WINNING IN NEW JERSEY CANNABIS: TURNING DATA INTO BUSINESS SUCCESS

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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 CANNABIS INDUSTRY

THE CANNABIS INDUSTRY IS AT A TURNING POINT

Economic Inflation

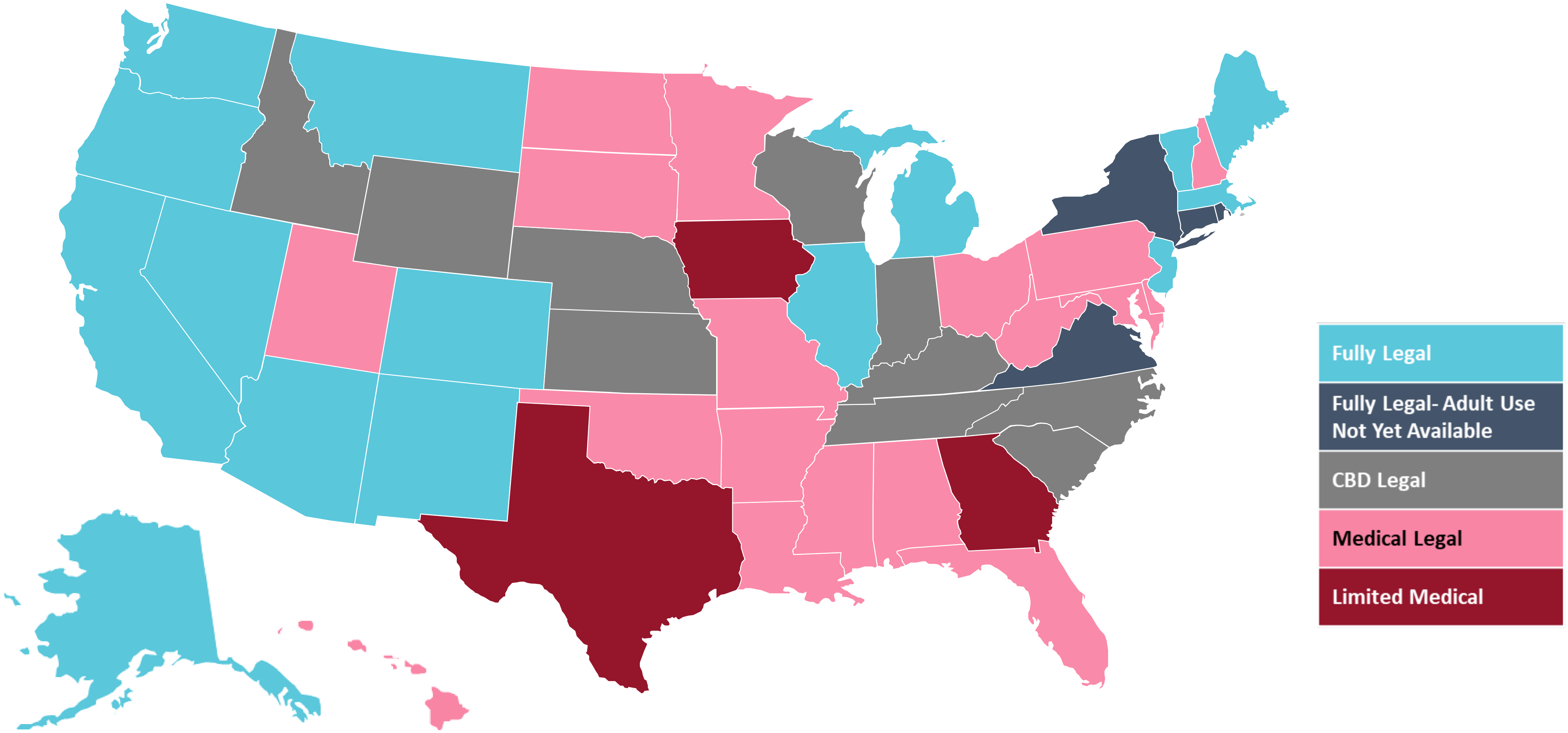
Price Compression

Regulatory Uncertainty

Reliance on Promotions

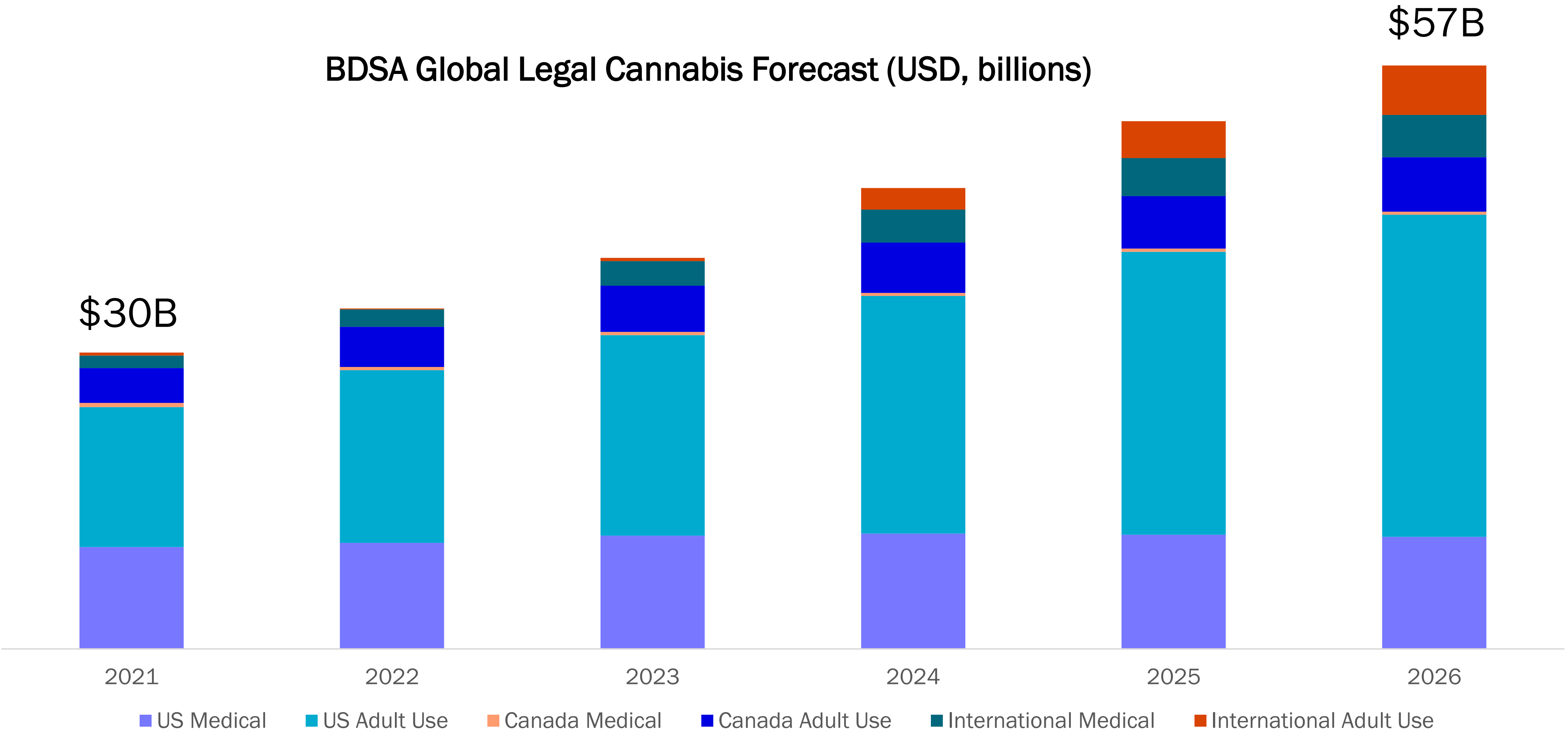
BDSA

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



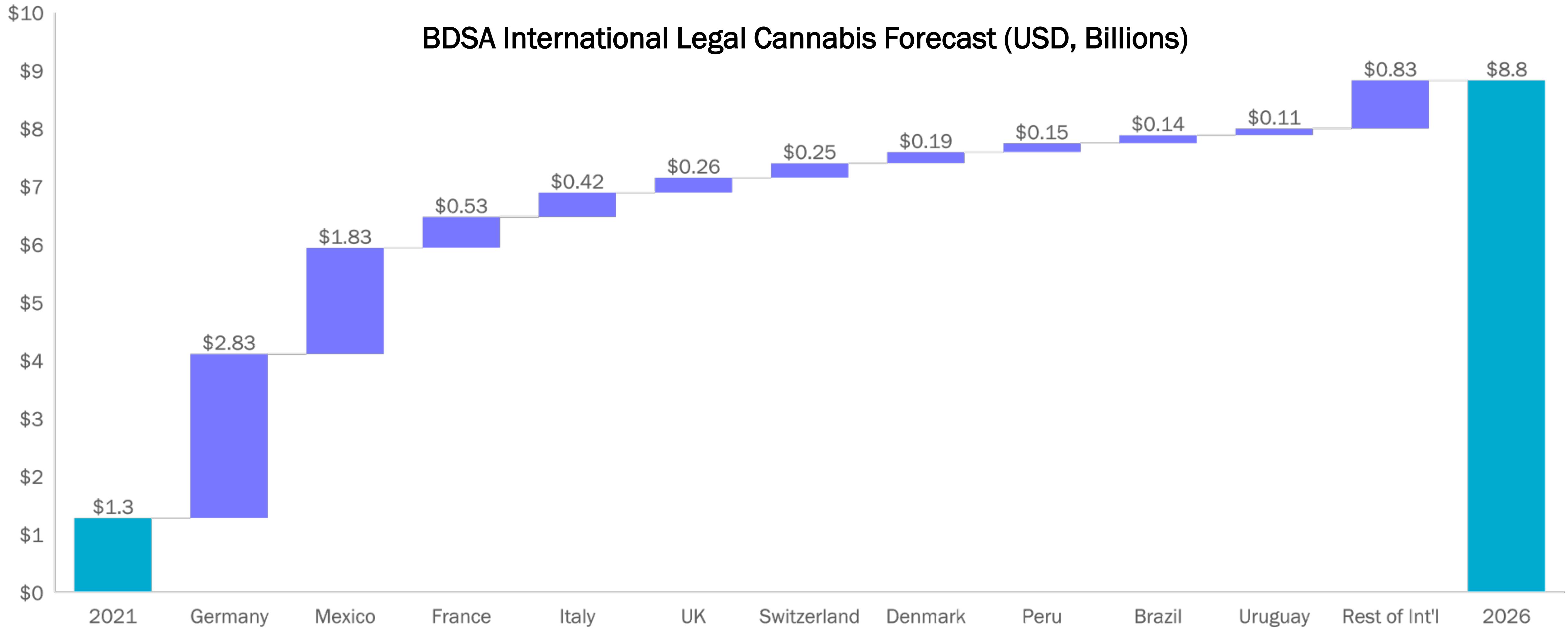
BDSA

NOT SURPRISINGLY, THE US REMAINS THE LARGEST GLOBAL LEGAL MARKET



Source: BDSA Forecast, as of September 2022

TOP TEN CONTRIBUTORS TO GLOBAL GROWTH

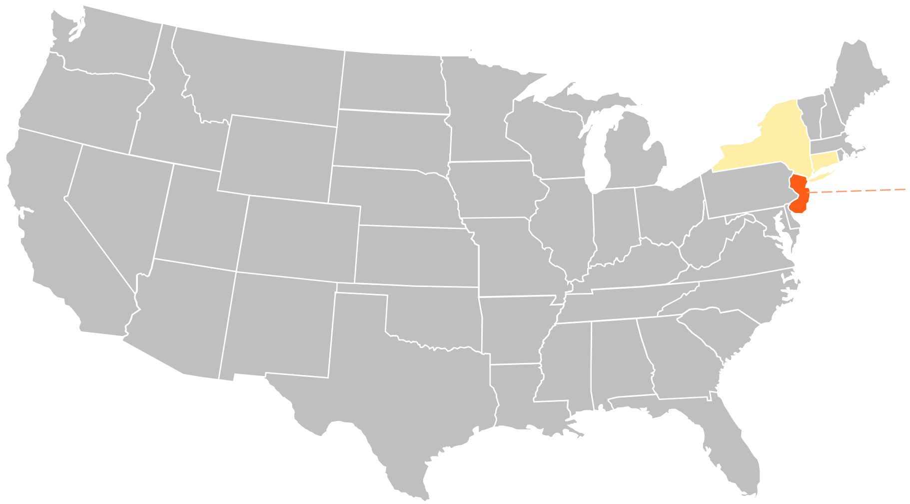


Source: BDSA

Note: International excludes US and Canada

NEW JERSEY MARKET DYNAMICS

NJ LOCATION AND SPEED TO MARKET MAKE IT AN EPICENTER FOR TRI-STATE CANNABIS CONSUMERS BEFORE NY AND CT LAUNCH IN 2023



21+ Adult Population	# AU Retailers*	# Licenses Available
6.76M	18	Cultivators limited to 37; other licenses unlimited

Non-NJ Tri-State Regions	21+ Adult Population
New York City (incl. Long Island)	21.5M*
Connecticut (incl. Bridgeport, New Haven, Stamford, Waterbury, Norwalk, Danbury)	2.69M*

**Tri-State Tourism / Annual Visitation	21+ Adult Population
New York City (incl. Long Island)	52.8M**

* Some AU states derive ~1/3 of their annual sales from non-state residents

Source: US Census 2022, https://data.nj.gov/Reference-Data/New-Jersey-Cannabis-Dispensary-Locations/uyq5-2c2g
Note: # of Retailers is reflected via state data current through 09/08/2022
***Note: Tourism and visitor data from 2019 pre-Pandemic*

KEY RULES & REGULATIONS

Access, Consumption, Possession

Local municipalities may control number and type of cannabis businesses permitted

Purchase Limits:
1oz Flower
4g Concentrates
1000mg THC Ingestibles

No perishable Ingestibles allowed (e.g., baked goods)

No home grow

Cultivation, Manufacturing, Vertical Integration

Vertical integration banned until at least Feb 2023 (converted ATCs exempt)

Licensees may possess a Cultivator license and a Manufacturer license

Cultivator licenses limited to 37 until at least Feb 2023

Priority review given to Social Equity, Diversely-Owned, and Impact Zone applicants

Marketing, Advertising, Packaging / Branding

71.6%+ of advertising audience must be at least 21 years old

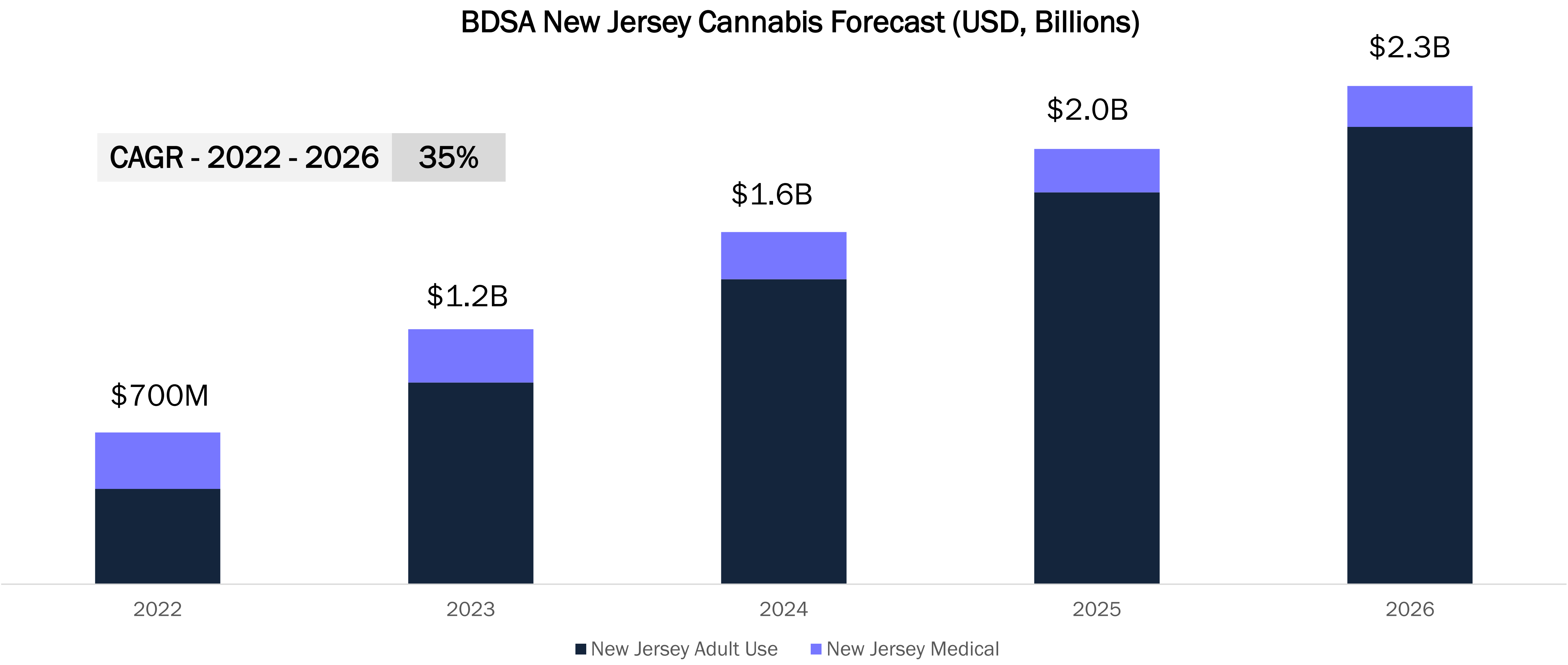
Packaging must be opaque, single-color, child-resistant, and resealable

Flower packages capped at 7.09g, labels must also include chemotype (e.g., "High THC, Low CBD"), grow method, and pesticides used.

Ingestibles limited to 10mg THC/serving, 100mg THC/package

Source: N.J.A.C. 17:30

NEW JERSEY CANNABIS MARKET FORECAST



Source: BDSA Forecast, as of September 2022

NEW JERSEY RETAIL, BRAND, AND PRODUCT LANDSCAPE COMPARISON

- **As of August, NJ has less than one dispensary for every 100K +21 adults – the lowest of any BDSA reported markets with AU**
  - Even as more dispensaries continue to open, the market will not be able to satisfy demand of its in-state residents, let alone tourists and those crossing the border from nearby states (e.g., NY, CT, PA, etc.)
- **Given MSOs dominant presence in the NJ medical-only market and their continued dominance in the early AU-era, NJ is expected to look more like IL in composition than it will OR, CO, or MI**

Summary Metric	*NJ	AZ	CA	CO	IL	MA	MI	NV	OR
21+ Population (MM)	6.8M	5.5M	31.5M	4.6M	9.4M	5.3M	7.3M	2.4M	3.3M
Q2 # Brands	50	255	1,000	428	124	262	375	252	720
Q2 # Products	1096	11,609	32,922	21,681	4,997	8,703	17,142	8,798	30,563
# Retailers (count)	27	274	1346	1094	165	216	910	157	774
Retailers Per Capita (100K)	0.4	5.0	4.3	23.6	1.7	4.1	12.4	6.6	23.6

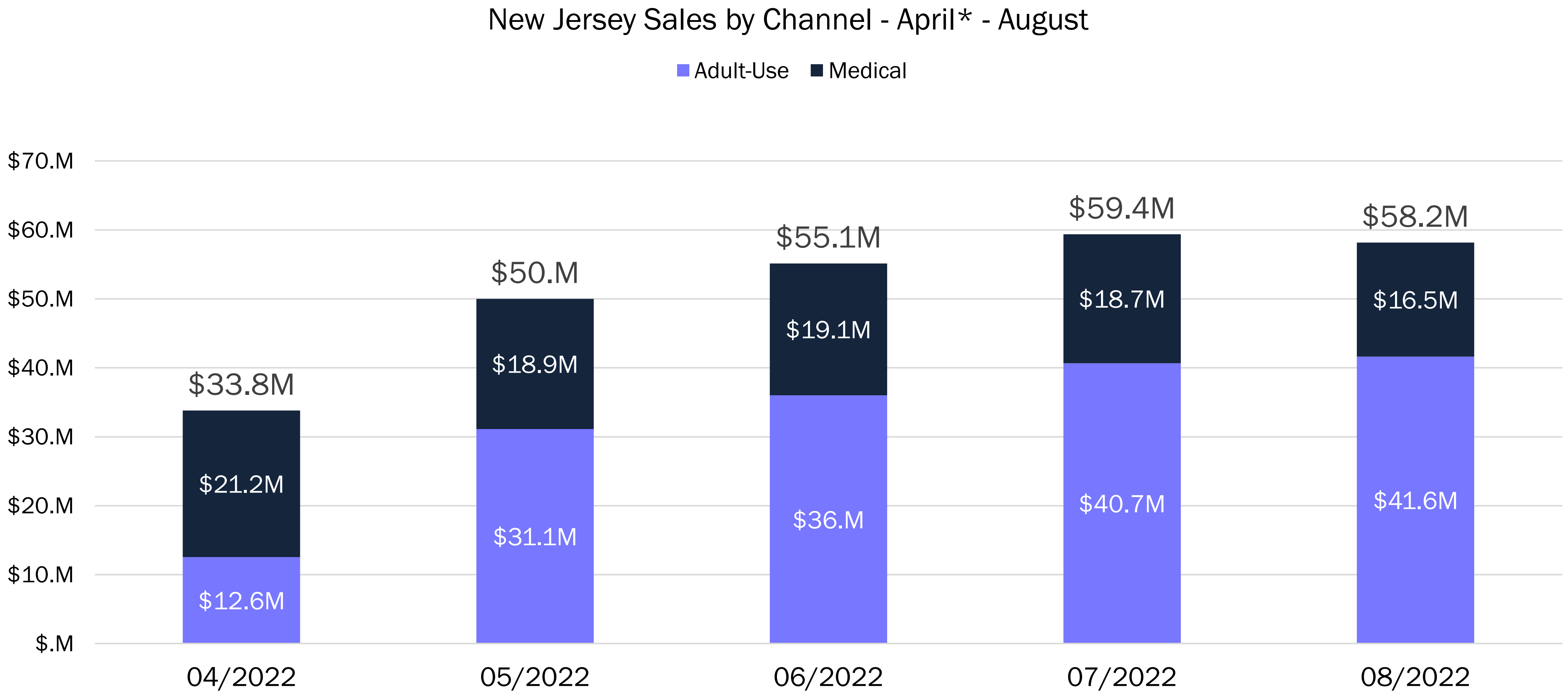
Source: BDSA Retail Sales Tracking Q2 2022; Includes branded (non-generic) brands and products in counts only

**NOTE: Non-NJ Retailer counts provided by respective state agencies as of Feb 2022; NJ is reflective of August '22 counts.*

NEW JERSEY CANNABIS RETAIL SALES TRACKING

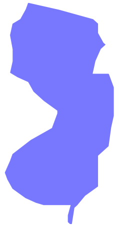
Know what is happening across cannabis categories, brands, and products

NEW JERSEY DISPENSARIES REACHED ~$60M IN MONTHLY SALES IN JULY & AUGUST WITH ADULT-USE MARKET STILL ROLLING OUT



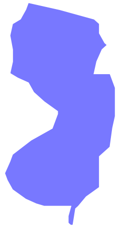
Source: BDSA RST – New Jersey, April* - August 2022
NOTE: NJ AU sales started April 21, 2022, so April is a partial month

SALES AND SHARE ARE HIGHLY CONCENTRATED AMONG LARGE MSO-BACKED BRANDS



Top-5 Brands

New Jersey
Curaleaf
Verano
Kind Tree
Select
Rythm



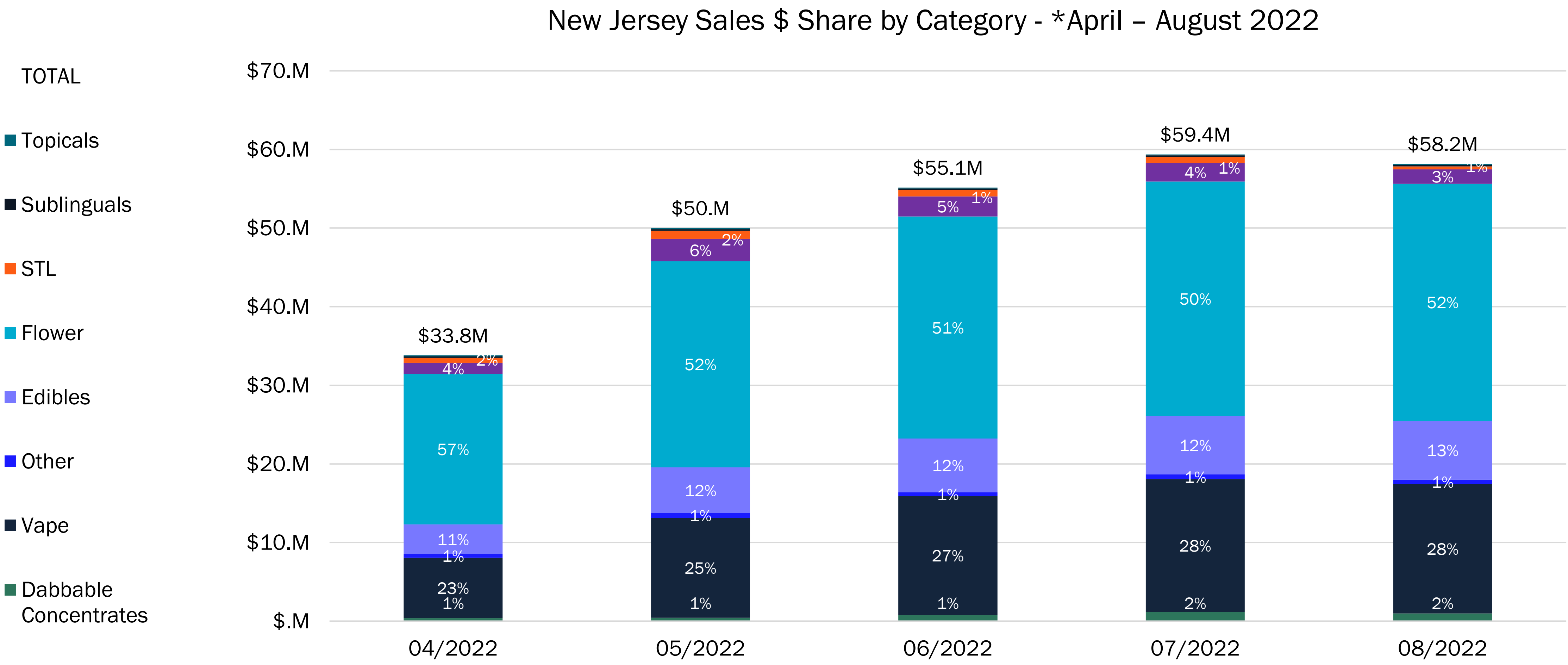
Top-5 Brand Houses

Curaleaf
Verano
TerrAscend
GTI
Acreage

Source: BDSA RST – New Jersey, April* - August 2022
NOTE: NJ AU sales started April 21, 2022, so April is a partial month

FLOWER HOLDS MAJORITY OF SALES SHARE IN RECENT MONTHS, HIGHER THAN IN OTHER MORE MATURE MARKETS

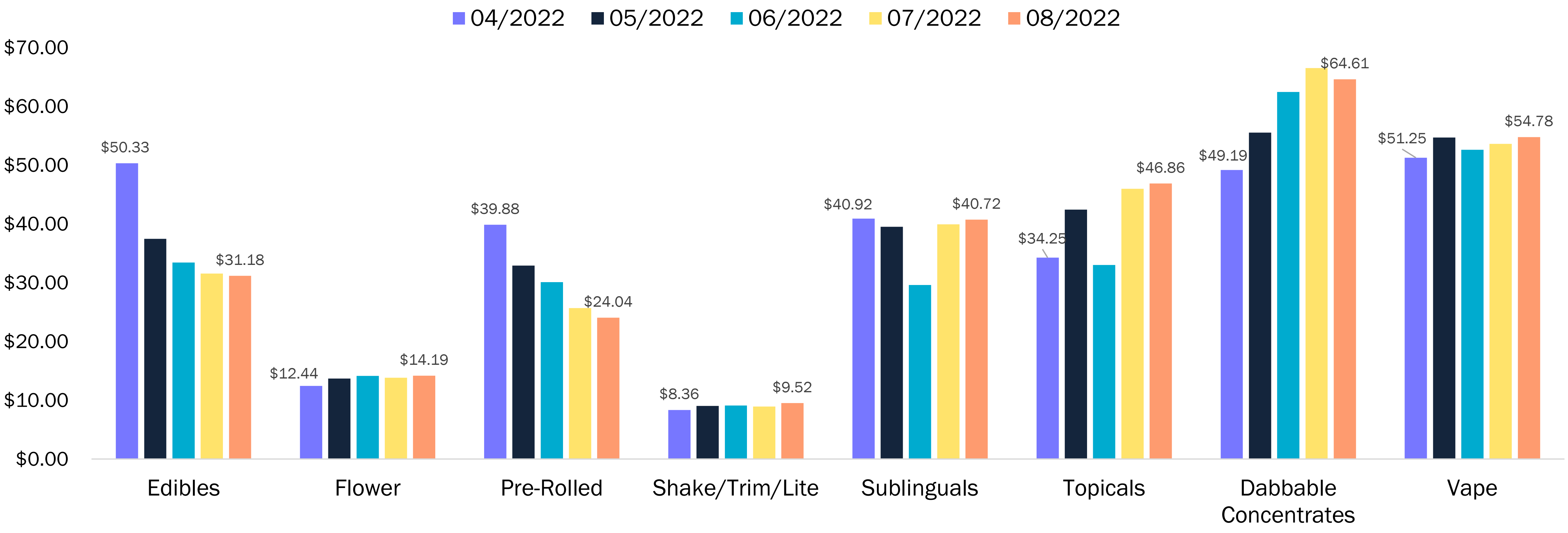
- **Flower typically holds roughly 40% of $ share in most states, so NJ is Flower is expected to cede share as brands begin to introduce more products in other categories**
  - Expect categories like Concentrates (both Vape and Dabbables) and Pre-Rolled to become more prominent as NJ matures



Source: BDSA Retail Sales Tracking New Jersey – *April - August – 2022
*NOTE – Adult Use sales started April 21, so April is a partial month

NJ EQ ARP BY CATEGORY – 2022

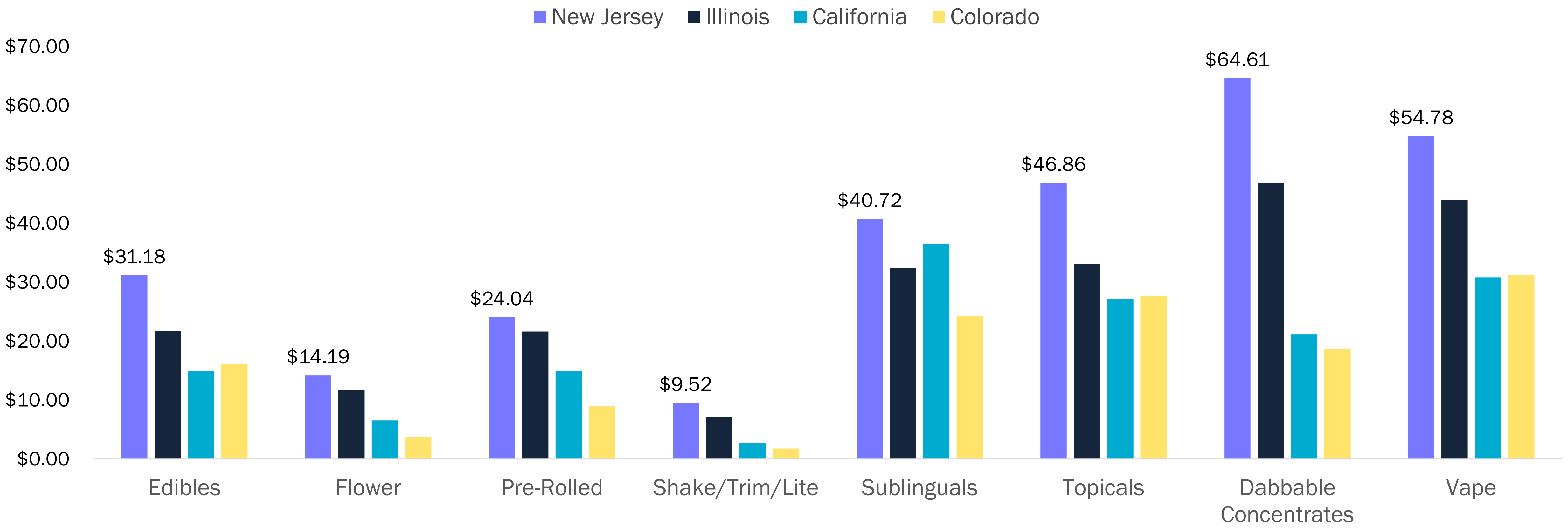
- **Pricing in many key categories – like flower and vape – are on a relatively flat price trend over the past 4+ months**
    - Flower, Vape, Shake/Trim/Lite, and Sublinguals have roughly stayed level MoM with few anomalies
- **Edibles and Pre-Rolled are consistently dropping and becoming more accessible to consumers, while ARP for Dabbables are on the rise**



Source: BDSA Retail Sales Tracking New Jersey – *April - August – 2022
*NOTE – Adult Use sales started April 21, so April is a partial month

EQ ARP CATEGORY MARKET COMPARISON – AUG '22

- In August, NJ has the highest EQ ARP across in all categories across all BDSA-reported AU markets, except Sublinguals in MA
- EQ ARP in NJ is >250% higher on average than market with the lowest ARP
- Early on, NJ pricing looks like other more concentrated AU markets like IL and MA



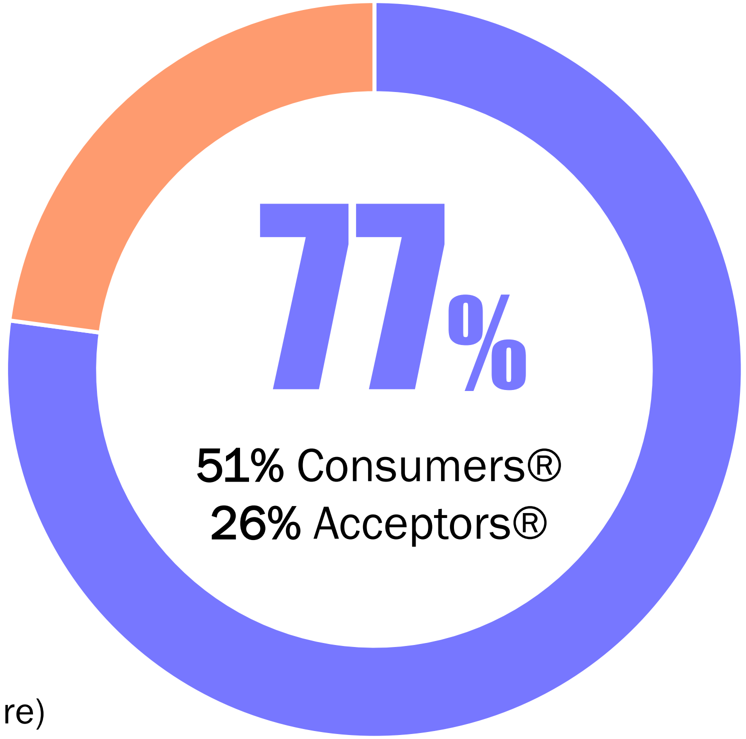
Source: BDSA Retail Sales Tracking NJ, IL, CA, CO – August – 2022

THE WHO AND THE WHY BEHIND BUY

New Jersey Cannabis Consumer Insights

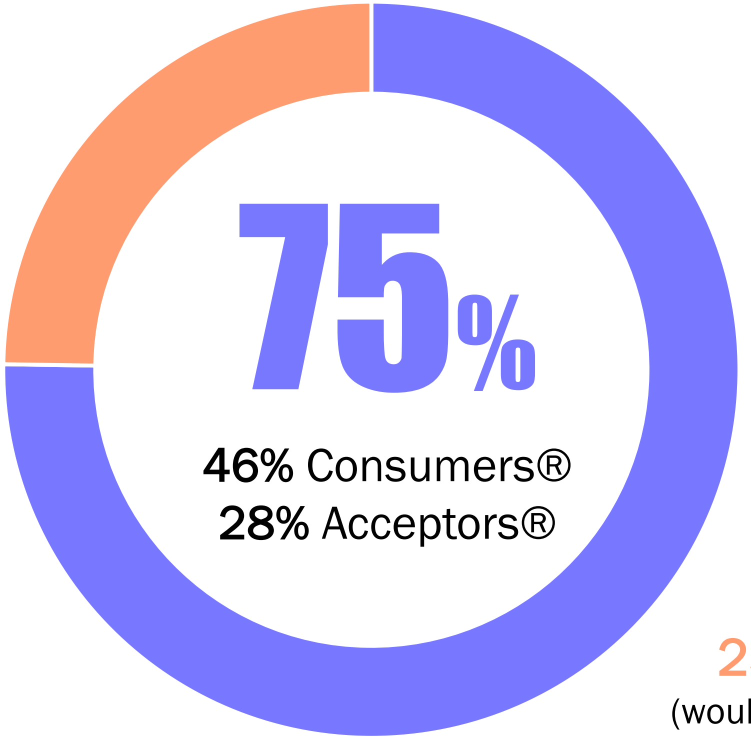
THOUGH AU IS STILL IN ITS INFANCY IN NJ, NEARLY HALF OF THE ADULT POPULATION HAS CONSUMED CANNABIS IN THE P6M – ANTICIPATE THAT AT LEAST SOME SHARE OF ACCEPTORS WILL CONVERT AS ADULT USE ACCESS BECOMES MORE WIDESPREAD AND CONVENIENT

Agg. Adult Use States
(Level 1)



23% Rejectors®
(would not consider in future)

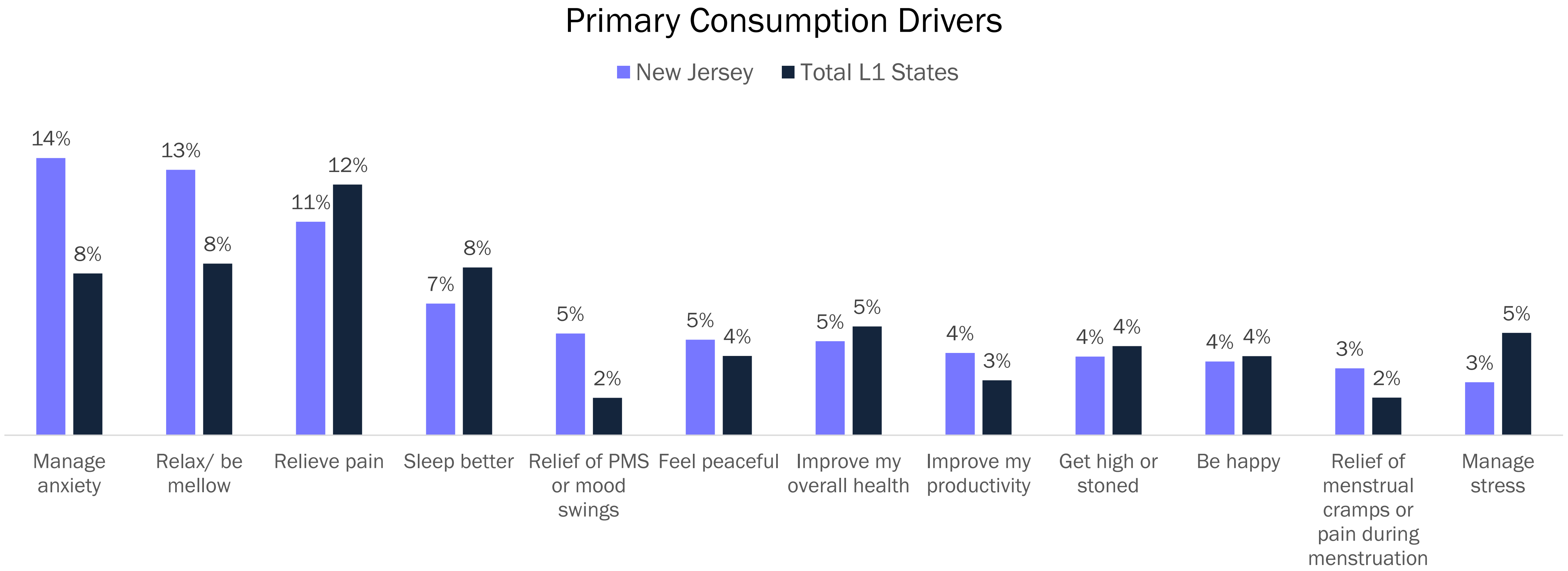
New Jersey
(AU + Med)



25% Rejectors®
(would not consider in future)

Source: BDSA Consumer Research: Spring 2022 Wave 10 – New Jersey vs. Aggregate L1 Adults +21

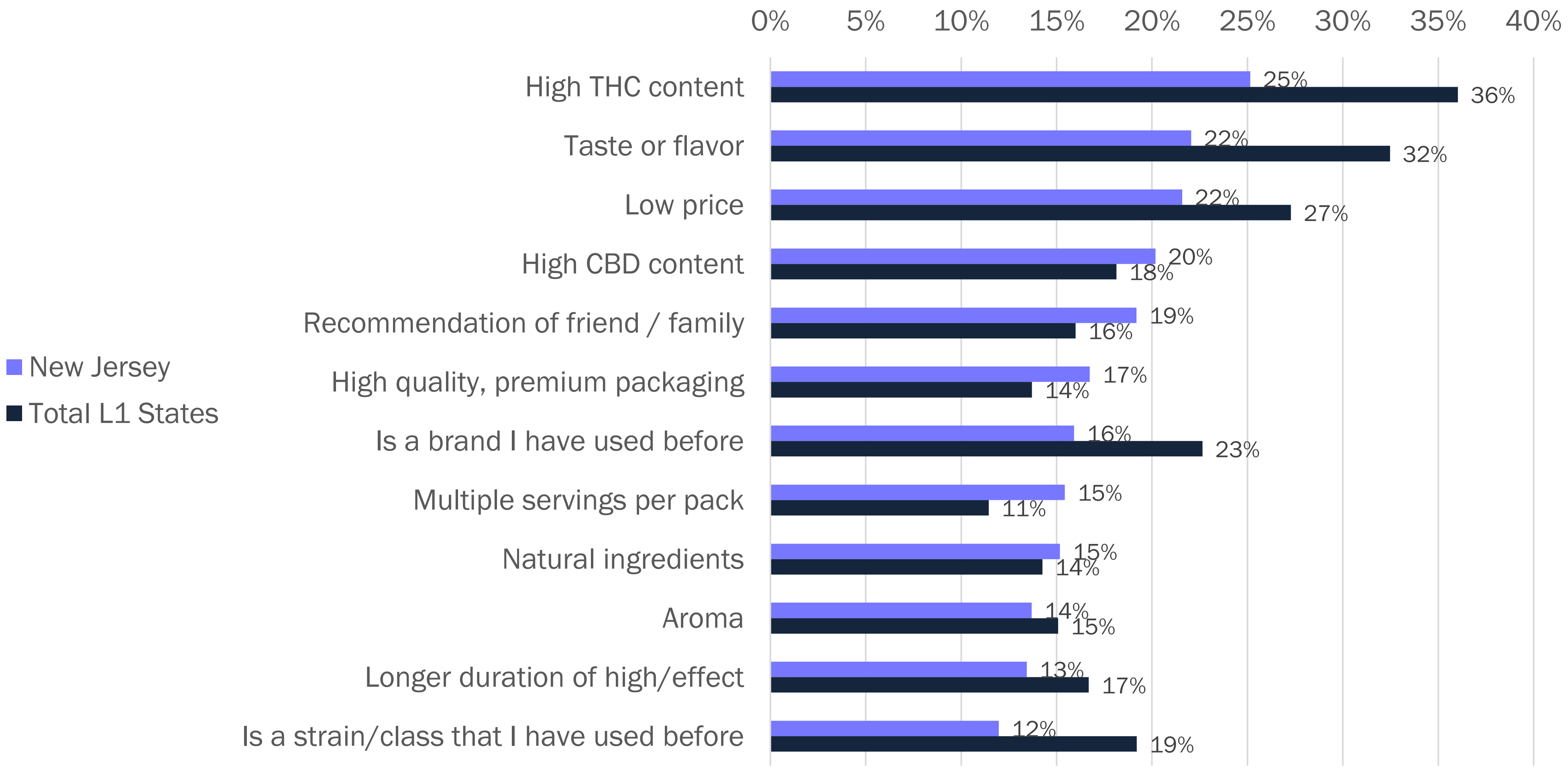
NEW JERSEY CONSUMERS ARE MOST LIKELY TO UTILIZE CANNABIS FOR MANAGING ANXIETY AND RELAXATION



Source: BDSA Consumer Insights, Spring 2022 Wave 10

TOP PRODUCT CHOICE DRIVERS

NJ CONSUMERS ARE LESS MOTIVATED BY HIGH THC, TASTE, PRICE, AND PRIOR BRAND EXPERIENCE, ALL OF WHICH ARE LIKELY A FUNCTION OF RELATIVELY IMMATURE CONSUMER BASE –NJ CONSUMERS ARE MORE LIKELY TO RELY ON RECOMMENDATIONS AND PACKAGING AS INDICATORS OF HIGH QUALITY DRIVING THEIR DECISIONS.

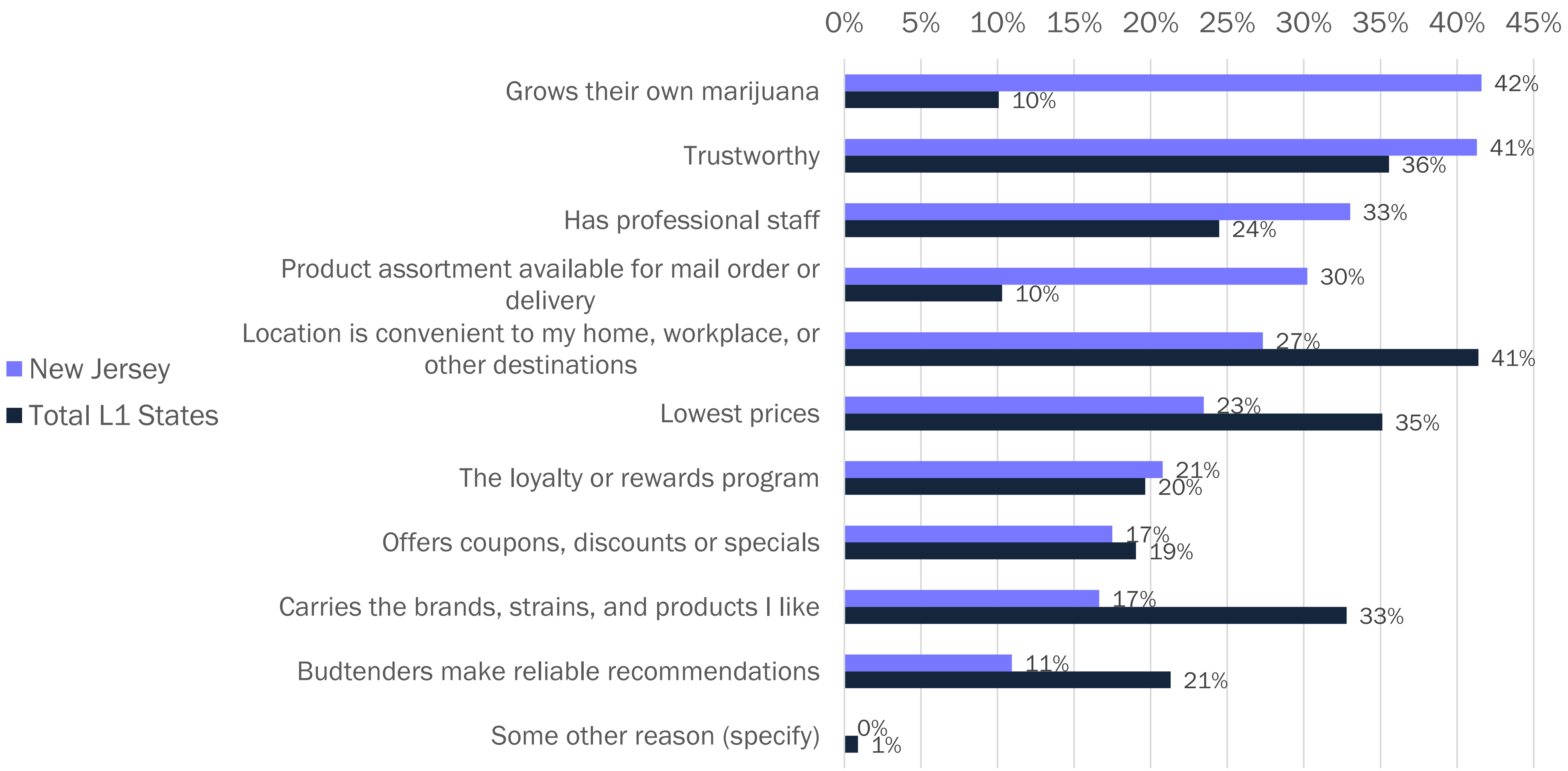


Index vs. L1
70
68
79
111
120
122
70
135
106
91
80
62

Source: BDSA Consumer Insights, Spring 2022 Wave 10

STORE CHOICE DRIVERS

VERTICAL INTEGRATION RANKS AT THE BOTTOM AMONG THE AGGREGATE OF AU CONSUMERS, BUT IS A KEY STORE CHOICE DRIVER FOR NJ CONSUMERS. GIVEN NJ'S PRE-AU RELIANCE ON DELIVERY, IT MAKES SENSE THAT NJ CONSUMERS PRIORITIZE DELIVERY MORE THAN THE AGGREGATE OF CONSUMERS,



Index vs. L1
412
116
135
294
66
67
106
92
51
51
0

Source: BDSA Consumer Insights, Spring 2022 Wave 10

WHAT'S NEXT

New Jersey Cannabis Market Predictions

BDSA NEW JERSEY CANNABIS MARKET PREDICTIONS

1. **New Jersey prices will remain among the most expensive in US** - do NOT expect to see significant price reductions in the next 12 months

2. Smaller or independent cannabis brands (especially those without direct retail affiliation) will **incur tighter margins** at least until Feb ‘23

3. **“Illicit” market competition will remain strong** for the foreseeable future.

4. The road to growth and a mature market will face strong headwinds – in the form of **limited supply** and retail establishments available and secondarily from increased competition and **loss of cross-border traffic** from New York and Connecticut.

5. The **percentage of New Jersey cannabis consumers will continue to rise**, as more acceptors convert to consumers and more rejectors convert to acceptors.

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IT'S A NEW GAME.

DATA. DEEPER.

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