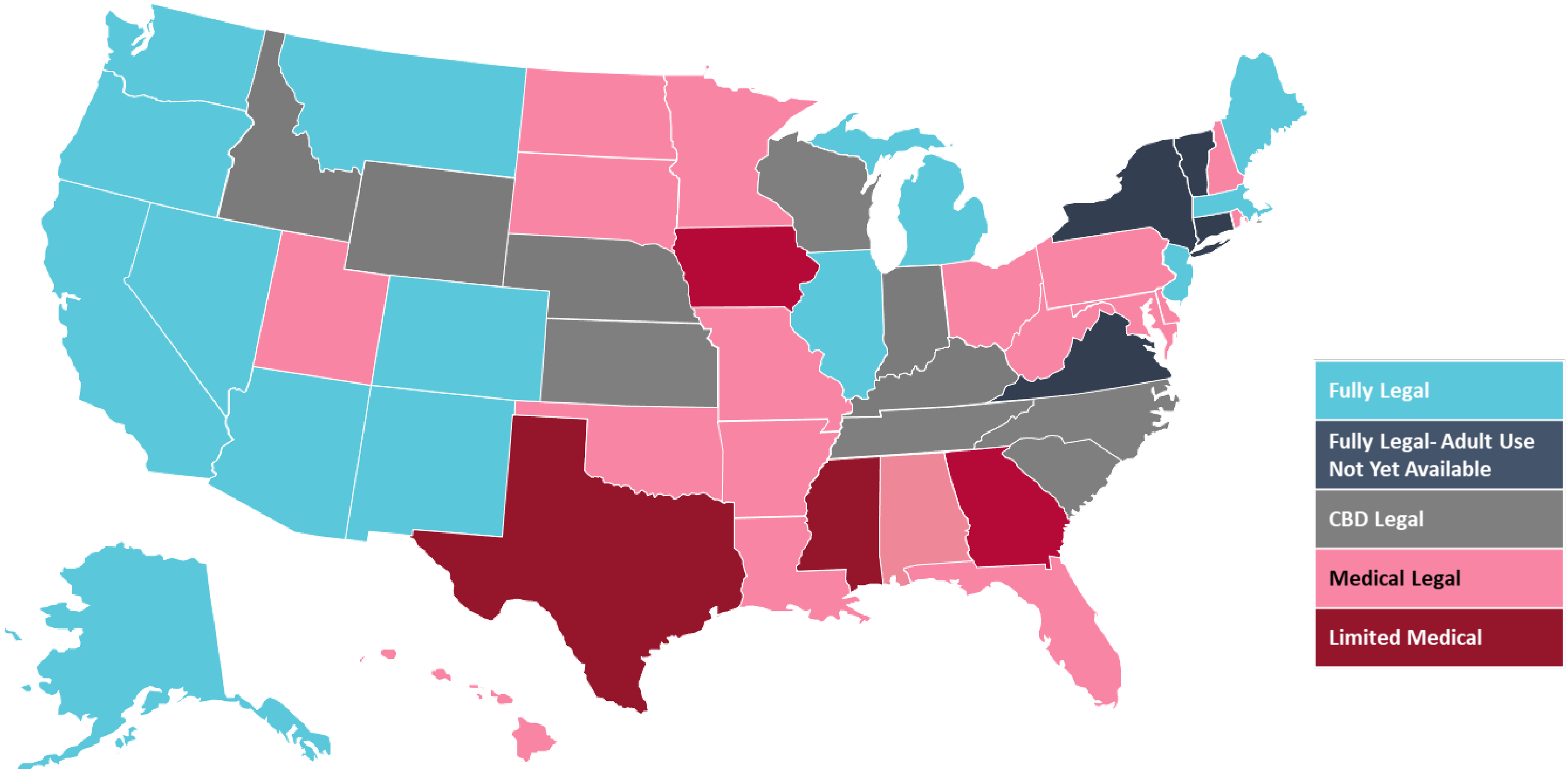
IMPORTANT BDSA CONSUMER INSIGHTS TERMINOLOGY:

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

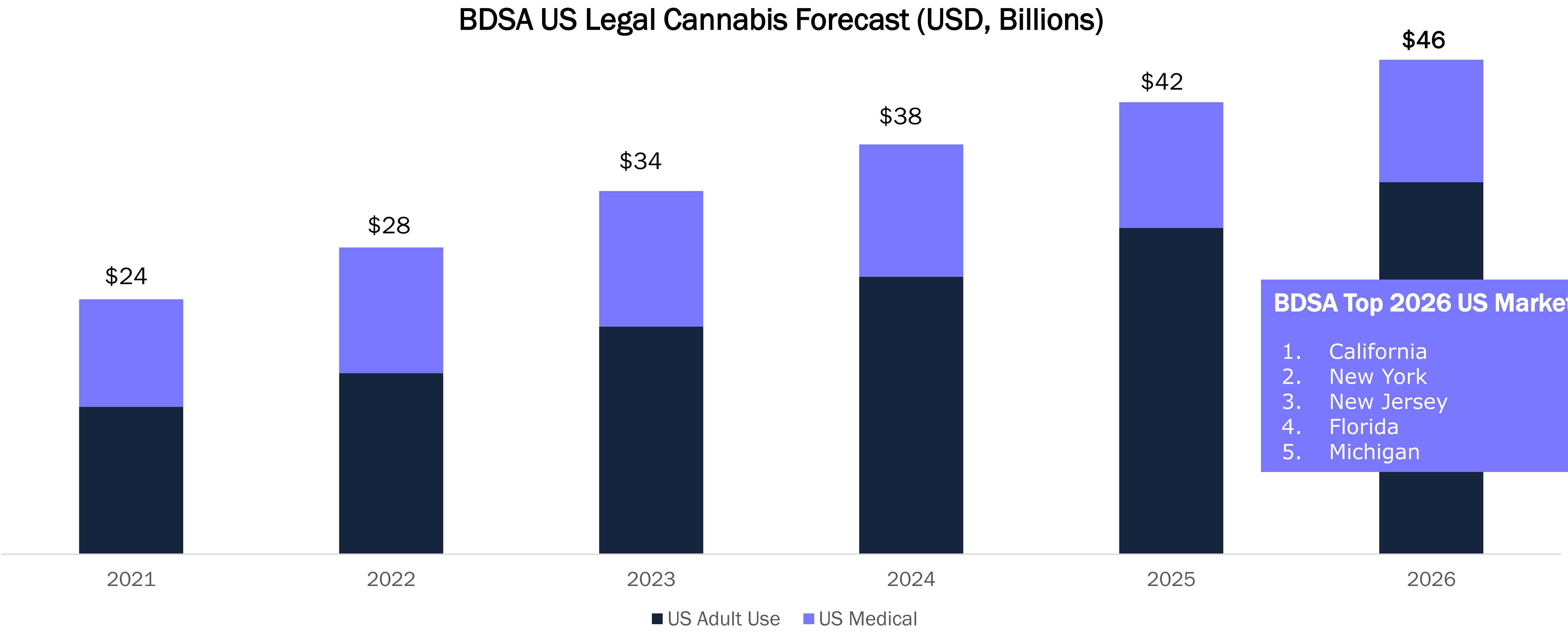
Source: BDSA Trending Consumer Insights, 2H 2020-2H 2021

STATE OF THE INDUSTRY

REGULATIONS LOOSENING ACROSS THE US (SEGMENTS AS OF MAR 2022)



GLOBAL MARKET ($61B) DRIVEN BY US; US DRIVEN BY ADULT-USE

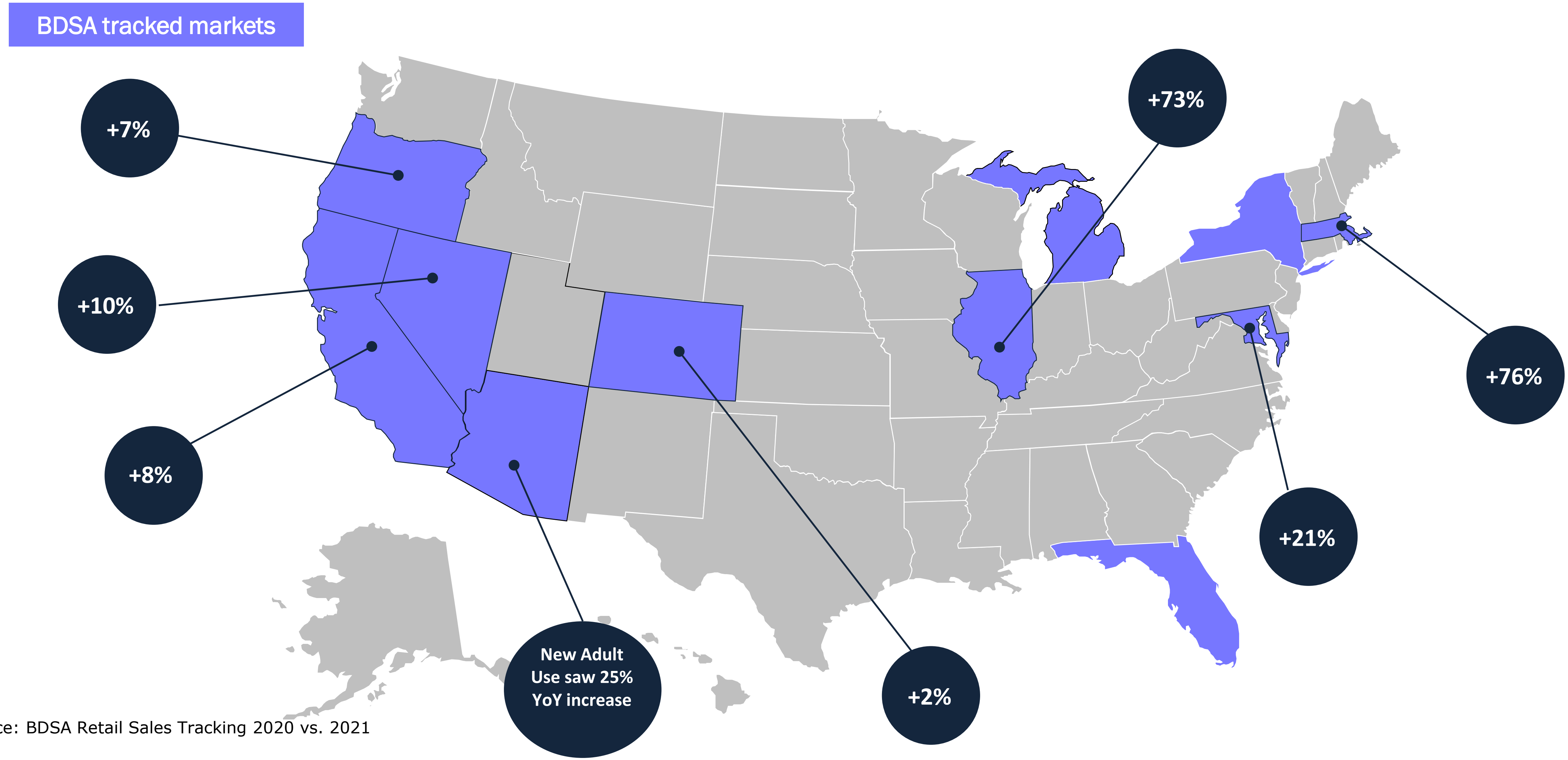


BDSA Top 2026 US Markets:

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

Source: BDSA Forecast, as of February 2022

2021 SAW SUBSTANTIAL GROWTH



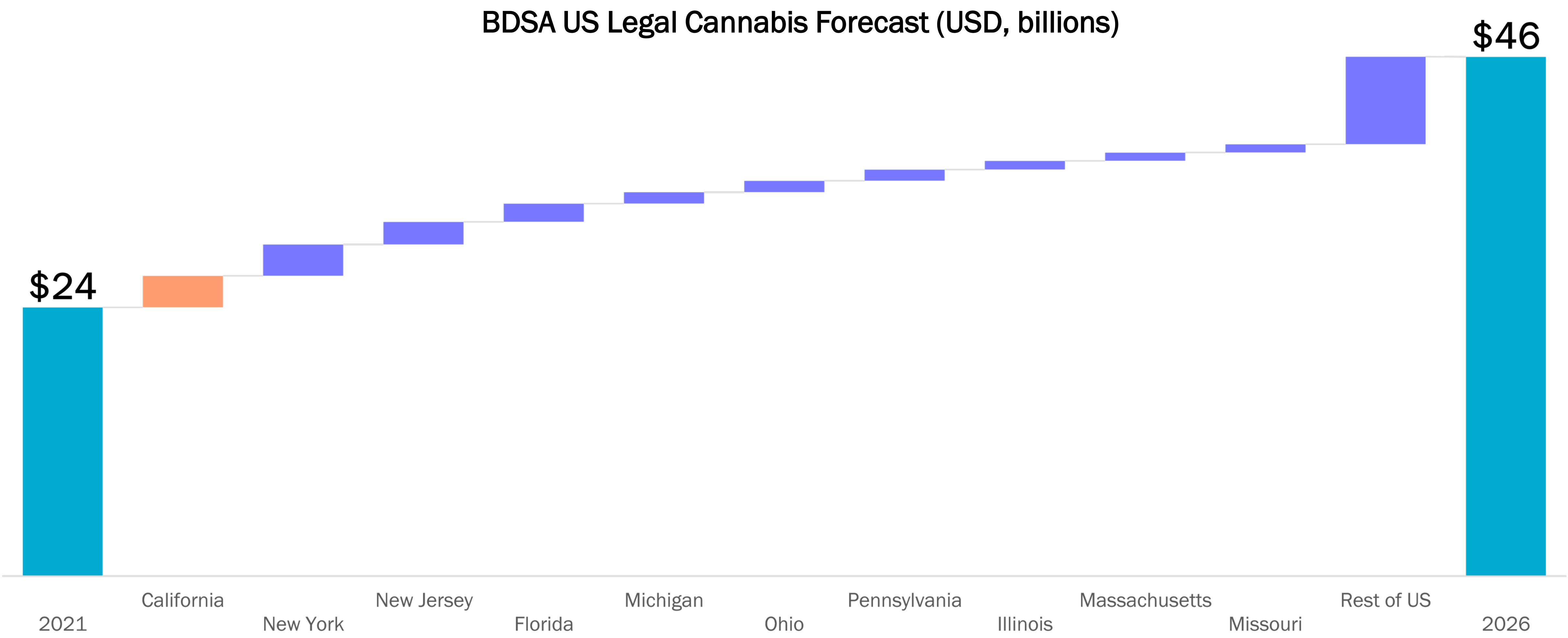
Source: BDSA Retail Sales Tracking 2020 vs. 2021

NEW STATES LEGALIZE; US MARKET GROWS

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

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



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 Q1 2022—AZ, CA, CO, IL, MA, MD, MI, MO, NV, OR, PA

NOW FOR MORE FUN… BEVERAGES

CONSUMERS SEEK DIFFERENT BENEFITS BY FORM FACTOR

RELAX / BE MELLOW

#1 reported benefit
of consumption for
Inhalable consumers

RELIEVE PAIN

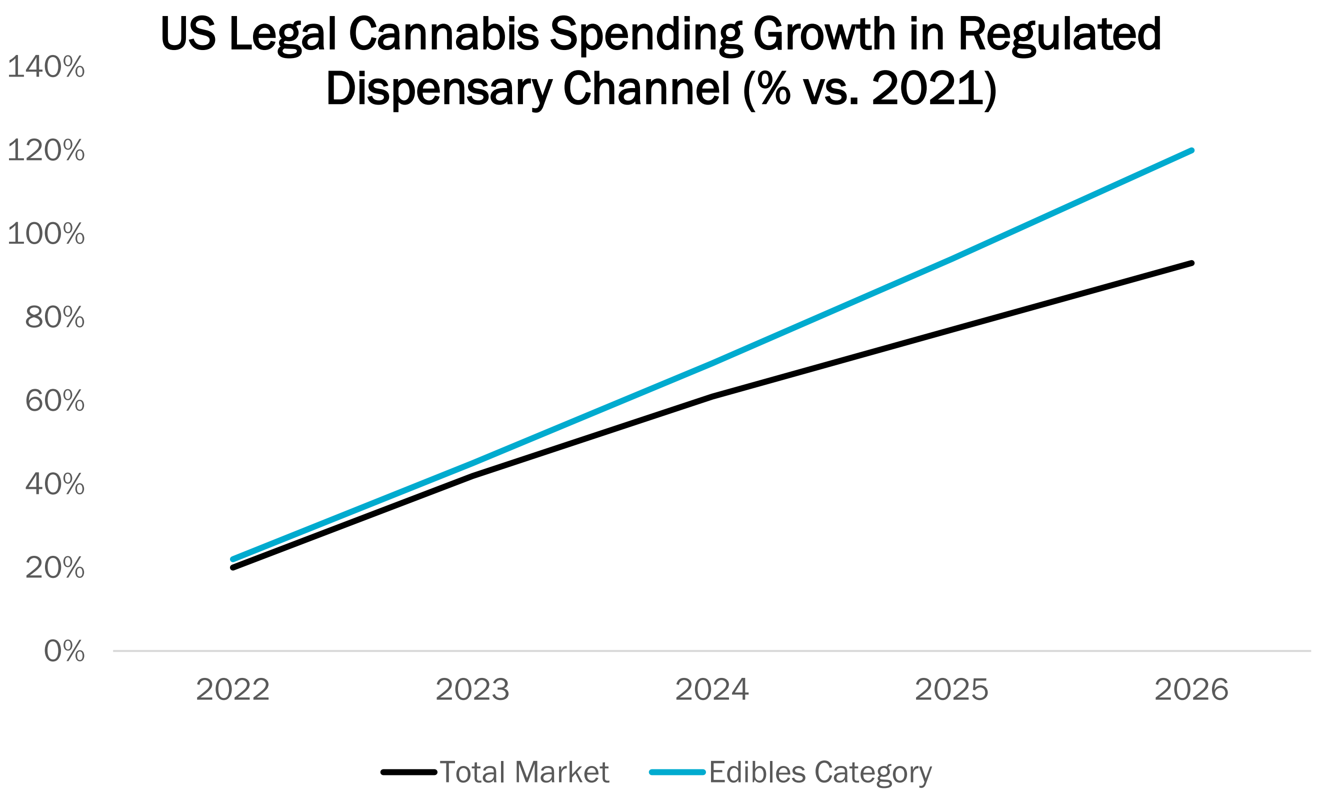
#1 reported benefit
of consumption for Topical
consumers

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

EDIBLES ARE ~15% OF US DOLLAR SALES AND GROWING



By 2026, dollar sales will be…

2.2x

Edibles

1.9x

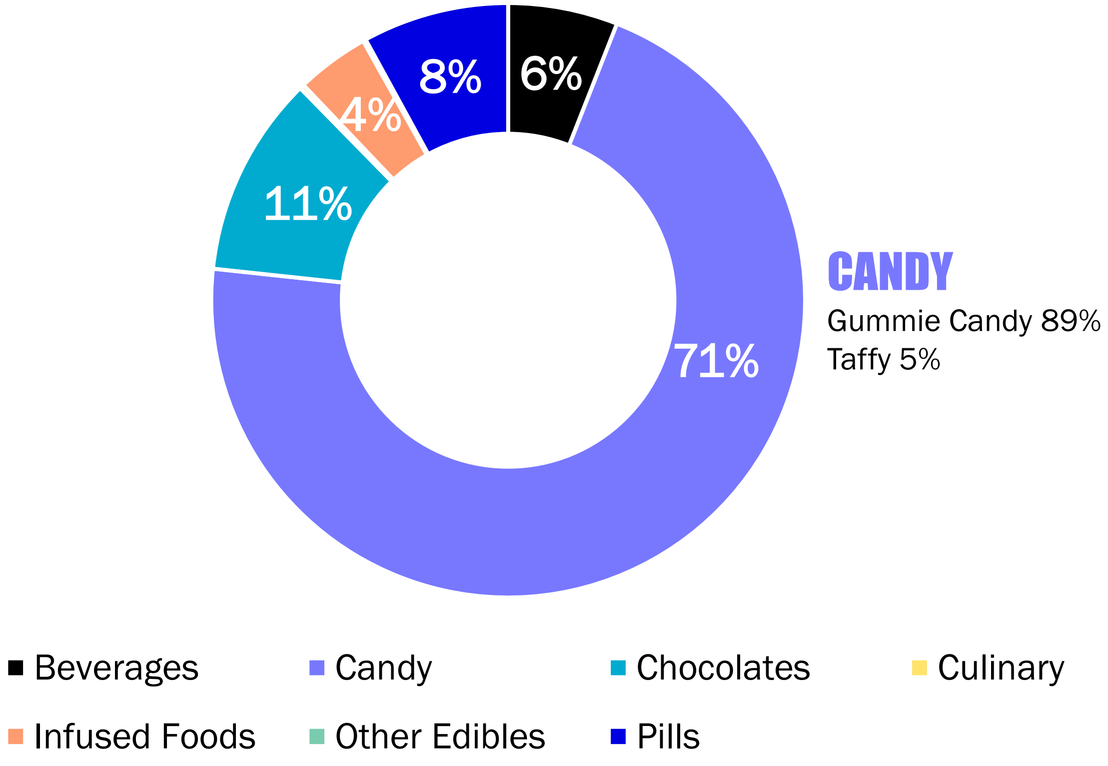
Total Market

… vs. 2021

Source: BDSA Forecast, as of February 2022

US EDIBLES DOMINATED BY CANDY, DRIVEN BY GUMMIES

Dollar Sales Spend Edibles Category



+30%

2021 Total Edibles $ Growth vs. 2020

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

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 Q1 2022—AZ, CA, CO, IL, MA, MD, MI, MO, NV, OR, PA

OF CANNABIS CONSUMERS…

30%
Consume Beverages

4%
Prefer Beverages

Source: BDSA Trending Consumer Insights, 2H 2021 in Fully Legal states

TOP 3 REASONS CONSUMERS CONSUME EDIBLES (AND BEVERAGES)

SLEEP BETTER

50% to Sleep Better

RELAX / BE MELLOW

45% to Relax

RELIEVE PAIN

41% to Relieve Pain

Source: BDSA Trending Consumer Insights, 2H 2021 in Fully Legal states

WHAT DRIVES EDIBLES (AND BEVERAGES) PURCHASING DECISIONS?

Among Dispensary Shoppers Preferring Edibles

#1 Taste or Flavor

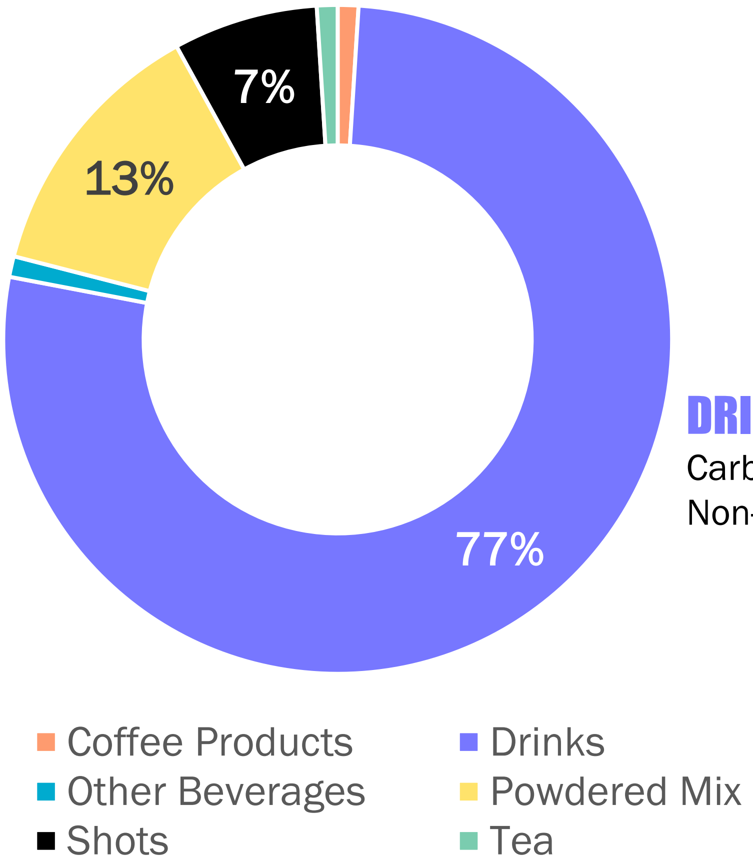
#2 Is a Brand I've Used Before

#3 Low Price

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%

+63%

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

BDSA

Q1 2022 TOP SELLING ($) **BEVERAGE** BRANDS (AZ, CA, CO, IL, MA, MD, MI, MO, NV, OR, PA)

1 KEEF

2 CANN

3 PTS

4 LEVIA (AYR)

5 SELECT (CURALEAF)

Source: BDSA RETAIL SALES TRACKING Q1 2022—AZ, CA, CO, IL, MA, MD, MI, MO, NV, OR, PA

WHAT'S WINNING

1. **Single-Serve dominates, but Multi-Serve options also rank among top products**

2. **Potency Depends on Positioning**
   - Beverages continue to serve a broad range of experiences and need states, for which different cannabinoid combinations and concentrations are needed.

3. **The most popular use cases for Beverages tend to be around general well-being and unwinding**
   - Overwhelmingly, the claimed need states are either centered around mood (relaxing, having fun, feeling peaceful/happy), or improving overall well-being (relieve or manage pain, anxiety, stress, better sleep, etc).

4. **Top Brands command the highest-performing products nationally**
   - Despite the entry and rapid growth of new brands and introduction of 60 new products vs. last year, the only new entrants whose products are among the Top 20 nationally belong to the Top 10 Brands

5. **New product forms becoming more prominent among top performing products**
   - The top product across BDSA Tracked Markets is a Powdered Mix despite Carbonated/Noncarbonated Drinks being the dominant subcategory, potentially paving the way for more adoption and growth of alternate beverage and additive types to flourish

CANNABIS BEVERAGES CONSIDERATIONS

- The Beverages Category is expected to remain a small part of Cannabis overall, and this growth curve has only flattened since the last BDSA Forecast update with an observed slowdown of the total market in Q3 and Q4 2021

- Most Beverages remain in the Drinks subcategory (78%, no change since last update)

- CA, IL, MA, and MO are the top markets in terms of growth and new sales, with FL and MI also having launched Beverage sales in 2021

- Top Brands dominate the market nationally, with all top products across BDSA Tracked Markets coming from the Top 10 Brands

- Beverage adoption among consumers has slowed, with no growth in penetration since the last update. Consumption and spend rates have also lowered, but these observations are in line with the softening of the Cannabis market overall along with the global/US economy

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

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IT’S A NEW GAME.

DATA. DEEPER.

https://bdsa.com/contact/