



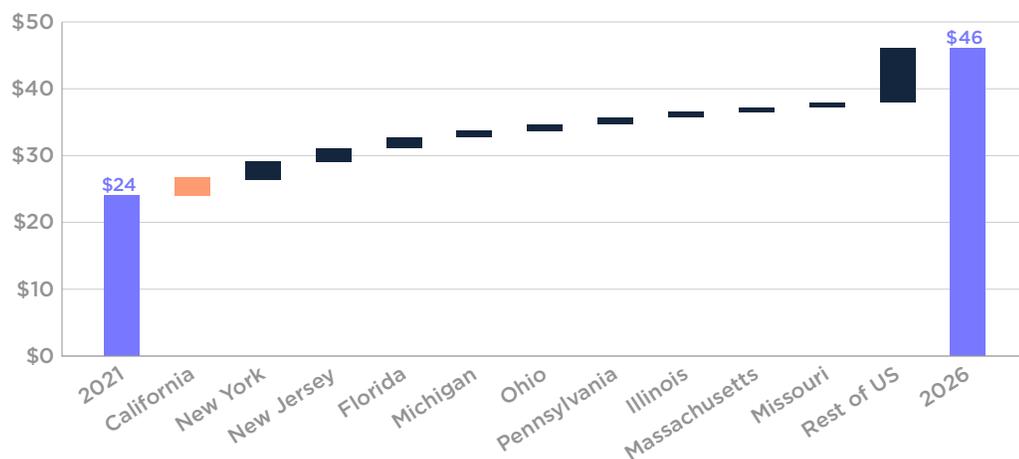
ESSENTIAL CANNABIS INSIGHTS

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RAPIDLY GROWING CONSUMER BASE WILL DRIVE NEW JERSEY TO BE ONE OF THE FASTEST GROWING CANNABIS MARKETS

Just one day after 4/20, New Jersey made big news with the much-anticipated launch of Adult-Use sales on April 21, 2022. New Jersey’s medical cannabis market got a slow start since legalization of medical use in 2010, but in the last few years of the medical only era, New Jersey’s medical program evolved to support a robust cannabis market that mirrored that seen in Arizona prior to its launch of Adult-Use in early 2021.

Top Contributors to US Sales Growth (USD, Billions)



Source: BDSA Market Forecast, February 2022 Update

With a strong foundation set by the medical program and rapidly rising consumer participation, BDSA expects New Jersey to be the third largest contributor to overall U.S. cannabis sales growth by 2026. New Jersey is forecast to bring in ~\$530 million in Adult-Use sales in 2022, bringing total cannabis sales in NJ for the year up to almost \$800 million.

Here are some key facts and predictions about New Jersey's cannabis market to look out for.

- Much like the booming Arizona Adult-Use market, New Jersey's Adult-Use launch benefited from the strong infrastructure of the well-developed medical market that preceded it.
 - After years of sluggish growth due to stringent regulations on medical cannabis, New Jersey's cannabis market got a boost from a series of reforms signed by Democratic Governor Phil Murphy, which expanded the list of qualifying conditions, allowed for more retailers, and eliminated most product restrictions.
 - In mid-2019, when these reforms were enacted, New Jersey was home to 6 operating dispensaries serving ~50,000 registered patients. By the end of 2021, patient counts had almost tripled, and the number of dispensary licenses had risen to 23.
- Expansions to the medical program have been accompanied by a massive rise in consumer participation.
 - Per BDSA Consumer Insights trending data, the share of those in New Jersey claiming past 6-month consumption of cannabis has seen a rapid increase, from ~20% claiming to be Consumers in Fall 2018 to ~40% claiming past 6-month consumption in Fall 2021.
 - Looking back at Arizona as a comparative example suggests that this is just the start for New Jersey. BDSA Consumer Insights data show that Consumer penetration in Arizona rose from ~40% in Fall 2020 to over 50% in Fall 2021, so it's reasonable to expect New Jersey's Consumer share to continue to see strong growth in the coming year now that Adult-Use sales are active.
- With this massively expanded consumer base, New Jersey is forecast to be the third biggest contributor to growth of US legal cannabis sales by 2026.
 - BDSA forecasts that New Jersey will add ~\$2 billion to total U.S. legal sales by 2026, making it the eighth largest legal cannabis market in country.
 - With ongoing delays to the launch of Adult-Use in New York and Connecticut, cross-border buying is expected to provide another boost to New Jersey's green rush in the near term.

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