



CANNABIS BEVERAGE MARKET OVERVIEW

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BEVNET LIVE

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



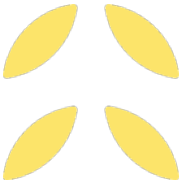
RETAIL SALES TRACKING

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

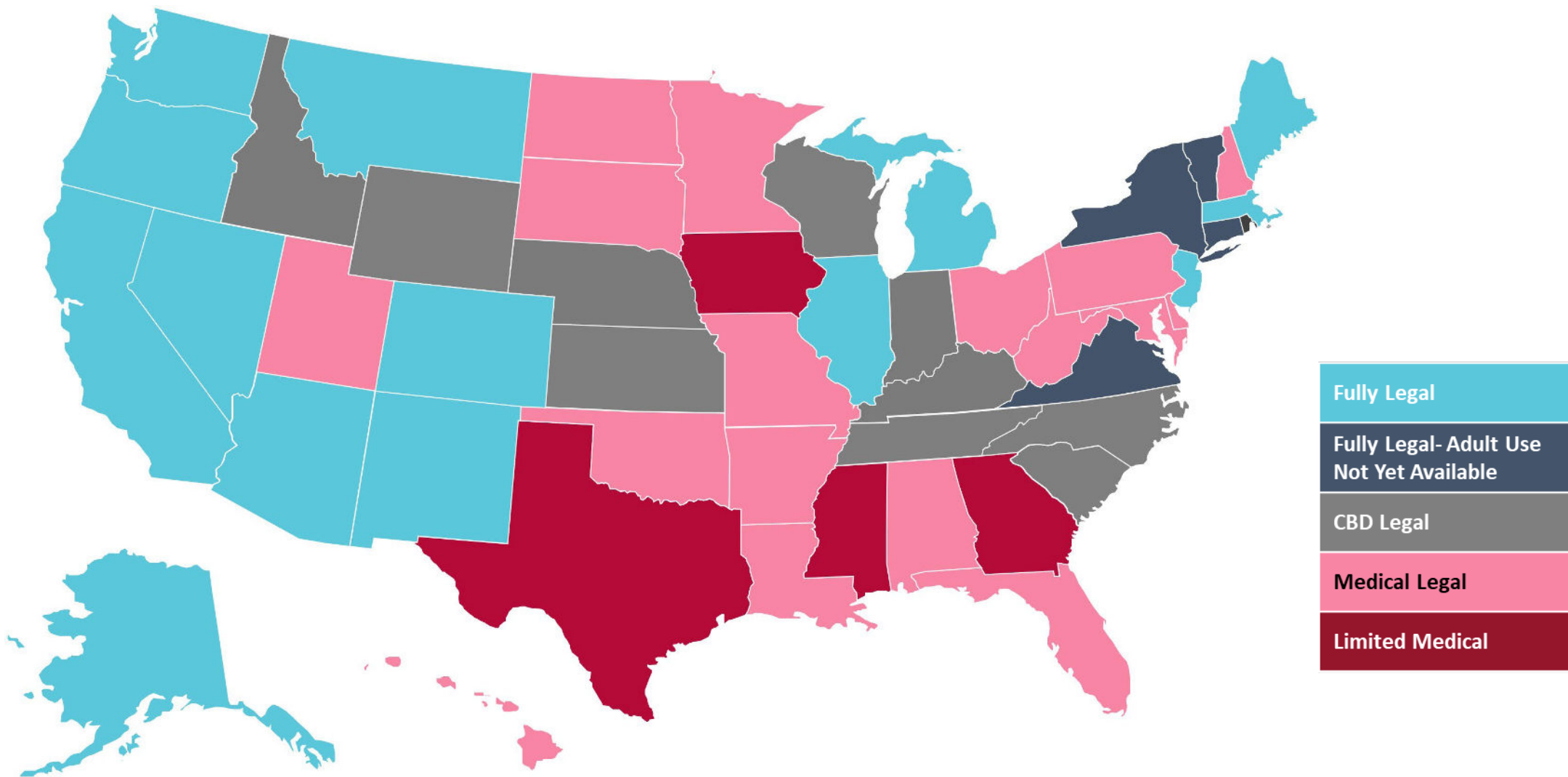
Understand consumer (and non-consumer) segments, sizing, behavior, consumption patterns, purchase habits, and more



STATE OF THE INDUSTRY

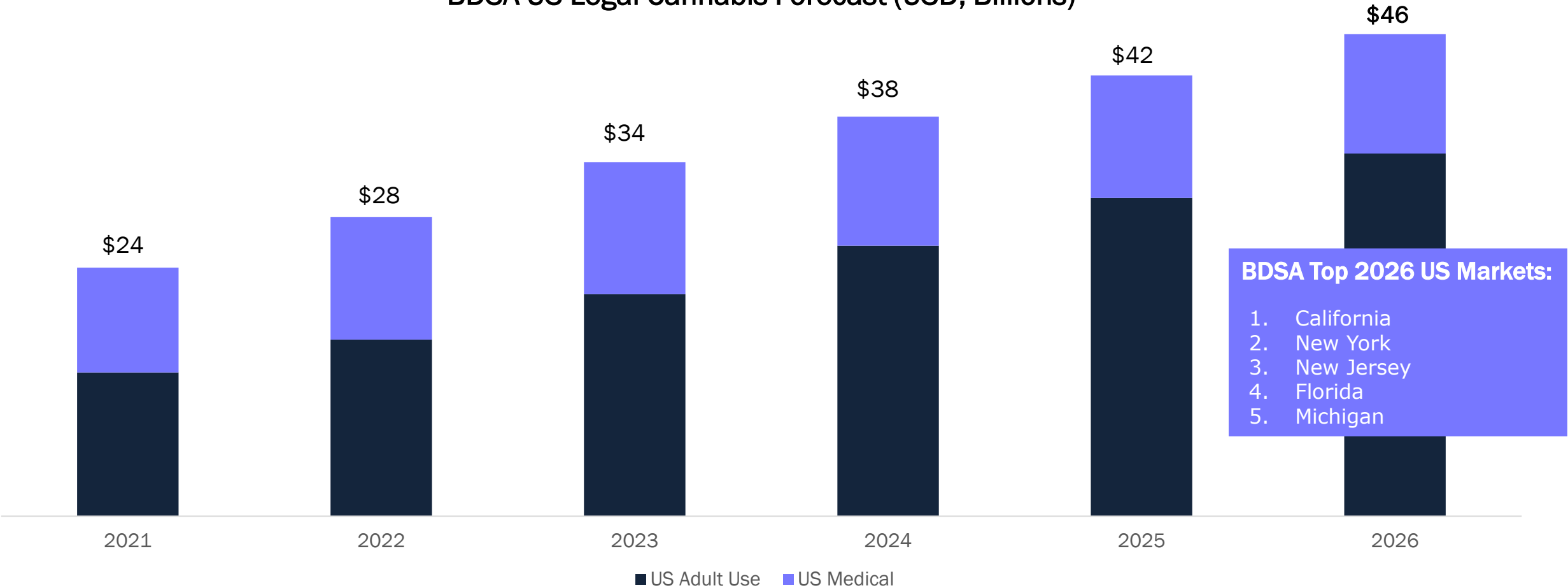


REGULATIONS LOOSENING ACROSS THE US (SEGMENTS AS OF JUNE 2022)



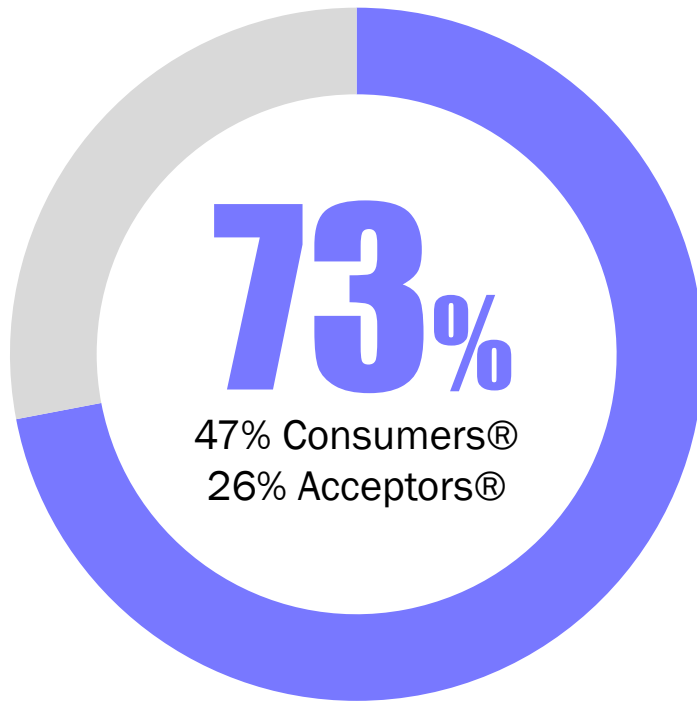
GLOBAL MARKET (\$61B) DRIVEN BY US; US DRIVEN BY ADULT-USE

BDSA US Legal Cannabis Forecast (USD, Billions)



Source: BDSA Forecast, as of February 2022

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



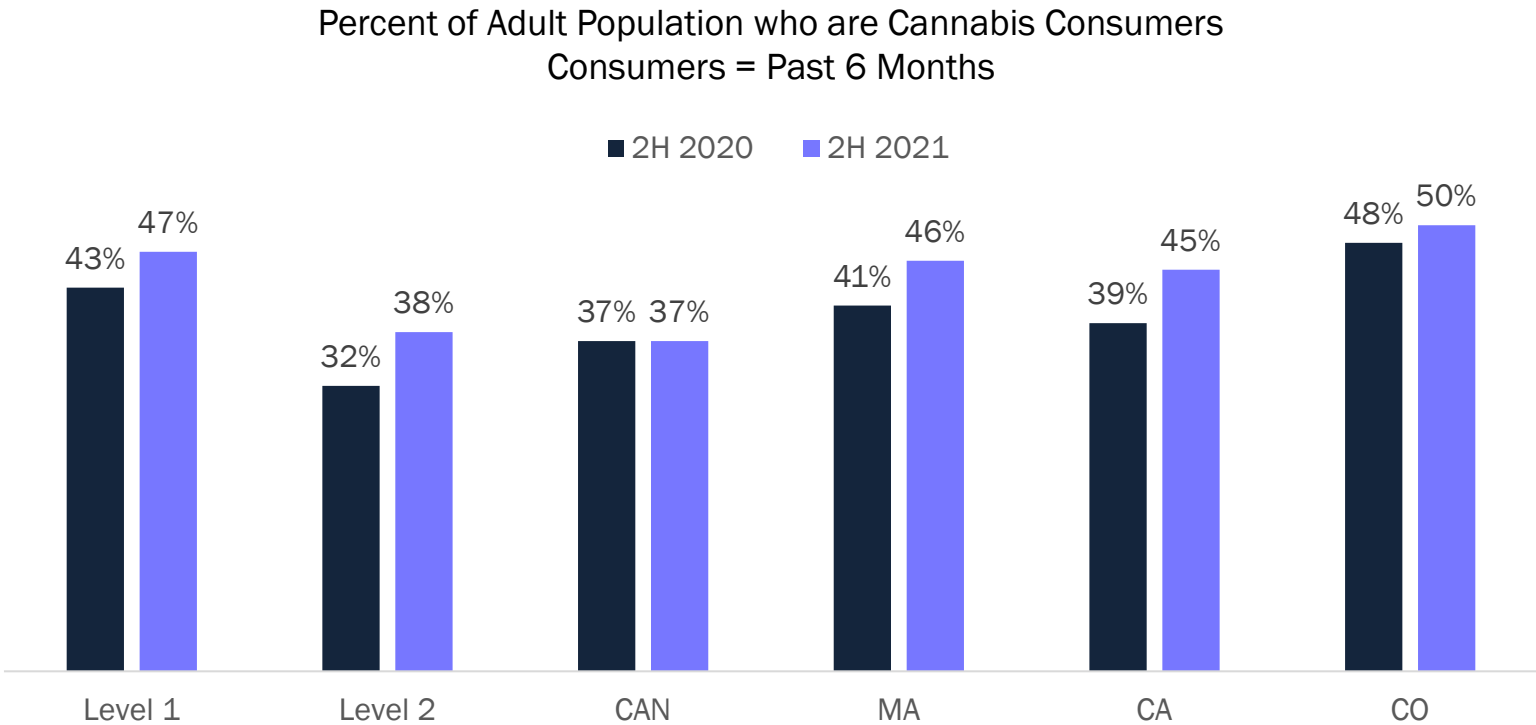
66% in CANADA

...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

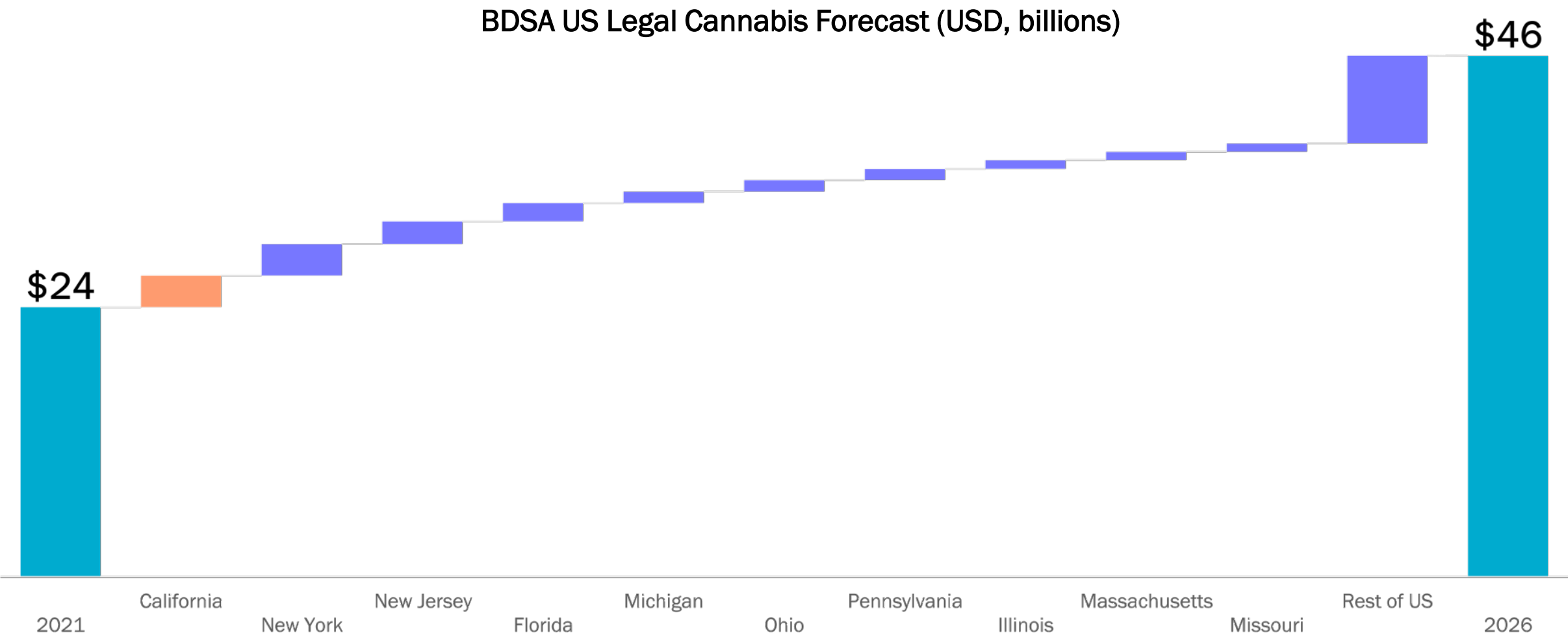
THE CONSUMER POPULATION, EVEN IN MATURE MARKETS, GREW IN 2021



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

CALIFORNIA CONTINUES TO TOP THE US MARKET



Source: BDSA Forecast, as of February 2022

MSO'S AND VAPE-FOCUSED BRANDS DOMINATE ACROSS BDSA-TRACKED MARKETS

1STIIIZY (Shryne Group)

2RYTHM (GTI)

3CRESCO CANNABIS (Cresco Labs)

4SELECT (Curaleaf)

5HIGH SUPPLY (Cresco Labs)

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

B D
S A



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

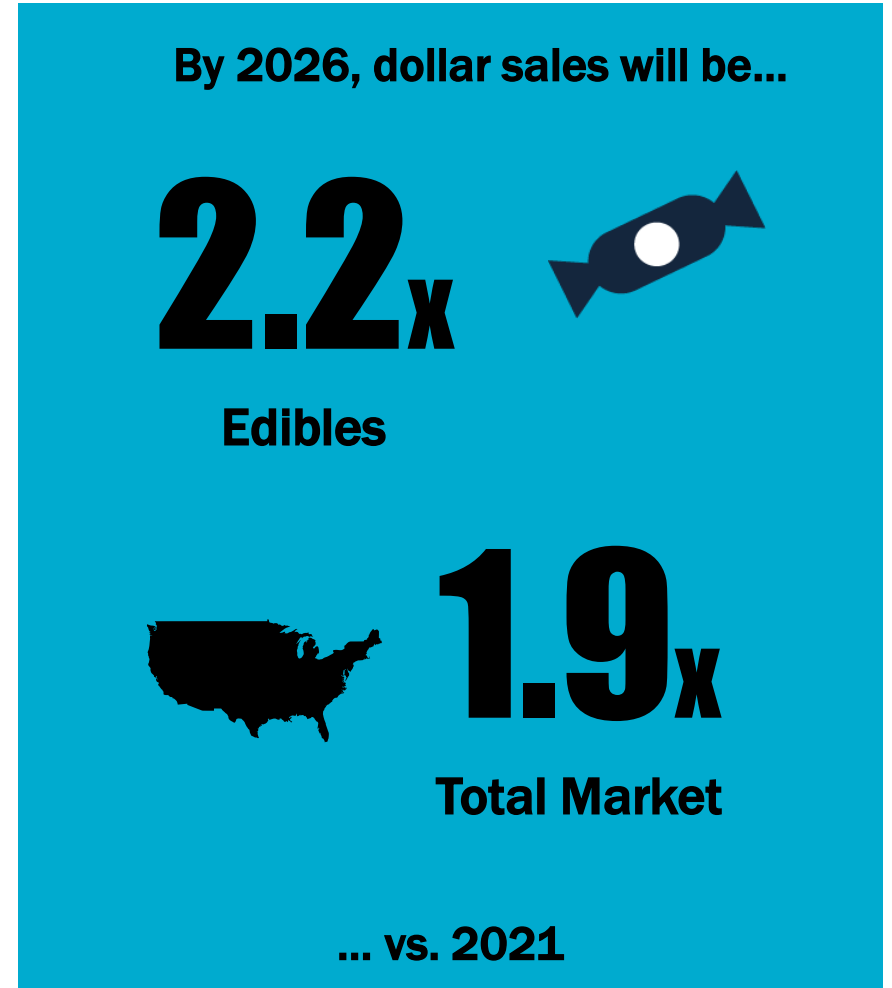
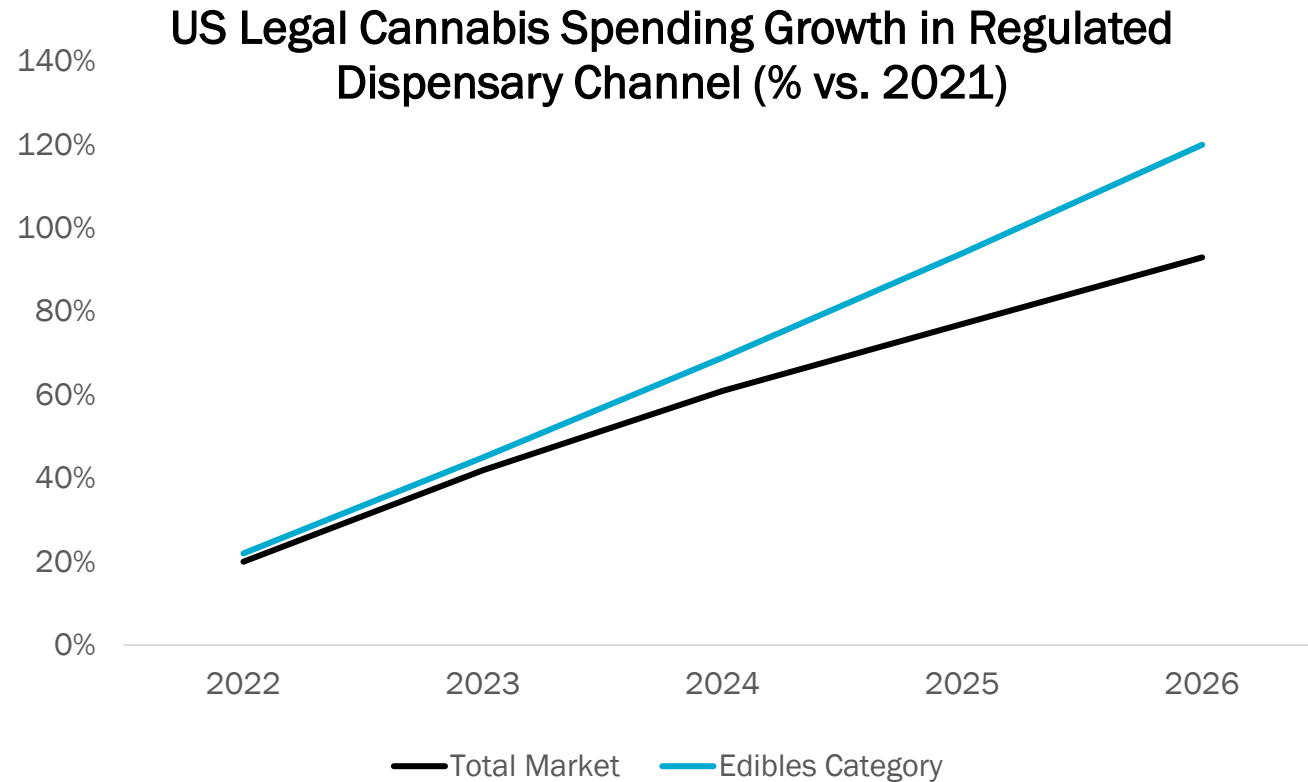


SLEEP BETTER

#1 reported benefit
of consumption for **Edible**
consumers

Source: BDSA Consumer Research: 2H 2021 U.S. Adults 21+ in Legal Level 1 States

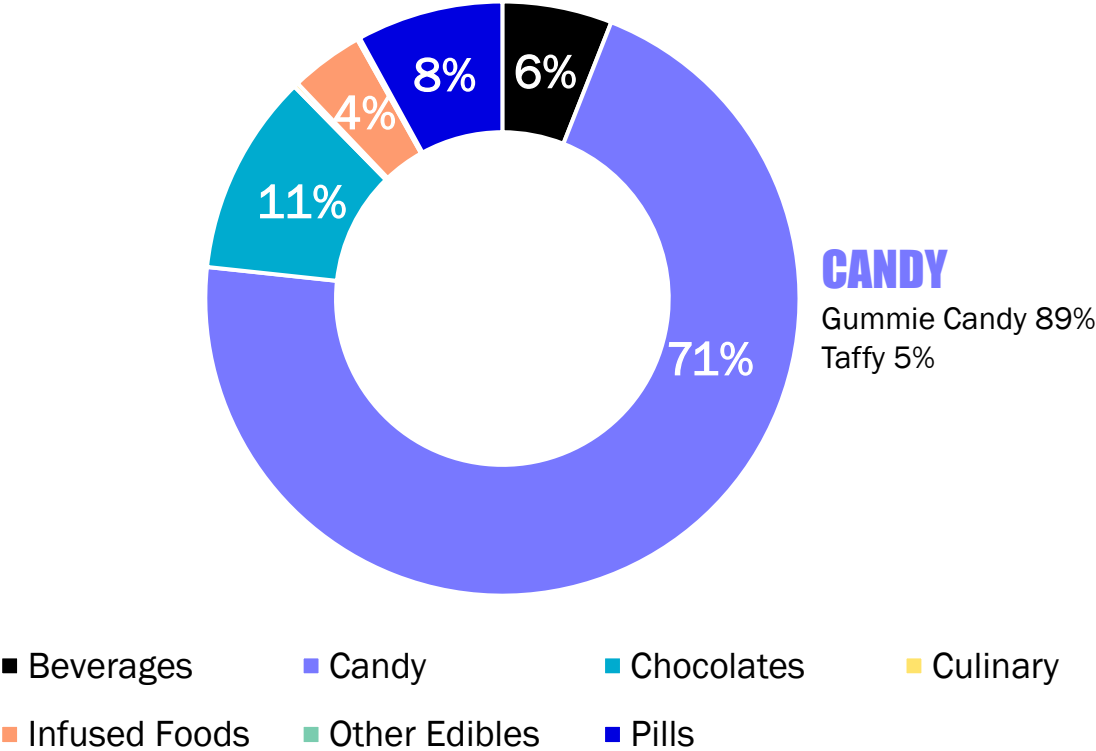
EDIBLES ARE ~15% OF US DOLLAR SALES AND GROWING



Source: BDSA Forecast, as of February 2022

US EDIBLES DOMINATED BY CANDY, DRIVEN BY GUMMIES

Dollar Sales Spend Edibles Category



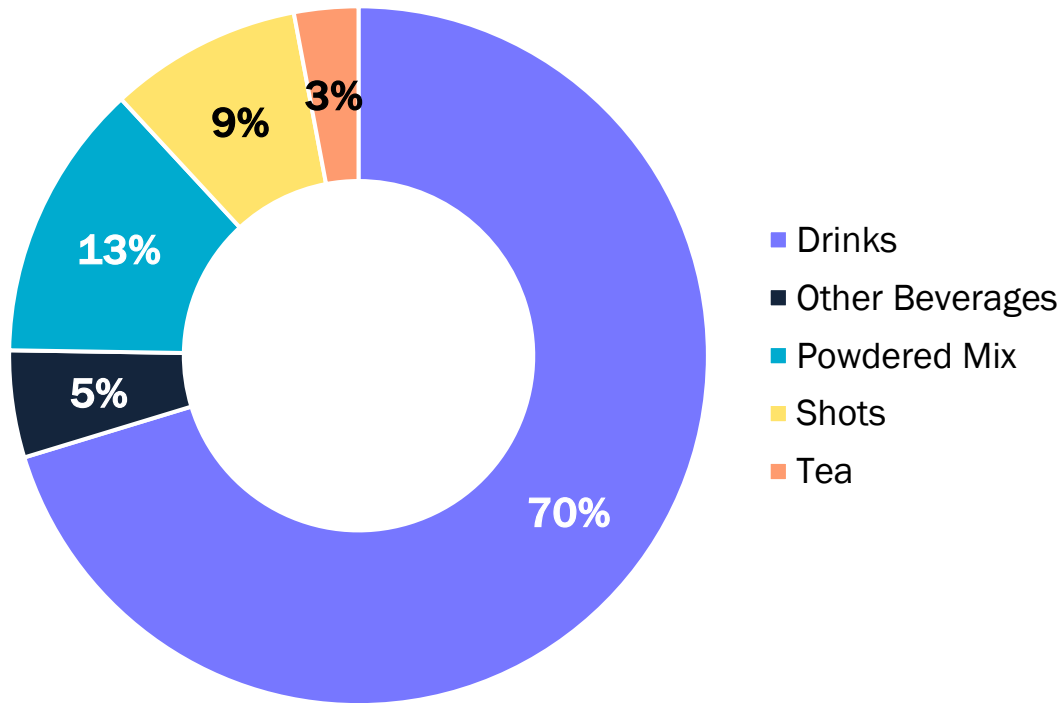
+30%

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

US BEVERAGES SMALL (5% OF \$ SALES) BUT GROWING

US Beverage Sales (Dollars)



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

OF CANNABIS CONSUMERS...

30%

Consume Beverages

4%

Prefer Beverages

BEVERAGE SALES INCREASING

+64%

2021 US Total Beverage \$ Growth vs. 2020

Source: BDSA 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

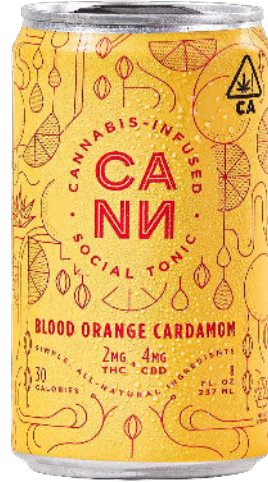
**RELIEVE
PAIN**



41% to Relieve Pain

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

Q1 2022 TOP SELLING (\$) BEVERAGE BRANDS



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

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

WHAT DRIVES EDIBLES (AND BEVERAGES) PURCHASING DECISIONS?

Among Dispensary Shoppers Preferring Edibles



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

CBD IN DISPENSARIES...

+14%

Avg Retail Price for
Cannabis Edibles with
CBD

317/618

Edibles Brands offer
at least one CBD SKU

Wyld
1906
Wana
Plus Products
Incredibles

Source: BDSA Q1 2022 Retail Sales Tracking

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



BEV/ALC CONSIDERATIONS



THE LONG-TERM IMPACT IS INEVITABLE

Half of all alcohol consumers now consuming cannabis

Q4 2021 Alcohol & Cannabis Consumption

Past 6 months in Legal Adult-Use States



Cannabis Consumers



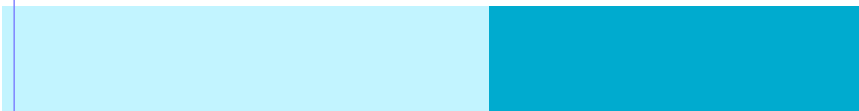
66%

Of Cannabis consumers **also** consumed Alcohol

Down from 67% in Q4 2020



Alcohol Consumers

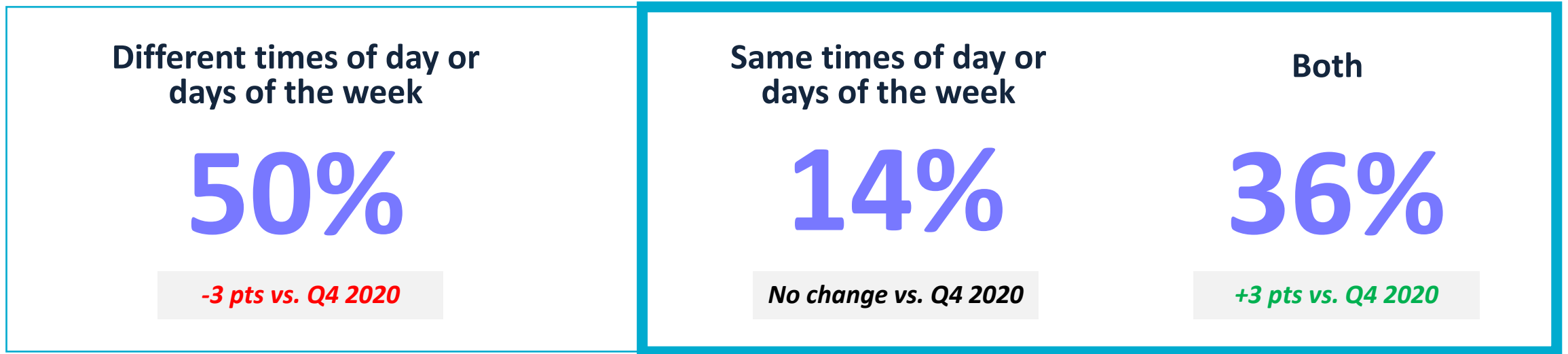


56%

Of Alcohol consumers **also** consumed Cannabis

Up from 49% in Q4 2020

HALF OF CO-CONSUMERS USE CANNABIS AND ALCOHOL FOR DIFFERENT OCCASIONS



Alcohol and cannabis TOGETHER, tend to be in intimate settings



~5% OF CO-CONSUMERS ARE AT RISK OF REDUCING ALCOHOL CONSUMPTION WHEN PAIRING

56%



14%



50%

Alcohol consumers also report P6M cannabis consumption

Co-consumers who consume at same time/day

Consume less alcohol when pairing

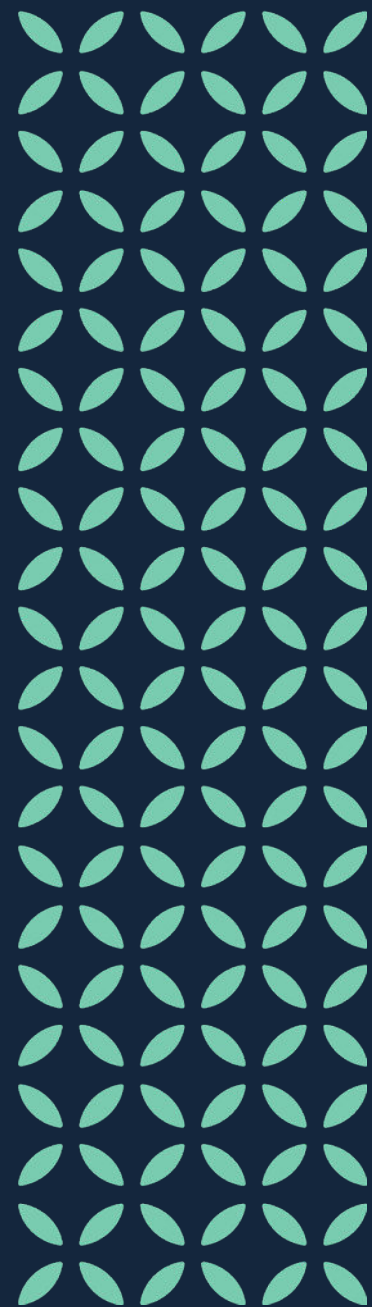


Risk Occasions





HOW TO APPROACH THE LEGAL CANNABIS SPACE



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.



CANNABIS ROUTE TO MARKET



OVERSIMPLIFICATION OF COMPLEX LICENSING; DIFFERENT BY STATE



FORCED VERTICAL INTEGRATION: TRULIEVE IN FLORIDA



Trulieve®

Cultivation

Manufacturer

Distribution

Retail

MANUFACTURER + DISTRIBUTION: KIVA/KSS IN CALIFORNIA

KIVA™



Cultivation

Manufacturer

Distribution

Retail

DISTRIBUTOR ONLY: HERBL IN CALIFORNIA



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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