


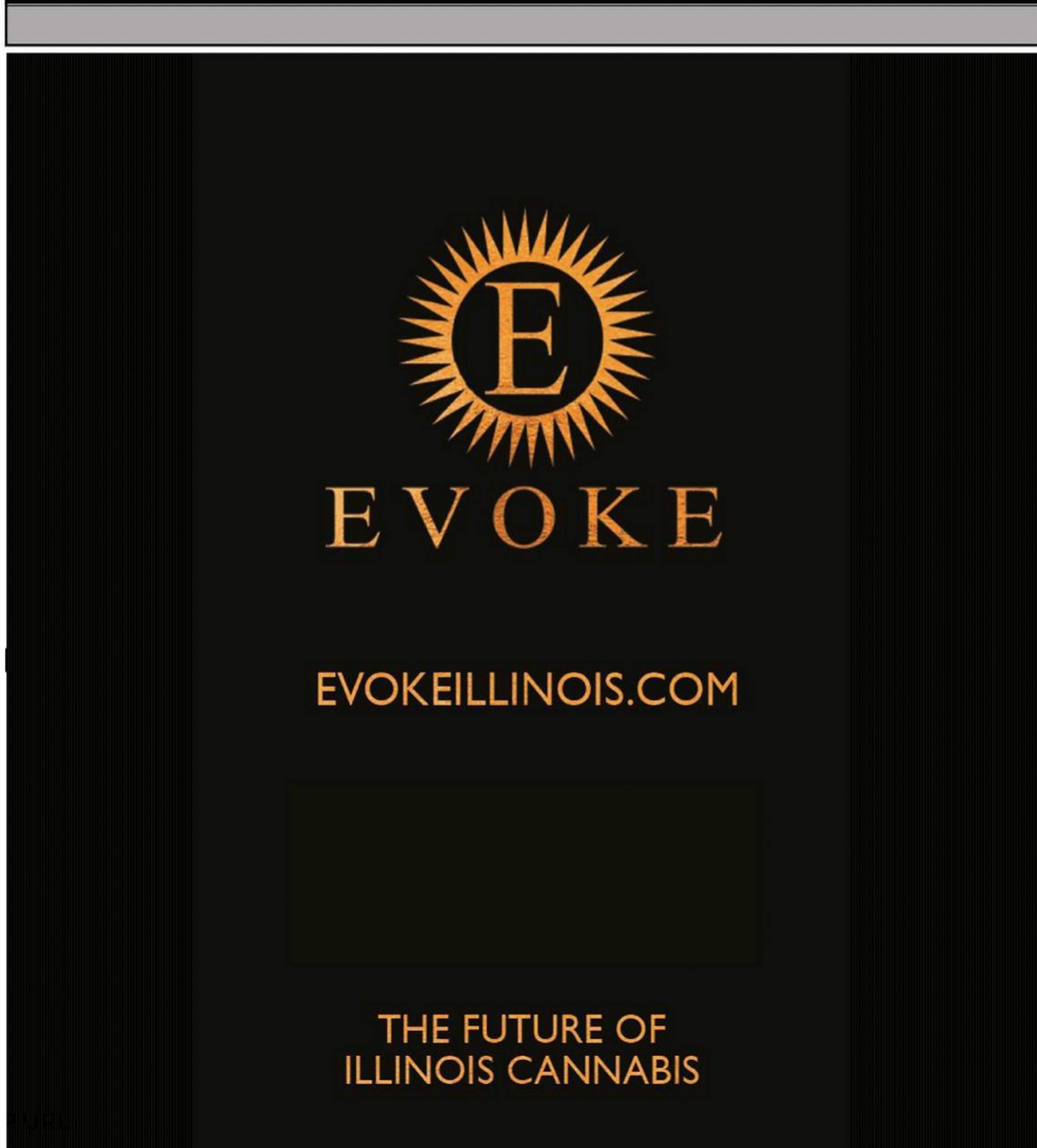


Illinois Data Analytics Report (IDAR)

Produced by: Evoke Ventures Group

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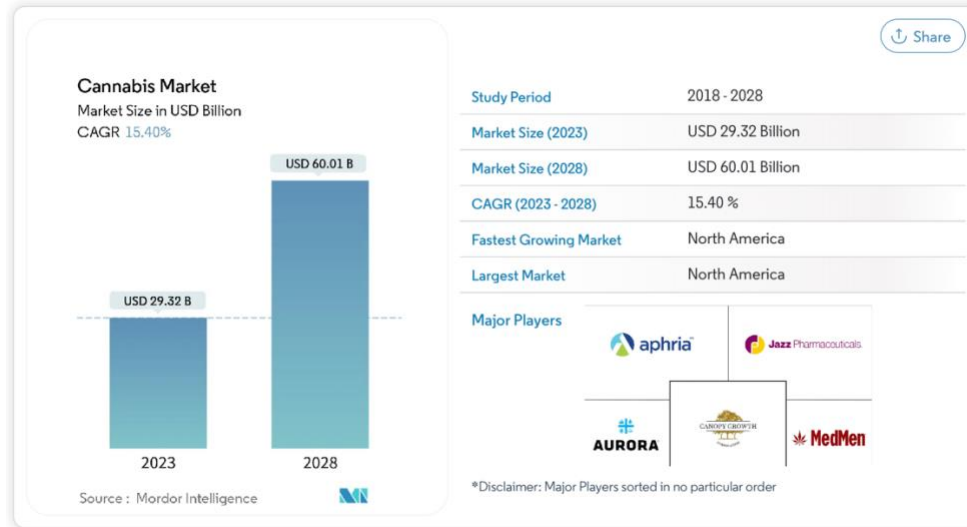
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US MARKET OVERVIEW

Introduction

The US cannabis industry has seen a meteoric rise in recent years, characterized by an intricate classification system and rapid market expansion. Its segmentation by product types, applications, compounds, and geographical influence paints a complex landscape of its burgeoning market presence. None the less, the industry has experienced impressive growth over the past 5 years and projections estimate those numbers to double by 2028. Some of those trends are illustrated below:



- The cannabis market is categorized by product type (Capsules, Concentrates, Edibles, etc.), application (Medical & Recreational), compound type (THC, CBD, Balanced THC & CBD), and geography (North America, Europe, etc.)¹.
- As of 2023, the market size is estimated at USD 29.32 billion, expected to grow to USD 60.01 billion by 2028, with a CAGR of 15.40%. North America is the fastest-growing and largest market¹.
- Major trends include increasing legalization, with medicinal cannabis holding a significant market share. Recreational use is legal in twenty-seven states, two US territories, and the District of Columbia, while medicinal use is approved in thirty-seven states, four US territories, and DC¹.
- North America is a dominant player, with Canada's federal legalization and open stock market (TSX) exchange playing a significant role. The FDA has approved certain cannabinoid compounds for medicinal use, and production levels in North America have seen rapid growth¹.

- The US cannabis market trajectory is marked by robust growth, propelled by increasing legalization and the significant impact of medicinal applications. North America’s leadership role, underscored by Canada’s legalization and FDA approvals, sets a precedent for market dynamics and future potential.

Market Statistics

- [The cannabis market size is estimated at USD 29.32 billion in 2023, and is expected to reach USD 60.01 billion by 2028, growing at a CAGR of 15.40% during the forecast period¹.](#)
- The cannabis industry offers a wide range of items that are divided into recreational and medicinal uses. [The market’s growth has been fueled by the continued adoption of legal medical or recreational cannabis in more countries worldwide¹.](#)
- The total U.S. [economic impact from cannabis sales is expected to reach \\$92 billion in 2021 and rise to \\$160 billion in 2025².](#)
- [The Senate Banking Committee approved the Secure And Fair Enforcement Regulation \(SAFER\) Banking Act by a vote of 14-9³⁴⁵.](#)
- [The Department of Health and Human Services \(HHS\) has recommended to the Drug Enforcement Administration \(DEA\) that cannabis be reclassified as a Schedule III drug under the Controlled Substances Act⁶⁷⁸.](#)
- [The DEA is likely to sign off on the Department of Health and Human Services’ recommendation to reschedule marijuana, possibly as early as late 2023⁹.](#)
- [If cannabis is eventually legalized, lawmakers should consider the potential unintended consequences of imposing high federal taxes on marijuana products¹⁰.](#)
- [The cannabis industry is growing rapidly, with global sales expected to reach nearly \\$149 billion by 2031¹¹.](#)
- [The biggest effect of federal legalization would be the streamlining of the market for cannabis production in the United States¹².](#)
- [The so-called “addiction” industries—alcohol, tobacco, and pharmaceuticals —have been heavily investing in the cannabis market¹³.](#)

US Legalization

The SAFE Banking Act represents a significant legislative step towards rationalizing federal banking laws with state laws regarding the cannabis industry. By allowing cannabis businesses to access banking services legally, the Act not only promises to improve the safety of these businesses by reducing the risks associated with operating on a cash-only basis but also enhances transparency and the potential for regulation. Furthermore, the lifting of section 280E of the Internal Revenue Code would correct a punitive tax measure that unfairly taxes cannabis businesses on their gross income rather than their net income, allowing for reinvestment and growth. Additionally, the opening of institutional funding would provide a much-needed influx of capital, fostering innovation, research, and development in

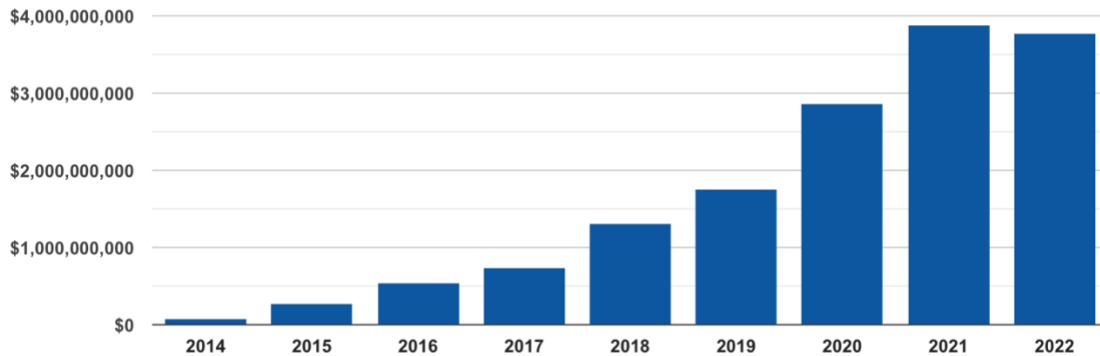
the industry. This triad of reforms—SAFE Banking, 280E repeal, and institutional funding—would not only affirm the legitimacy of the cannabis industry but also promote economic growth, create jobs, and generate substantial tax revenue, all while respecting the will of the states that have chosen to legalize cannabis. Passing these measures is not only a matter of economic pragmatism but also one of federal acknowledgment of a shifting public sentiment towards cannabis.

SAFE Banking

The passage of the SAFE Banking Act, the repeal of 280E tax restrictions, and the sanctioning of institutional funding could catalyze a seismic shift in the financial landscape of the cannabis industry. Quantifying the precise investment dollar increase is challenging without current market valuations and forecasts but considering the size and growth trajectory of the industry, these changes could represent billions of dollars in increased investment. By allowing traditional banking and financing, businesses could leverage loans and credit lines, potentially increasing capital inflows exponentially. The removal of 280E could improve net profits by 30-70%, based on current tax burdens, thereby enhancing profitability and investment appeal. Institutional funding could further lead to a surge in capital investment, as large investors, and funds, previously wary of legal and financial risks, enter the market. Combined, these legislative changes could unlock a conservative estimate of tens of billions of dollars in the short to medium term, radically accelerating the industry's growth and maturation.

US Trends in Sales and Tax Revenue

The financial implications of legalizing adult-use cannabis in the United States have been substantial, reflecting a notable shift in both societal norms and state fiscal strategies since 2014. This period has seen states cumulatively amass over \$15 billion in tax revenue, with 2022 alone contributing \$3.77 billion, underscoring the economic impact of this legislative pivot.



- Since 2014, states in the US have reported a combined total of over \$15 billion in tax revenue from legal, adult-use cannabis sales.
- In 2022, the legalization states generated over \$3.77 billion in cannabis tax revenue from adult-use sales.
- Twenty-two states have legalized cannabis possession for adults 21 and older, with most also legalizing, regulating, and taxing cannabis sales. - This legislative shift not only reflects a

changing societal perspective towards cannabis but also a strategic approach to regulate and benefit from its market.

- However, 2022 marked the first year with a decrease in tax revenues compared to the prior year, with several factors contributing to the decline, including the availability of synthetic cannabinoids, oversupply and lower prices in several states, and economic pressures such as inflation². The downturn in 2022's cannabis tax revenues signals potential market maturation and the need for adaptive strategies in the face of synthetic product competition, pricing dynamics, and inflationary pressures.

Employment Statistics

The burgeoning cannabis industry in the United States has become a significant source of employment, contributing positively to the national economy. This sector not only encompasses roles directly involved with the plant's cultivation and distribution but also extends to a multitude of ancillary positions that are vital for its operation and compliance within the legal framework.

- The US cannabis industry supports 428,059 jobs as of the analysis.
- These jobs include direct cannabis jobs like cultivation and retail sales, as well as indirect jobs in various sectors such as accounting, human resources, legal affairs, regulatory compliance, security, and more.
- The cannabis employment sector has grown at a rate of at least 27% per year over the past five years³.

In summary, the cannabis industry in the United States is a robust employment engine, consistently expanding at an impressive rate and diversifying into various job sectors. Its capacity to generate employment has proven to be substantial, with a remarkable annual growth rate that underscores its increasing importance in the American job market.

US Legalization

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The passage of the SAFE Banking Act, the repeal of 280E tax restrictions, and the sanctioning of institutional funding could catalyze a seismic shift in the financial landscape of the cannabis industry.

Quantifying the precise investment dollar increase is challenging without current market valuations and forecasts but considering the size and growth trajectory of the industry, these changes could represent billions of dollars in increased investment. By allowing traditional banking and financing, businesses could leverage loans and credit lines, potentially increasing capital inflows exponentially. The removal of 280E could improve net profits by 30-70%, based on current tax burdens, thereby enhancing profitability and investment appeal. Institutional funding could further lead to a surge in capital investment, as large investors and funds, previously wary of legal and financial risks, enter the market. Combined, these legislative changes could unlock a conservative estimate of tens of billions of dollars in the short to medium term, radically accelerating the industry's growth and maturation.

ILLINOIS CANNABIS MARKET ANALYSIS

Overview

The Illinois Cannabis Industry Market: A Three-Year Overview (2021-2023)

2021: Doubling Sales

[In 2021, adult-use cannabis sales in Illinois totaled \\$1,379,088,278.61, more than double the figure from the opening year of sales in 2020, which were roughly \\$669 million¹.](#)

2022: Record High Sales

- [Illinois marijuana sales reached a record high of more than \\$2.5 billion in 2022.](#)
- [In total, 36,435,129 items were sold in Illinois adult use cannabis dispensaries in 2022, an increase of 20% from 2021³.](#)
- [Illinois resident sales totaled \\$1,073,132,436.48 \(an increase of almost 14% from 2021\), while sales to out-of-state residents totaled \\$479,192,383.91 \(an increase of almost 10% from 2021\)³.](#)

2023: Unprecedented Growth

- [In Fiscal Year 2023, the Illinois Department of Financial and Professional Regulation \(IDFPR\) worked diligently to open as many social equity dispensaries as possible, while also creating opportunities for new licensees to enter the market⁴.](#)
- [To date, IDFPR has issued 48 social equity dispensary licenses⁴.](#)
- [Fiscal Year 2023 saw unprecedented growth in the cannabis market not seen since the start of the medical program in 2015 and adult use cannabis was legalized in 2020⁴.](#)
- [28 new dispensaries opened for business in the State of Illinois in FY23⁴.](#)
- [These new licensees entering the market are ownership groups that are not connected to the existing medical cannabis and same site dispensaries⁴.](#)
- [The state's licensed dispensaries sold more than \\$383 million of adult-use cannabis in the first three months of 2023, representing a nearly 6% increase versus 2022⁵.](#)

Introduction To the Illinois Cannabis Market

The cannabis market in Illinois has been a significant area of focus, especially in terms of social equity. The Illinois Department of Financial and Professional Regulation (IDFPR) released its

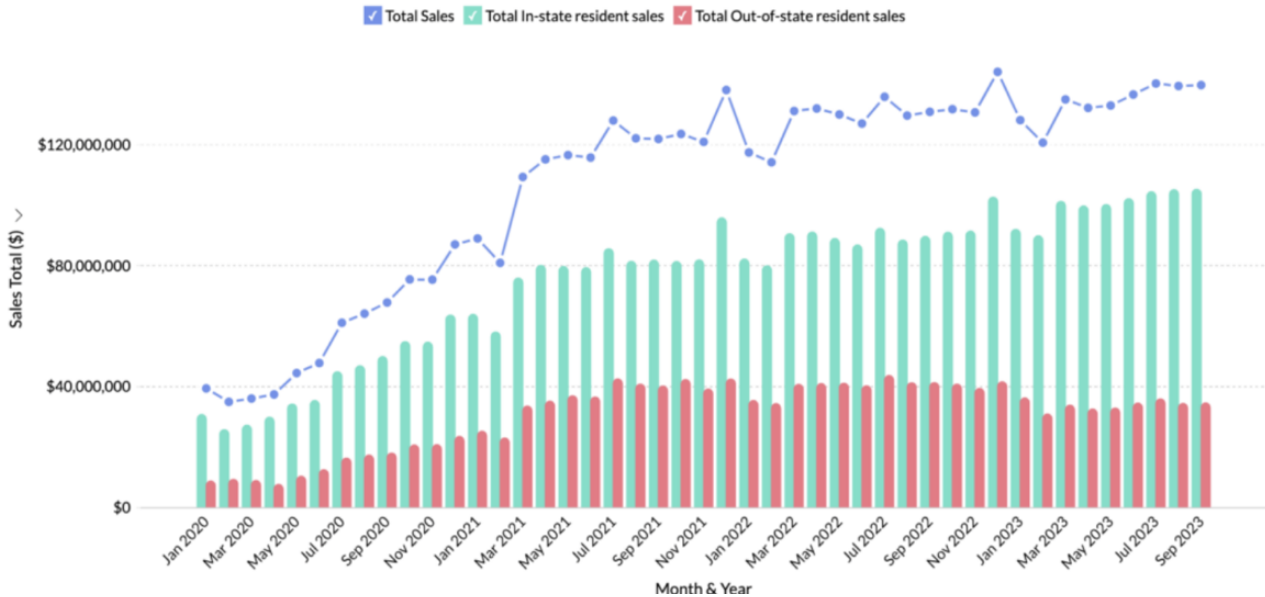
Annual Cannabis Report for fiscal year 2023, which highlighted the issuance of 28 new dispensaries not connected to existing ones. This was part of the effort to meet the ambitious goals set out in the previous year's report, such as issuing at least 185 new Adult Use Dispensing Organization Licenses, which are all qualified as social equity applicants. IDFPR also aims to implement a new 'Seed to Sale' system and enhance public education on cannabis. Furthermore, the report set goals for FY2024, including issuing 55 conditional licenses from the Social Equity Criteria Lottery, hiring more inspectors and processors, and increasing public outreach¹.

Retail Price Data

Regarding sales, Illinois' legal cannabis market has grown rapidly, outpacing other mature markets in the West, except for California. In September 2023, combined adult use and medical sales reached \$165.5 million, a slight decrease from August. Adult use sales for September were up year-on-year, as was the volume of items sold, though the average item price saw a decline. Medical sales experienced a small dip, and the average retail price for a gram of flower decreased compared to the previous year. The wholesale price analysis indicated a downward trend in spot wholesale flower prices since the first social equity retail licenses were granted. With the introduction of additional storefronts and more social equity retail licenses issued, the market has become more competitive, impacting prices. Fifty social equity retail businesses are fully licensed, with around 150 still holding conditional licenses, indicating ongoing growth and competition².

Illinois Adult Use Cannabis Sales

Source: Illinois Department of Financial and Professional Regulation



In April 2023, Illinois saw a decrease in combined sales from the previous month but a slight increase compared to April 2022. In-state sales were up from the previous year, indicating a growing domestic market. However, out-of-state sales saw a decrease, possibly influenced by Missouri's adult use legalization. The average price per item sold fell below \$40 for the first time, showing a price drop of 4.4% from the previous month. The sell-off in Illinois prices has been ongoing, with a 43.9% drop since October 2021. The downtrend in wholesale prices is expected to continue as production technology improves and competition increases³.

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Illinois Retail Price Data

The average price of items sold at adult use retailers continued to decline as the volume of items sold climbed. September 2023 items sold were up 19.1% year-on-year, while the average item price declined 10.3% in the same period, from \$42.25 in September 2022.

Average Price of Items Sold - Trailing 3 Months

Month	Items Sold	% Chg	Avg Price	% Chg
Jul-23	3,580,946	3.4%	\$39.11	0.3%
Aug-23	3,646,736	1.8%	\$38.18	-2.4%
Sep-23	3,683,920	1%	\$37.88	-0.8%

COMPONENTS OF ILLINOIS MARKET FOR ANALYSIS

Market Size and Growth

The cannabis market size was estimated at USD 29.32 billion in 2023 and is expected to reach USD 60.01 billion by 2028, growing at a CAGR of 15.40% during the forecast period. This growth is fueled by the adoption of legal medical and recreational cannabis globally, with North America leading the expansion. Medicinal cannabis has a significant share of the market, with many countries legalizing it for medical purposes. The U.S. is projected to achieve over \$31.8 billion in annual sales by the end of 2023, growing to \$50.7 billion by 2028. Seven state markets began sales in 2022, and more are expected to commence in 2023, including Maryland's adult-use sales program^{1,2}.

Sales Trends by Product Category

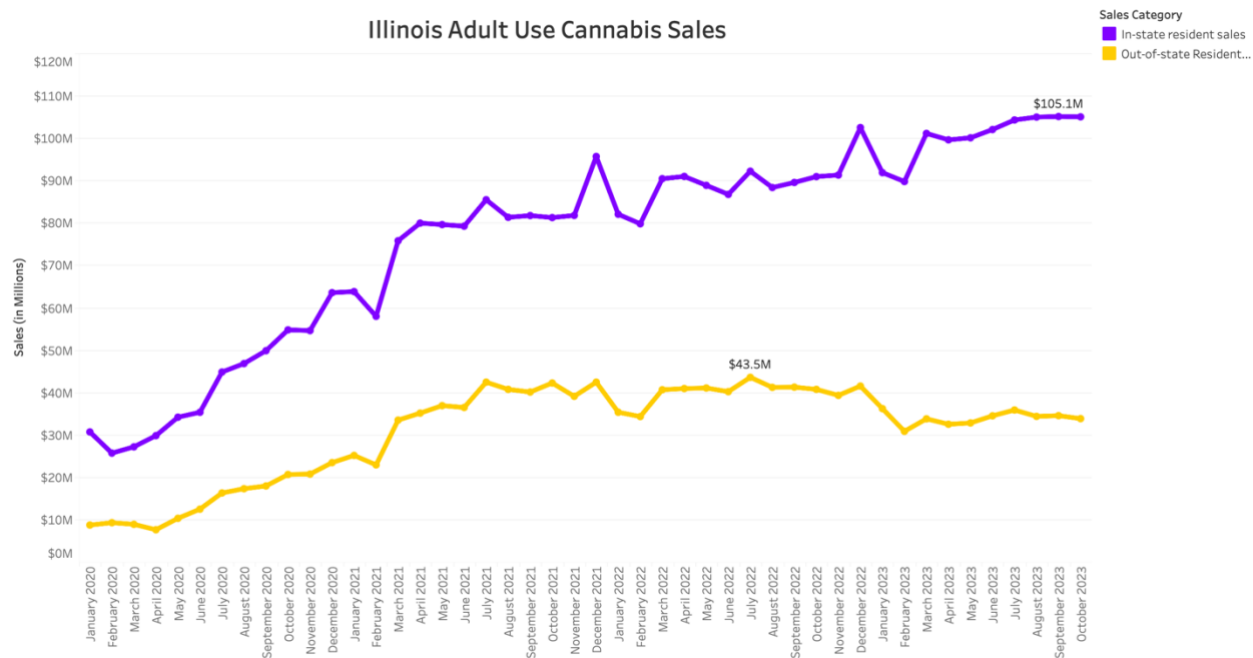
In the U.S., flower continues to dominate the cannabis market with \$11.6 billion in sales in 2022, although its market share is decreasing as consumers experiment with other products. Vapes are the second-largest category, expected to grow from \$5.9 billion in 2022 to \$10.8 billion in 2028. The fastest-growing category is cannabis-infused drinks, forecasted to double from approximately \$290 million in 2022 to \$640 million by 2028².

Employment

The cannabis industry now supports 428,059 full-time equivalent jobs in the U.S. Job creation in this sector hit six figures for the first time in 2021, with an increase of 33% from the previous year. The industry's annual job growth rate has been 27% or higher for five consecutive years. It's anticipated that the cannabis industry could support as many as 1.75 million jobs across the country if marijuana is legalized nationwide. There has been a 25% increase in full-time employees in the cannabis industry, with many workers transitioning from industries such as tech, human resources, beauty, and fashion³.

ILLINOIS SALES

The following analysis presents a detailed overview of the sales trends for a product or service, comparing the performance in April 2023 with the preceding month and the same month in the previous year. It breaks down the total sales into in-state and out-of-state contributions and highlights significant fluctuations, providing insight into market dynamics and consumer behavior over these periods.



- **Combined Sales:** In April 2023, combined sales to both in-state and out-of-state residents were at \$132 million, slightly down from March 2023 (\$134.8 million) but up from April 2022 (\$131.8 million)¹.
- **In-State Sales:** In-state sales in April 2023 were \$99.6 million, down from March 2023 (\$101.1 million) but up 9.5% from April 2022 (\$90.9 million)¹.
- **Out-of-State Sales:** Out-of-state sales in April 2023 were \$32.4 million, a decline from March 2023 (\$33.7 million) and significantly down 20.6% from April 2022 (\$40.9 million)¹.
- **September 2023:** Adult use sales in September 2023 were \$139.5 million, up slightly from August 2023 (\$139.2 million) and showing a 6.8% year-on-year increase².

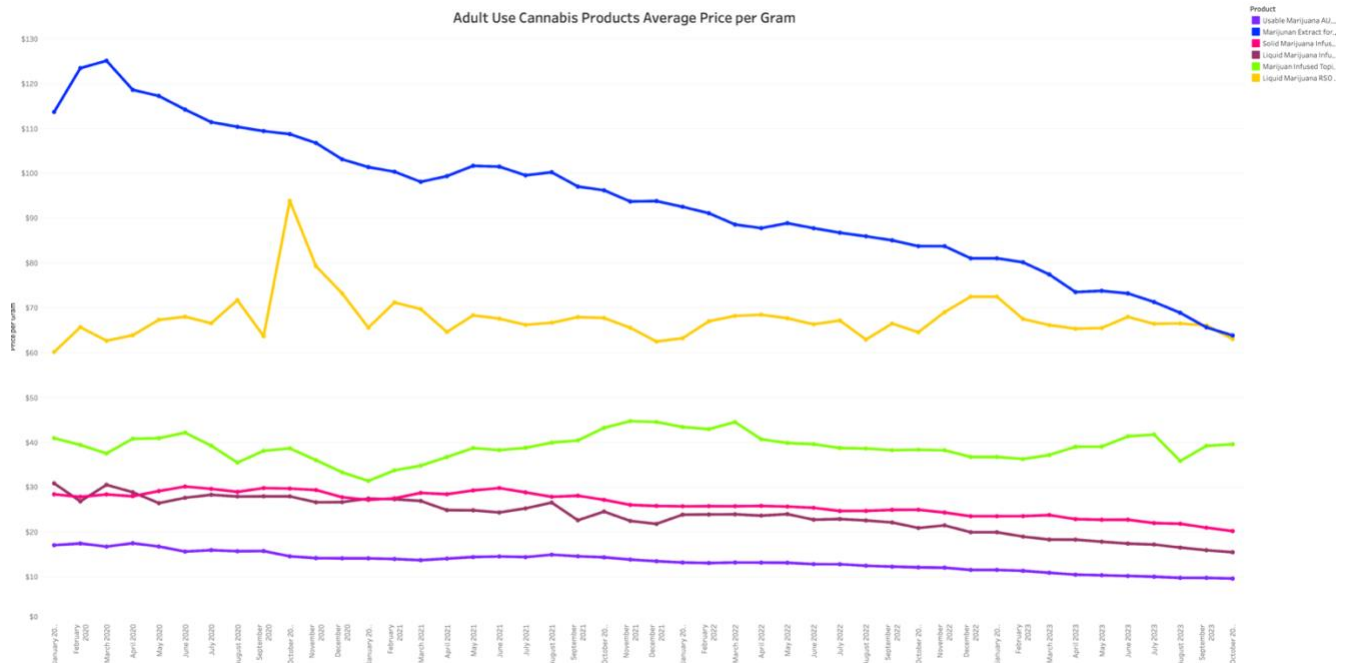
The sales data indicates a marginal decrease in overall combined sales from March to April 2023, with in-state sales showing resilience and a positive year-on-year growth, while out-of-state sales experienced a more pronounced decline. Conversely, September 2023 demonstrated a slight improvement from August 2023 and a substantial annual increase, suggesting a recovering or growing market.

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Pricing and Market Dynamics

This analysis delves into the current landscape of the pricing and market dynamics within the adult-use retail sector, focusing on the notable trends in retail and wholesale prices and the regulatory efforts aimed at fostering market diversity and growth in Illinois.

- **Retail Prices:** The average price of items sold at adult use retailers has been declining. For instance, in September 2023, the average item price dropped by 10.3% year-on-year, with the number of items sold up by 19.1% in the same period³.
- **Wholesale Prices:** Illinois' spot wholesale flower price experienced a steep dive after November 2022 and has been proceeding lower as new retail licenses are issued. The price stabilized under the \$2,300 per pound threshold in 2023⁴.
- **Social Equity Focus:** The Illinois Department of Financial and Professional Regulation (IDFPR) has been focusing on issuing social equity dispensary licenses to promote market diversity and growth⁵.
- **New Dispensaries:** In FY2023, 28 new dispensaries opened in Illinois, although this number fell below the ambitious goals set by the IDFPR⁵.
- **Regulatory Goals For FY2024:** The IDFPR plans to issue more licenses, hire new inspectors, increase public outreach, and implement a new Seed-to-Sale System, among other initiatives⁵.



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While retail prices for adult-use items in Illinois have seen a decline, the wholesale prices have dropped below significant thresholds, indicating a maturation of the market. The Illinois Department of Financial and Professional Regulation's commitment to social equity and market expansion through new licenses and regulatory initiatives sets a clear trajectory for continued evolution in the FY2024.

Impact of Nearby States

The impact of nearby states, especially Missouri, is evident in the cannabis market dynamics of Illinois. Missouri's adult use legalization has affected Illinois' out-of-state market share, and the competition from Missouri has influenced pricing strategies within Illinois¹.

Summary

The cannabis market in Illinois is experiencing both growth and competitive challenges, with a significant focus on social equity and regulatory evolution. Sales figures have shown slight fluctuations, while pricing dynamics have been influenced by both internal and external market factors. The state's regulatory body, IDFPR, is actively working on fostering growth and addressing challenges in the market.

ILLINOIS MARKET TRENDS

The cannabis market in Illinois has distinct medical and adult-use components, with the medical market serving patients registered under the State's Medical Cannabis Pilot Program (MCP) or the Opioid Alternative Pilot Program (OAPP). The adult-use market, open to individuals over 21, started on January 1, 2020. Before reaching consumers, cannabis is grown by cultivation centers and craft growers, may be processed by infusers, and tested by State-approved laboratories. The Illinois Department of Financial and Professional Regulation (IDFPR) provides statistics on total wholesale cannabis sales per month as transferred to dispensaries, with these totals broken into medical and adult use transfers. Retail sales figures are available on the IDFPR website, which also indicates that sales figures for wholesale and retail markets may be subject to change due to corrections, recalls, voids, or other alterations. All sales numbers are rounded to the nearest \$100,000 and are not inclusive of taxes collected¹.

In fiscal year 2023, the IDFPR focused on social equity dispensary licenses and the Social Equity Criteria Lottery (SECL), with an intent to open as many social equity dispensaries as possible and create opportunities for new licensees to enter the market. In FY2023, 28 new dispensaries not connected to existing ones opened in Illinois, which was below the ambitious goals set previously. The department has issued 48 social equity dispensary licenses and conducted the SECL for 55 more conditional licenses. For FY2024, the goals include issuing 55 conditional licenses from the SECL, hiring additional inspectors and processors to decrease licensing times, and increasing public outreach. Projects for FY2024 include implementing a new Seed-to-Sale System and comprehensive rules under the Cannabis Regulation and Tax Act (CRTA) filed in August of 2024, and a public education outreach initiative².

For April 2023, the combined sales to in-state and out-of-state residents were at \$132 million, showing a slight decrease from the previous month but an increase compared to the same month in the previous year. The in-state market share slightly increased, while the out-of-state market share fell, partially due to Missouri’s legalization of adult-use cannabis. The number of items sold increased, with the average price per item falling below \$40 for the first time, indicating a price drop that may be due to increased competition from neighboring states. The wholesale price analysis showed a significant price drop since October 2021, with the expectation that prices will continue to fall as production technology improves, although not to the level of states like Michigan due to Illinois not having an outdoor harvest³.

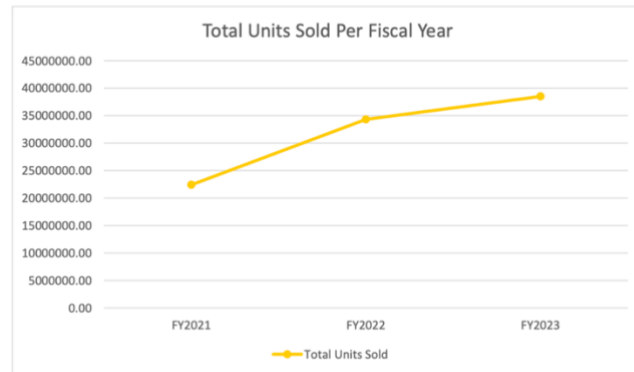
Illinois Market Data Sets

This analysis comprises data and goals from official state reports, showing the evolving landscape of the cannabis market in Illinois, the impact of social equity initiatives, and the market’s responsiveness to changes within and outside state borders. The Illinois cannabis market has been subject to detailed analyses by various organizations and state departments. This analysis comprises data and goals from official state reports, showing the evolving landscape of the cannabis market in Illinois, the impact of social equity initiatives, and the market’s responsiveness to changes within and outside state borders. Below is a comprehensive market analysis based on the available data:

Illinois State Reports and Figures

The Illinois Department of Financial & Professional Regulation (IDFPR) released its Annual Cannabis Report for the fiscal year 2023. This report spans 20 pages and includes a summary of the year's activities, accomplishments, goals for the upcoming fiscal year, and several charts and statistics¹. In terms of sales figures, the IDFPR issued data showing that combined sales to in-state and out-of-state residents in April 2023 were \$132 million. This was a slight decrease from March 2023, which had combined sales of \$134.8 million, but it was a 0.2% increase from April 2022 sales of \$131.8 million².

\$1,196,347,747.49	\$1,504,067,158.95	\$1,586,117,497.82
FY2021 total dispensary sales	FY2022 total dispensary sales	FY2023 total dispensary sales



Illinois Department of Financial and Professional Regulation

- Industry Reports:** Various Data and analytics service providers offer deep dives into the Illinois cannabis market, including the IDFPR itself, as well as other state tracking systems and private companies. These provider report includes detailed on everything from sales and tax data to the market's growth since the legalization of medical cannabis in 2013 and adult use in

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2019. With a significant population size, Illinois has become one of the largest markets in the country³.

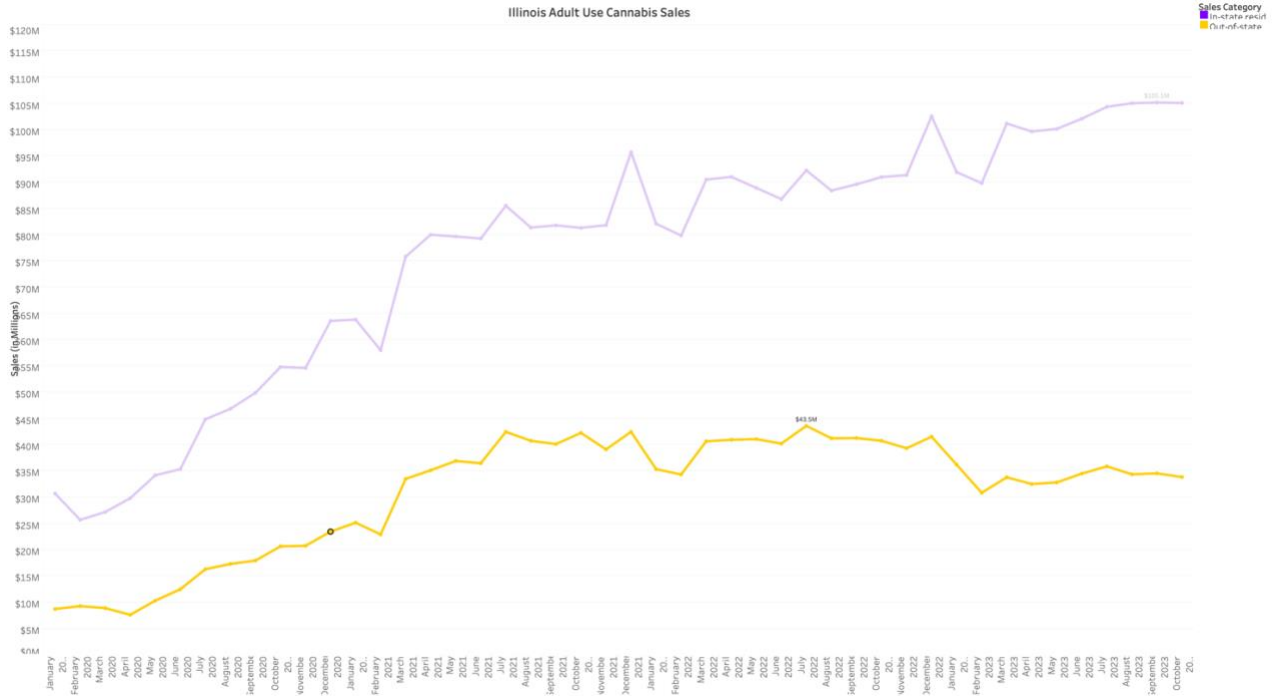
2. **Sales and Growth:** Illinois has shown unprecedented growth in the cannabis market, especially noticeable since the start of the medical program in 2015 and the legalization of adult use in 2020. For instance, the state's legal cannabis industry brought in about \$451.9 million in fiscal year 2023, outpacing revenue from alcohol sales, which stood at \$316.3 million during the same period⁴. Additionally, Illinois remains a national leader with the third biggest cannabis retail market in the U.S., recording \$165.5 million in sales for September 2023 alone⁶.
3. **Monthly Sales Data:** The cannabis.illinois.gov site provides monthly sales figures, detailing wholesale, retail, and adult use sales based on a seed-to-sale data system with reports pulled monthly over the past seven years⁷.

Sales Figures and Trends

- **Overall Sales:** The Illinois Department of Financial and Professional Regulation (IDFPR) plans to issue an additional 55 conditional licenses as the market matures, suggesting an expanding market¹. The first quarter of 2023 saw the state's licensed dispensaries sell more than \$383 million of adult-use cannabis, a nearly 6% increase compared to the same period in 2022².
- **Monthly Trends:** Adult use sales figures in April 2023 were at \$132 million, a slight dip from the previous month but an increase from the year before³. June 2023 saw a significant uptick, with sales rising 8% year-over-year⁴. The trend continued in July, with recreational sales topping \$140 million, marking a 2023 high⁵.
- **Product Categories:** Flower sales represented 49% of the overall retail market in September, with extracts and infused edibles being other significant product categories⁶.

Total Sales

The fiscal year 2023 witnessed "unprecedented growth" with more than \$1.5 billion in total retail sales. However, total tax revenue from the industry decreased compared to the previous fiscal year⁷.



In September 2023, the combined adult use and medical sales reached \$165.5 million, showing a minor decrease from \$165.7 million in August 2023. The adult-use sales for September were \$139.5 million, slightly up from August's \$139.2 million and showing a 6.8% year-on-year increase. The retail cannabis price data indicates that the average price of items sold at adult use retailers continued to decline as the volume of items sold increased, with September 2023 items sold up by 19.1% year-on-year^{2,3}.

Medical cannabis sales for September saw a slight decline to \$26 million from over \$26.4 million in August. While sales revenue has been trending down, the volume of flower sold to patients in August 2023 was up by 15.5% year-on-year, with a steady volume from August to September. The average retail price paid by patients for a gram of flower was \$9.90 in September 2023, which is down 14.7% year-on-year².

The wholesale price analysis suggests that the spot wholesale flower price began a steep decline after the first social equity retail licenses were granted in November 2022. This increased competition has led to a stabilization of prices slightly under the \$2,300 per pound threshold, as the issuance of new retail licenses quickens. With nearly 150 social equity retail businesses still holding conditional licenses and working toward achieving full licensure, price competition is expected to intensify².

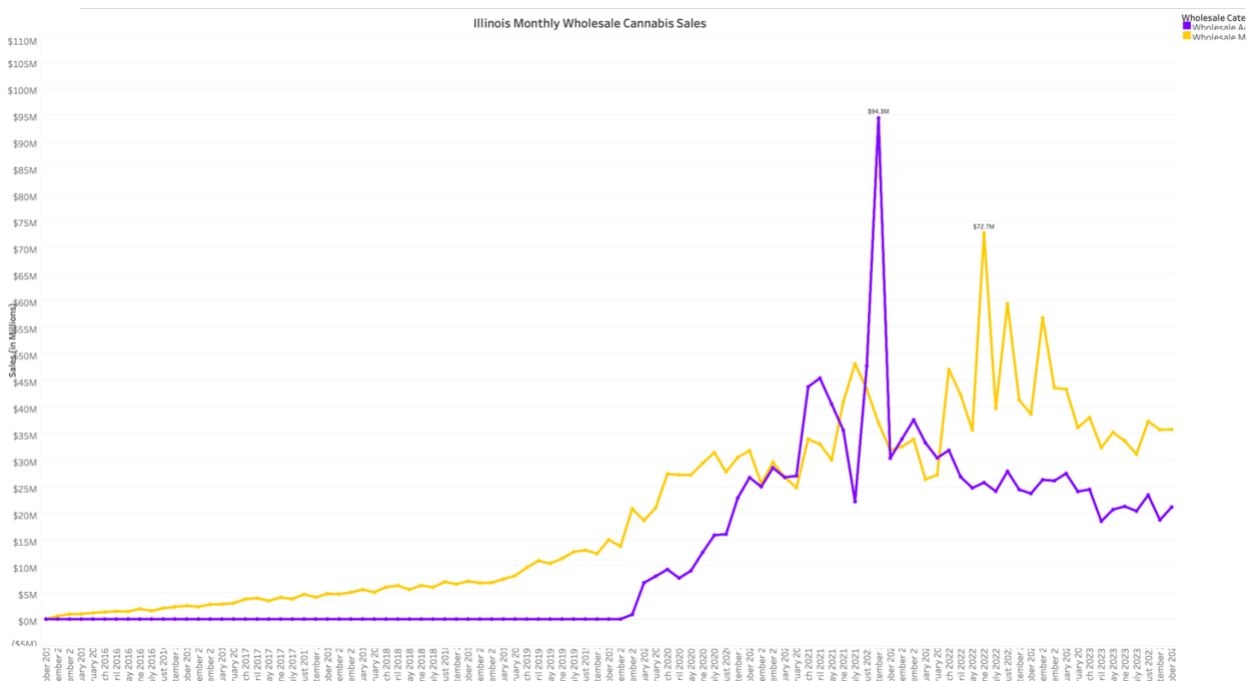
The adult-use cannabis sales figures for 2023 show a steady number of items sold throughout the year, with sales totals reaching \$138.7 million in October. This is reflected in the data tables that show monthly in-state and out-of-state resident sales, which have remained relatively consistent, with October showing a slight decrease from September⁴.

Monthly Trends

The Illinois cannabis market consists of both medical and adult-use segments. The medical market caters to patients registered under the State's Medical Cannabis Pilot Program (MCP) or the Opioid Alternative Pilot Program (OAPP), while the adult-use market serves anyone over 21 years old. The adult-use market commenced on January 1, 2020¹.

Regarding sales figures, the Illinois Department of Financial & Professional Regulation (IDFPR) provides monthly sales data. For instance, the 2023 figures up to October show a fluctuating trend, with sales peaking in July at over \$140 million and a slight decrease in the following months. January started strong with sales totaling approximately \$127.9 million, and similar robust figures were maintained throughout the year².

Additionally, the 2023 Annual Cannabis Report by IDFPR highlights the emphasis on social equity in dispensary licenses. Despite the ambitious goals set in the previous year's report, only 28 new dispensaries not connected to existing ones opened in FY2023, a shortfall from the intended 185 new Adult Use Dispensing Organization Licenses. The report outlines goals for FY2024, including the issuance of 55 conditional licenses from the Social Equity Criteria Lottery (SECL), hiring additional inspectors and processors to expedite licensing, and increasing public outreach. There is also a focus on implementing a new 'Seed to Sale' system and comprehensive rules under the Cannabis Regulation and Tax Act (CRTA) to facilitate market growth and public knowledge³.



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The Illinois cannabis market data suggest a thriving industry with significant monthly sales and a focus on expanding the market responsibly, ensuring social equity and regulatory compliance. However, exact figures are subject to change due to potential corrections, and sales totals do not include tax collections. The data is also not adjusted for inflation and are rounded to the nearest \$100,000¹.

Adult Use Retail Sales - Trailing 6 Months

**MARKET
AND**

Date	In-State	% Chg	Out-of-State	% Chg	Total	% Chg
22-Nov	\$91,250,864	0.4%	\$39,241,861	-3.5%	\$130,492,725	-0.8%
22-Dec	\$102,460,209	12.3%	\$41,439,617	5.6%	\$143,894,538	10.3%
23-Jan	\$91,820,903	-10.4%	\$36,117,117	-12.8%	\$127,938,020	-11.1%
23-Feb	\$89,724,533	-2.3%	\$30,764,037	-14.8%	\$120,488,570	-5.8%
23-Mar	\$101,080,949	12.7%	\$33,709,433	9.6%	\$134,790,382	11.9%
23-Apr	\$99,561,395	-1.5%	\$32,429,108	-3.8%	\$131,990,503	-2.1%

**SHARE
PRODUCT**

CATEGORY PERFORMANCE

The Illinois cannabis market has emerged as a formidable player in the United States, boasting a significant \$1.1 billion in total sales this year alone. This marks a competitive edge close to Michigan, positioning Illinois as a potential third-ranked state in the U.S. cannabis industry. With unique consumer preferences shaping its market—evidenced by a notable preference for Vapor Pens over Flower—the state reflects a dynamic shift in the cannabis consumption landscape.

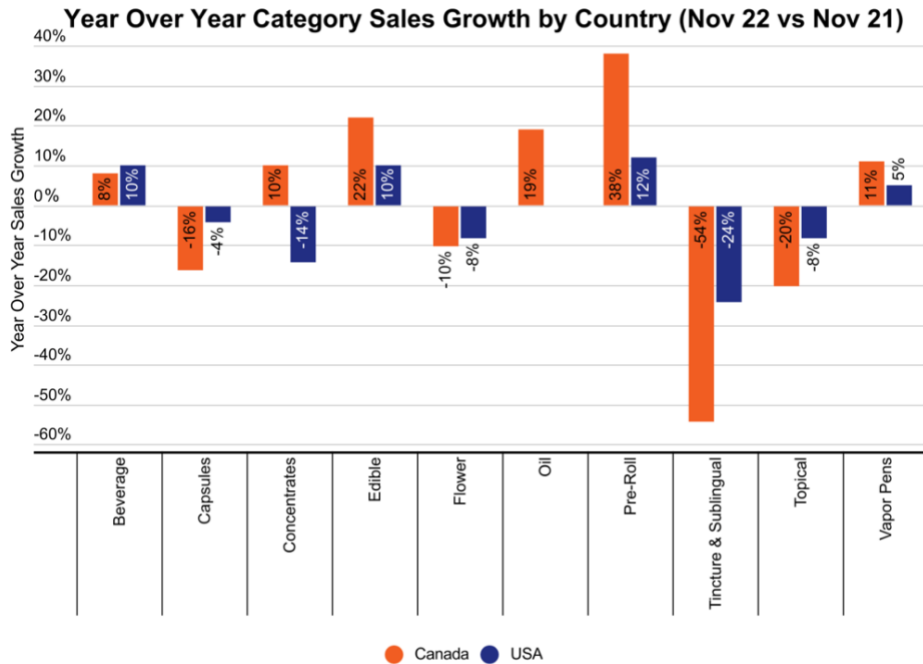
- Illinois has reached \$1.1 billion in total cannabis sales for the current year, approaching Michigan as the third highest market for cannabis sales in the US⁸. The state has the second highest Vapor Pen share at 26.2%, and the second-lowest share to Flower at 42.7% among U.S. markets⁸.
- In terms of market share by product category, the most underrepresented in Illinois is Pre-Rolls, despite being one of the fastest-growing categories nationally. Pre-Rolls have seen a 5.6% increase in sales in the last year. Flower remains the most popular category, although its growth was marginal at 0.7% over the past year. There has been a general industry shift from Flower to newer categories like Beverages, Edibles, Pre-Rolls, and Vapor Pens. Conversely, Concentrates experienced the most significant loss among key categories, dropping over 15% from the previous year to 7% of total sales in Illinois³.
- Illinois' cannabis market has shown a 2.1% growth in the last year, which is notable in a landscape where many markets are experiencing flat or shrinking sales growth. The first half of 2023 saw over \$950 million in total cannabis sales, making Illinois the third-largest cannabis market in the U.S., trailing only California and Michigan⁴⁵.

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- In terms of demographics, the market is relatively consolidated, with 68% of sales coming from the top 10 brands out of only 118 brands. Prices in Illinois are also among the highest in the country, with the average item price being 89% higher than the rest of the U.S. market. Interestingly, consumers over the age of 41 account for a higher percentage of sales in Illinois (42.1%) compared to their representation in sales nationally (36.4%)³.
- It's worth noting that all sales figures, both wholesale and retail, are subject to change due to corrections, recalls, voids, and other adjustments, and totals may not sum exactly due to rounding and changes in database querying methods. Additionally, these figures do not include taxes collected¹.

Illinois has demonstrated robust growth and a unique market composition within the cannabis sector. Despite the overall industry's trend of stagnating sales, Illinois has seen a 2.1% increase, with significant contributions from demographics over 41 and a market dominated by top brands. Prices remain high, and the state stands out for its specific product category trends. However, it's important to consider that sales data is fluid, subject to adjustments that may alter the reported figures.

US Market Trends (per SKU Type)



US Product Category Market Trend Data

Demand Shift

When it comes to purchasing cannabis, consumers' preferences have shifted. Previously, branding and strain type were the most important factors considered during purchase. However, recent data

suggests that 60% and 58% of respondents now consider THC percentage and price as the most important factors, respectively.

Market Trends

In terms of product popularity, there has been a noticeable shift in sales trends. Products like beverages, edibles, vapes, and pre-rolls have seen a spike in sales, with increases of 10%, 10%, 5%, and 12% respectively. On the other hand, sales have declined for cannabis tinctures, topicals, capsules, and flower, with decreases of 24%, 8%, 4%, and 8% respectively.



1. **Cannabis Consumption Patterns:** Despite rising inflationary pressure and cost-saving behaviors, demand for cannabis is resilient. 39% of participants said they purchased less expensive cannabis in 2022 compared to 2021, but 73% actually spent more money per transaction this year¹.
2. **Important Factors for Cannabis Purchase:** THC percentage and price are the new leading factors considered when consumers purchase cannabis. Last year, branding and strain type were most important, but now 60% and 58% of respondents consider THC percent and price the most important factors, respectively¹.
3. **Product Popularity:** There was a spike in sales of products like beverages (+10%), edibles (+10%), vapes (+5%), and pre-rolls (+12%). On the other hand, sales declined for cannabis tinctures (-24%), topicals (-8%), capsules (-4%), and flower (-8%) in 2022¹.

Illinois Market Trends (per Item Price)

IDPFR supplies monthly transaction data in the form of “items sold.” The number of items sold in April 2023 increased by 2.4% to 3,367,602. Average price per item fell below \$40 for the first time, shedding \$1.80 per or 4.4% in what appears to be discounting both against competition from Missouri and heading into high season. Although the Illinois market cannot be said to be competitive within the state despite more retailers coming on line, retailers are clearly feeling the heat from nearby states.

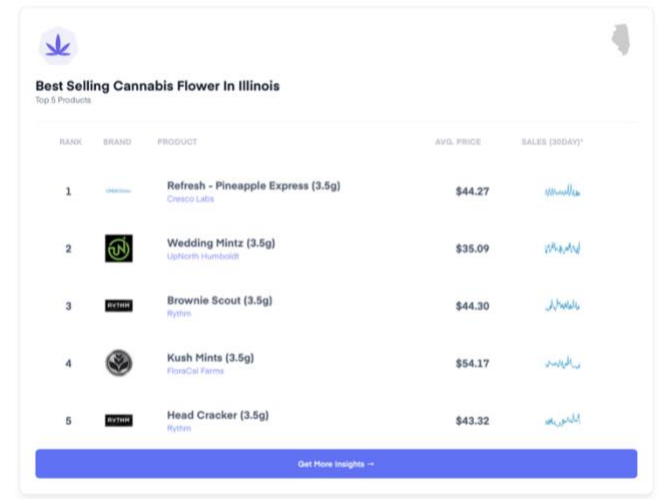
Adult Use Sales and Items Sold - Trailing 3 Months











Month	Items Sold	Avg Price of Items Sold	Total Sales
February 2023	2,911,925	\$41.38	\$120,488,570
March 2023	3,289,301	\$40.99	\$134,790,382
April 2023	3,367,602	\$39.19	\$131,990,503

US Cannabis Flower Market Data Trends

Flower has traditionally been the best-selling cannabis product category for dispensaries. However, 2021 marked a shift in this trend. While flower still accounted for a significant portion of total sales (59%), it was less dominant than in previous years. On the other hand, concentrates and edibles saw an increase in popularity, accounting for 24% and 11% of total sales, respectively.

This shift indicates a clear trend in consumer preferences moving away from flower and towards products like edibles, cannabeverages, and concentrates. This could be attributed to several factors, including the increased availability and variety of these products, as well as a growing consumer interest in trying new and different cannabis experiences.

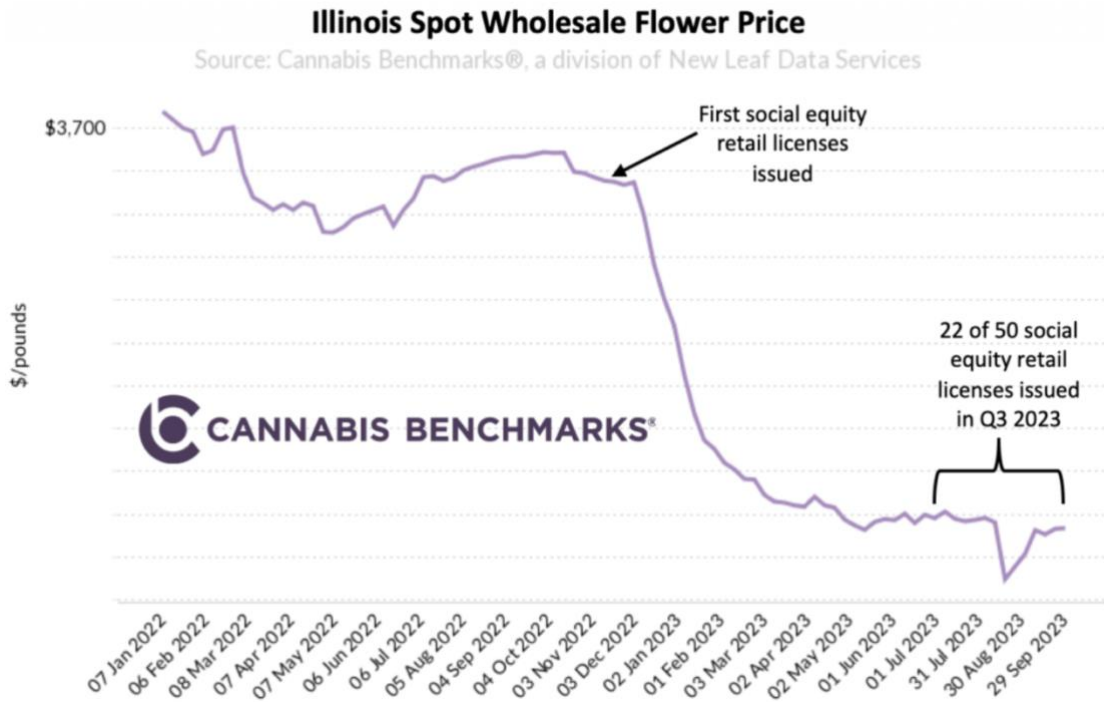


RANK	BRAND	PRODUCT	AVG. PRICE	SALES (DODAY)
1		Refresh - Pineapple Express (3.5g) Cresco Labs	\$44.27	
2		Wedding Mintz (3.5g) UpNorth Humboldt	\$35.09	
3		Brownie Scout (3.5g) Hylio	\$44.30	
4		Kush Mints (3.5g) FloraCol Farms	\$54.17	
5		Head Cracker (3.5g) Hylio	\$43.32	

1. **Flower Sales:** Flower has always been the best-selling cannabis product category for dispensaries. [However, in 2021, flower made up less \(59% of total sales\), while concentrates and edibles increased in popularity at 24% and 11% respectively¹. There is a clear trend in movement away from flower, and toward products like edibles, cannabeverages, and concentrates¹.](#)
2. **Medical vs. Recreational:** Medical patients purchase more flower than adult-use customers. [This number differs by a relatively high 5%¹.](#)
3. **State-by-state:** There are some high variations in flower purchases depending on state. [Perhaps Oregon and California's more mature markets are losing interest in flower compared to more newly legalized states¹.](#)

The Illinois cannabis flower market, legalized for adult use in 2019, has become one of the largest in the U.S. with over \$950M in sales through the first six months of 2023. Despite having few brands, Illinois sees a significant portion of sales from the top 10 brands, indicating high market consolidation. The state has high cannabis prices, with the average item price 89% higher than the rest of the U.S. Flower, as a category, shows a slight overrepresentation in Illinois, with a 0.7% growth in the last year. Pre-Rolls, underrepresented compared to the national average, have increased by 5.6% in sales, suggesting an opportunity for growth. Sales growth overall has slowed down, with the state experiencing a 2.1% growth, which is modest but positive in comparison to other markets. Vertical integration is notable, with 27% of sales coming from such products. Demographics indicate a higher representation of consumers over the age of 41, compared to national figures. For more in-depth data, including sales by strain, package size, and consumer demographics, Headset Insights offers real-time SKU-level data¹.

The Illinois cannabis flower market has shown a robust performance in recent years, growing to become one of the largest legal cannabis markets in the United States. As of September 2023, combined adult use and medical sales reached \$165.5 million, which is a slight decrease from August 2023 figures. Adult use sales alone for September stood at \$139.5 million, indicating a year-on-year increase of 6.8%. Medical sales, however, experienced a slight decline in September 2023, dipping to \$26 million from August's \$26.4 million. The volume of flower sold to patients remained relatively steady month-on-month, with a minor decrease from 1.27 million to 1.26 million grams of flower. The average retail price paid by patients for a gram of flower in September 2023 was \$9.90, showing a significant decrease from the previous year's price of \$11.61¹.



The market has been influenced by the price dynamics, with the average price of cannabis items sold at adult-use retailers declining as sales volume increased. Specifically, the average item price fell by 10.3% year-on-year in September 2023, while the volume of items sold went up by 19.1% in the same period¹.

Financial data from April 2023 indicate that the combined sales to both in-state and out-of-state residents were at \$132 million, which was a slight decrease from March 2023. Notably, in-state sales constituted the bulk of this figure at \$99.6 million, which was a 9.5% increase from April 2022. Out-of-state sales experienced a more significant drop due to factors such as Missouri's legalization of adult-use cannabis and the consequent doubling of prices due to low supply. This competition from neighboring states has affected Illinois' out-of-state market share, which has declined. Additionally,

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wholesale prices have been undergoing a sustained sell-off, with prices dropping by 43.9% from October 2021 to 2023, indicating a firmly established downtrend in wholesale cannabis prices².

The Illinois Department of Financial and Professional Regulation (IDFPR) has been actively promoting social equity in the dispensary licensing process. As part of its efforts, 28 new dispensaries were opened in FY2023, contributing to the total of 48 social equity dispensary licenses issued in nearly four years. Although this was below the ambitious goal set by the IDFPR, the department remains committed to increasing the number of dispensaries, particularly those qualifying as social equity applicants. For FY2024, the IDFPR plans to issue additional conditional licenses, hire more inspectors, and implement a new Seed-to-Sale System to better serve the Illinois population. These measures are expected to facilitate market growth and public education regarding cannabis in Illinois

□.

Illinois cannabis flower market is characterized by its rapid growth and significant contribution to the state's economy. The market dynamics are shaped by regulatory initiatives aimed at promoting social equity, competitive pricing influenced by both in-state factors and neighboring states' markets, and a focus on technological advancements in production that are likely to continue to drive prices down.

Vape Market Data Trends

Vape Products have emerged as a significant category in the cannabis market. Despite the higher price, the popularity of vape products continues to grow due to their convenience, user-friendly nature, and the variety of flavors and experiences they offer. This growth is reflected in the increasing market share of vape products in the cannabis industry.

- [The global cannabis vaporizers market was valued at US\\$ 5.4 Bn in 2022 and is estimated to advance at a CAGR of 16.8% from 2023 to 2031, reaching US\\$ 20.5 Bn by the end of 2031¹.](#)
- [However, in Illinois, vape products are priced higher compared to other states, with an average price of \\$66 per equivalent gram².](#)
- [In Illinois, despite the first vaping-related death announced at the end of August 2019, the cannabis vape market has shown resilience³](#)

The Illinois cannabis market has experienced significant growth, with vape sales more than doubling from 2018 to 2022. This growth increased the overall market share of vapes from 19.9% to 23.3%, indicating a strong upward trend that is expected to continue through 2023. The rebound in vape sales, particularly since 2021, has been notable, especially among young adults. On average, 26% of young adults reported vaping marijuana between 2019 and 2022.

The increasing popularity of cannabis vapes can be attributed to their discreetness and convenience, allowing for more public use without attracting attention due to a milder smell. Moreover, the flavor provided by vaping, especially with advanced technologies like sub-ohm vaping, has made it a favored method of consumption over others.

The demand for innovative vape technology has led to the introduction of features such as wireless connection capabilities, LED screens, and built-in safety measures in many vaporizers on the market today. These advancements have continued to elevate the cannabis vape market, suggesting a promising future with sustained growth and innovation¹².

The top 5 best-selling cannabis vapor pen products in Illinois according to a Headset report are:

1. **Friyay - Melon BDT Distillate Disposable** (0.3g) by Good News - Average Price: \$26.31
2. **Brunch - Orange BDT Distillate Disposable** (0.3g) by Good News - Average Price: \$26.36
3. **Me Time - Berry BDT Distillate Disposable** (0.3g) by Good News - Average Price: \$26.67
4. **Green Crack BDT Distillate Cartridge** (0.5g) by &Shine - Average Price: \$30.02
5. **Pineapple Express BDT Distillate Cartridge** (0.5g) by &Shine - Average Price: \$29.98¹.

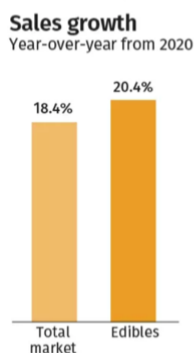
These products represent a range of flavor profiles and are available in both disposable and cartridge formats. The average prices suggest a competitive market for vape products in Illinois.

Edible and Infused Products Market

The data available on the U.S. cannabis edibles market, which can be reflective of trends in Illinois, shows a significant presence and growth of this product category. Gummies have been leading the charge, capturing over 70% of the edibles market share with nearly \$1 billion in retail sales. The edibles market overall saw more than a 20% increase in sales, growing from \$1.15 billion in 2020 to \$1.38 billion in 2021. Despite dropping to the fourth-largest category by total sales, trailing pre-rolls, the outlook for edibles remains bullish among industry executives.

Edibles Growth in 2021

Sales of marijuana edibles in 2021 grew more than sales of all MJ products in CA, CO, MI, NV, OR and WA. Gummies continue to dominate edibles sales.



Source: Headset

Category	2021 sales	Year-over-year growth
Gummies	\$976M	31%
Chocolate	\$150M	-7%
Caramels, Chews, Taffy	\$131M	32%
Candy, Lozenges, Gum	\$36M	-18%
Mints	\$33M	0%
Cookie	\$28M	-20%
Brownie, Cereal Bars	\$18M	2%
Other	\$7M	-20%

Package size	2020	2021
THC		
100mg	76.3%	77.8%
50mg	9.9%	10%
Other	4.3%	4.6%
10mg	2.6%	2.7%
<5mg	2.4%	1.4%
20mg	1.3%	1.0%
90mg	1.5%	0.9%
40mg	0.9%	0.9%
5mg	0.6%	0.4%
30mg	0.3%	0.2%

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Edibles are popular among new consumers for their ease of use and consistent dosing. They are also seen as a discreet and convenient option, making them a good entry-level product. The consumer demographic particularly entering the cannabis market via edibles is around 30-45 years old. As consumers become more experienced, there is a growing interest in edibles that offer a whole-plant experience, like those made with solventless extracts like live resin and rosin. These products retain a

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broader spectrum of cannabinoids and terpenes found in the cannabis plant, appealing to both medical marijuana patients and seasoned users looking for benefits beyond just THC. There is also an emerging interest in strain-specific edibles, which could appeal to consumers with a preference for particular cultivars¹²¹.

The cannabis-infused products market in Illinois is part of a larger trend of rapid growth in the edibles sector. The market size for cannabis-infused edible products is expected to expand from USD 9.68 billion in 2023 to USD 20.60 billion by 2028, growing at a compound annual growth rate (CAGR) of 16.30% during the forecast period. This growth is being driven by factors such as the popularity of cannabis-infused products like snacks and beverages, especially among younger consumers who are influenced by social media trends. Innovations are anticipated in product development to appeal to this demographic and to stay competitive in the market.

Micro-dosing, which involves consuming small doses of cannabis to achieve a desired effect without full intoxication, is expected to reach new heights, with significant industry players investing in the development of cannabis-infused drinks. North America is leading the cannabis-infused edibles market, with research focusing on the potential medical benefits of cannabis, such as alleviating cancer-related symptoms and treatment side effects. Packaging also plays a crucial role in sales, with average servings around 100 mg per package, and there is an increasing focus on single servings and accurately dosed products for both safety and convenience¹.

Here is a list of some popular cannabis-infused products available in Illinois:

1. **Mindy's Edibles: Milk Chocolate And Peanut Brittle Chocolates** - Crafted by chef Mindy Segal, these chocolates contain 10mg of THC per piece, offering a milky, smooth, and crunchy texture.
2. **Incredibles Fruit Trio Mints** - A blend of lemon, grape, and green apple flavors, these mints have 100mg of THC per package, with individual tarts containing 2mg of THC each for a controlled dose and a euphoric effect.
3. **1906 Genius Drops** - Combining 2.5mg THC, 2.5mg CBD, and a hint of caffeine, these drops are designed for clarity and focus.
4. **Bhang Cookies And Cream White Chocolate Edibles** - Gourmet chocolate bars containing 100mg of THC, with each piece having 25mg, aimed at consumers with higher tolerance.
5. **Freedom Fudgies** - Produced by Revolution Global, each fudge bar contains 100mg of THC and is recommended for sativa lovers looking for creativity and awareness.
6. **Beboe Inspired Pastilles** - Known as the "Hermes of Marijuana," these pastilles contain 5mg THC and 1mg CBD per piece, ideal for relaxation.
7. **Matter Watermelon Spots Sour Gummies** - Vegan-friendly gummies with 5mg of THC per piece, made by PharmaCann, known for a quicker onset time due to emulsified THC¹.

Beverage Market

Cannabis-infused beverages have emerged as a significant category in the cannabis market. The global cannabis beverages market size was USD 574.90 million in 2020. The market is projected to grow from USD 915.06 million in 2021 to USD 19,063.58 million in 2028 at a CAGR of 54.31% during 2021-2028¹.

The cannabis-infused beverage market in Illinois is part of a dynamic sector that's growing rapidly. Market share for cannabis beverages has surged over 40% in the US and Canada since early 2021. The trends for 2023 indicate that dosing options are polarized between low dose (2 to 10mg THC) and high dose (100mg THC), with the most popular being 10mg, accounting for 39% of the market. Formats like shots, tablets, and stick packs are expected to expand due to their convenience and lower shipping costs.

Variety is crucial, with a range of products from seltzers to fruit-forward drinks and teas available. However, inflation may influence consumer choices, pushing them towards products that offer more value for money. Flavor trends show a preference for citrus, berry, and tropical flavors, and there's an increasing interest in floral and herbal notes, particularly in teas.

In terms of ingredients, there's a growing focus on minor cannabinoids like CBG, CBN, and CBC, which are being paired with major cannabinoids to leverage their unique benefits. Additionally, terpenes are being emphasized for their aroma, flavor, and therapeutic effects. Health-conscious trends are also evident, with a preference for low-sugar, low-calorie options and the inclusion of functional ingredients like adaptogens. Caffeinated cannabis beverages are gaining popularity, with a careful balance of caffeine content being key to complement the effects of cannabis¹.

Pre-Roll Market Data Trends

The pre-roll segment of the cannabis market offers consumers convenience and quality, catering to those who value the traditional smoking experience without the hassle of rolling. Analyzing the current market dynamics and performance of pre-rolls is crucial for a successful entry into the Illinois cannabis market.

Market Share and Performance

The market share for pre-rolls in the United States has been relatively stable, ranging between 7-11% over recent years, peaking at 10.9% in August 2021. This stability suggests a consistent consumer base, with the market demonstrating resilience even during the COVID-19 pandemic. In Illinois, the pre-roll market share is around 7%, indicating room for growth and market capture¹.

Segment Analysis

In the U.S., the Connoisseur/Infused pre-roll segment constitutes a significant portion of sales at 32.4%, indicating a preference for premium and specialty products. This preference for high-end pre-rolls is less pronounced in Canada, where the segment accounts for only 0.1% of sales. Pricing

strategies may influence this difference, with Connoisseur/Infused pre-rolls priced 18% higher than other segments in the U.S., compared to a 57% price hike in Canada¹.

Packaging Trends

There is a notable distinction in pre-roll packaging sizes between the U.S. and Canada. In the U.S., single-serving pre-rolls dominate sales at 60%, highlighting the consumer preference for convenience and trial. This trend towards single servings is less evident in Canada, where larger pack sizes prevail. The data indicates a potential to explore various packaging strategies in Illinois to cater to diverse consumer preferences¹.

Conclusion

Entering the Illinois pre-roll market requires a focus on premium segments and thoughtful packaging strategies that align with consumer trends. By leveraging the steady market share of pre-rolls and the consumer inclination towards single servings and Connoisseur/Infused products, we can position our offerings to capture and grow our market share in this category. To maximize our entry, we should consider the following strategic steps:

- Introduce high-quality Connoisseur/Infused pre-rolls to cater to the premium market segment.
- Optimize packaging to offer single-serving options that align with U.S. consumer preferences.
- Develop competitive pricing strategies that reflect the value of premium segments without deterring consumers.
- Monitor market trends to remain adaptive to changes in consumer behavior and preferences.
- The data supports a promising outlook for the pre-roll market in Illinois, and with a strategic approach, we can secure a strong foothold in this segment.

Illinois Market Trends

1. [Market Share: The pre-roll market share in the US stayed between 7-11% over the last 3+ years and reached a new high in August 2021 at 10.9%¹. However, the pre-roll market in Illinois is underrepresented²³.](#)
2. [Growth: Pre-rolls in Illinois have seen an increase of only 5.6%²³.](#)
3. [Comparison with Other Markets: When compared to other markets, the pre-roll market share in Illinois is around 7%, which is similar to Maryland, Colorado, and Arizona¹.](#)
4. [Trends: There is a noticeable trend towards infused pre-rolls dominating the cannabis market⁴.](#)

In Illinois, the pre-roll cannabis market features a variety of products catering to different price points and preferences. Here are some of the best-selling pre-roll products in Illinois:

- **Animal Mint Cake Pre-Roll** (1g) by Crops is priced at \$8.56.
- **Animal Cake Pre-Roll** (1g) by Ozone is offered at \$13.48.
- **Northern Lights Haze Pre-Roll** (0.7g) by Innocent is available for \$8.15.
- **Lime OG Pre-Roll** (1g) by Crops is sold for \$9.11.

In Illinois, the Connoisseur/Infused segment of pre-rolls, which includes products with infused papers, accounts for a substantial 32.4% of sales. This segment's popularity is a testament to the consumer appetite for high-end, differentiated products, which can command higher price points and drive profitability¹.

Strategic Implementation:

To capitalize on the burgeoning market for infused pre-rolls, a strategic approach should include:

- Introducing a line of premium, infused paper pre-rolls in Illinois to tap into the Connoisseur/Infused market segment.
- Leveraging the popularity of multi-packs by offering infused pre-roll variety packs to cater to diverse consumer preferences.
- Marketing the unique qualities of infused pre-rolls, emphasizing the enhanced flavor and potency that infused papers can offer.

Conclusion

Infused pre-roll papers represent a significant growth opportunity in the Illinois cannabis market. By targeting the right market segments and packaging options, our entry into this space can satisfy consumer demand for premium products, set our brand apart, and establish a strong market presence.

Concentrate Market

The cannabis extract and concentrate market in Illinois has experienced a decline, with a significant decrease of over 15% in sales, now accounting for 7% of total sales in the state. This downturn contrasts with other categories like pre-rolls, which have seen an increase in sales. The Illinois market has a relatively small number of brands compared to other states, with only 118 brands, and a high concentration of sales among the top 10 brands, suggesting a market that is less diverse and more consolidated due to vertical integration. Illinois has some of the highest cannabis prices in the country, with average item prices being significantly higher than other states. This is likely due to the high level of vertical integration and limited market access. The average item price in Illinois is currently 89% higher than the rest of the US market, and the price per gram is 97% higher. However, there has been a significant price drop in the past year, with the equalized quantity price dropping by 26.8% compared to the national average of 17.3%¹²¹.

The list of best-selling cannabis concentrates in Illinois includes:

1. **Jenny Kush Full Spectrum Hash Oil** (1g) by Aeriz - Average Price \$38.50
2. **GMO Full Spectrum Hash Oil** (1g) by Aeriz - Average Price \$39.63
3. **Indica Rest RSO Dropper** (0.5g) by Remedi - Average Price \$24.02
4. **The Antidote - Chem 91 RSO Syringe** (0.5g) by pts: PURE - Average Price \$21.07
5. **Ice Cream Cake Full Spectrum Hash Oil** (1g) by Aeriz - Average Price \$39.15¹.

These products represent a range of concentrates available in the Illinois market, including hash oils and RSO (Rick Simpson Oil) products, in various dosage forms and potencies to meet consumer demand.

ILLINOIS MARKET SHARE AND OPPORTUNITY

The Illinois cannabis market has encountered significant roadblocks, particularly for entrepreneurs aspiring to enter the space through the craft grow route. In mid-2021, a promising step was taken when nearly 90 applicants received craft grow licenses, setting the stage for a diversification of the market with small, independent cultivation spaces. However, the initial optimism was soon tempered by the harsh realities of the financial landscape surrounding these operations.

The capital required to commence a grow operation is daunting, with estimates ranging from \$5 million to \$10 million. This stark financial requirement stands in contrast to the more accessible dispensary model, which demands between \$1 million and \$2 million to establish. The disparity in startup costs is not trivial; it represents a significant barrier to entry that favors retail over production, potentially stifling innovation and variety in the market.

This challenge is compounded by the federal status of cannabis as an illegal substance. Despite state-level legalization, the federal prohibition of cannabis casts a long shadow over the banking industry's willingness to engage with cannabis-related businesses. Traditional avenues for business loans remain shut, as banks are federally regulated and cannot risk implicating themselves in what is technically a federal offense. As a result, potential cannabis entrepreneurs are left to navigate a labyrinthine financial landscape, seeking out non-traditional lenders and investors willing to engage with the industry. These sources of capital, while available, often come with exorbitant interest rates and complex terms, reflecting the heightened risk they assume by associating with the cannabis market.

The situation is a paradoxical one. On the one hand, the state of Illinois has made strides in attempting to democratize the cannabis industry, offering opportunities for small business owners to make their mark. On the other hand, the fiscal realities present a starkly different story—one where only the financially robust or those capable of navigating the complex and costly alternative financing options can truly participate. The high costs of setting up grow operations not only limit entry but also restrict operational scale, as evidenced by the state's cap on canopy space, which further challenges growers in scaling their businesses to profitability.

The result is a market that, while legally progressive, is economically conservative, favoring established players with deep pockets or exceptional financial acumen. For a market still in its relative infancy, such financial barriers can inhibit the kind of entrepreneurial dynamism that drives innovation and competition. As Illinois continues to shape its cannabis landscape, the interplay between state legalization and federal prohibition will remain a central issue, with the potential to make or break the aspirations of emerging cannabis entrepreneurs.

SELL-THROUGH ANALYSIS

In Illinois, the cannabis market is highly consolidated with 68% of sales coming from the top 10 brands out of only 118 total brands. Pre-rolls are a fast-growing category yet underrepresented in Illinois, indicating a potential opportunity as their sales have increased by 5.6% in the last year.

Vertically integrated products account for 27% of total sales, which is significant compared to other states. The average item price in Illinois is 89% higher than the US market average, and consumers over the age of 41 make up a larger portion of sales in Illinois at 42.1% compared to 36.4% nationally [1](#).

Illinois is the third-largest cannabis market in the US, with over \$950 million in sales in the first six months of 2023, showing a growth of 2.1% over the previous year. This growth is notable in a market where many are seeing flat or negative growth rates [1](#).

In terms of category market share, Flower remains slightly overrepresented in Illinois, growing by 0.7% in the last year. However, the industry is generally shifting some of its popularity from Flower to newer categories such as Beverages, Edibles, Pre-Rolls, and Vapor Pens. Concentrates saw the most significant loss among major categories, down over 15% in the last year to 7% of total sales in Illinois [1](#).

To expand on the analysis of the Illinois cannabis market and cross-reference it with data from other states, the U.S. cannabis industry overall is facing both challenges and opportunities. While the oldest legal adult-use markets have experienced declining revenues for the first time in 2022, new markets on the east coast are expected to stimulate industry growth. Despite these declines, legal cannabis sales are projected to reach \$71 billion by 2030, with potential legalization in 18 additional states. The demand for legal cannabis remains strong, largely unaffected by macroeconomic factors like inflation, high taxes, and competition from the illicit market [1](#).

Comparing this to Illinois, where there's a notable consolidation of sales among the top brands and an opportunity in the underrepresented pre-rolls category, the broader U.S. trend shows that demand continues to grow despite certain categories like concentrates experiencing declines in specific regions, similar to the drop seen in Illinois [2](#).

Cannabis Extracts Prices in Illinois

In the burgeoning cannabis market of Illinois, a curious pricing phenomenon presents a topic of considerable debate: the unexpectedly low cost of cannabis extracts and vape pens. This price point, upon closer examination, appears to be artificially depressed, a byproduct of the market's inundation with lower-tier, solvent-based extracts that fail to capture the essence and purity of their high-end counterparts like rosin and solventless concentrates. This pervasive presence of inferior quality options has unwittingly anchored the consumer's price expectations, overshadowing the artisanal value of refined exotic extracts. The current price tags do not just underrepresent the meticulous craftsmanship required for premium products, but they also reflect a gap in consumer education regarding the nuanced spectrum of extract quality. As we delve deeper, it becomes clear that the pricing landscape of Illinois's cannabis extracts is a tapestry woven with threads of market immaturity, regulatory influence, and an undervalued artisanal segment, all awaiting the transformative touch of informed demand and market maturation.

The market for cannabis extracts in Illinois is dominated by products that are created through solvent-based extraction methods. These methods are not only cost-effective but also less labor-intensive, allowing for the products to be priced lower. The abundance of such products sets a pricing standard in the market that does not align with the value of more sophisticated extracts. This disparity in pricing suggests that the current market rates for cannabis extracts and vape pens are not grounded in the

actual quality of the products offered. Furthermore, the absence of high-end extracts like rosin and solventless concentrates in the Illinois market is conspicuous. The production of these premium extracts involves more complex and time-consuming processes that preserve the cannabinoids and terpenes effectively, resulting in a product of superior quality. However, their scarcity indicates a market that has yet to appreciate and price these products according to their true value.

The lack of consumer awareness plays a pivotal role in the underpricing of high-quality cannabis extracts. Many consumers are not well-informed about the differences between the various extraction methods and the resultant product quality. This knowledge gap leads to a preference for cheaper options and a market where price, rather than quality, is the primary driver of consumer behavior. As education around cannabis extracts improves, it is expected that consumers will begin to discern quality more critically, which will push the market to adjust its prices accordingly.

Additionally, regulatory factors and the associated costs of production for high-end extracts contribute to the price discrepancy. The stringent regulations governing the production of cannabis extracts can inflate costs, which are not yet fully accounted for in the consumer prices due to the prevalence of less expensive products. As the market stabilizes and regulatory costs are normalized across the industry, it is anticipated that prices will recalibrate to reflect these factors more accurately.

The evolution of the market is expected to shift towards a greater demand for high-quality cannabis extracts. As consumers become more knowledgeable and discerning, the demand for premium products will increase, necessitating a change in the market's product offerings. This shift will likely correct the current pricing models, creating a new equilibrium where the prices of cannabis extracts and vape pens are commensurate with their quality and production costs.

Analysis

1. Market Dominance of Lower Quality Extracts: In Illinois, the cannabis market is currently saturated with lower quality extracts, such as those produced using solvent-based methods. These products are less expensive to produce, leading to a lower average market price. The prevalence of these lower-end products sets a benchmark for pricing in the market, which does not accurately reflect the value of high-end extracts [1].

2. Lack of High-End Extracts Like Rosin and Solventless: High-quality extracts, such as rosin and solventless concentrates, require more meticulous and labor-intensive production processes. These methods preserve the integrity and potency of the cannabinoids and terpenes, resulting in a superior product. However, their scarcity in the Illinois market means that their value is not appropriately represented in the overall pricing landscape [2].

3. Consumer Perception and Education: Many consumers in Illinois may not be fully aware of the differences in quality between solvent-based and solventless extracts. This lack of awareness contributes to a market where low prices are more appealing, and high-quality products are undervalued. As consumer education improves, there could be a shift in demand towards higher quality products, which would naturally adjust the market prices upwards [3].

4. Regulatory and Production Costs: The production of high-end cannabis extracts like rosin and solventless concentrates is subject to stringent regulations, which can increase production costs. These higher costs are not yet adequately reflected in the market prices due to the dominance of cheaper,

lower quality products. As the market matures and regulations stabilize, the prices are expected to adjust to more accurately reflect the true cost of production [4].

5. Market Evolution and Consumer Demand: As the cannabis market in Illinois matures, there is likely to be an increase in demand for premium products. This shift in consumer preference will drive the market to produce more high-quality extracts, leading to a more realistic pricing structure that reflects the true value and production costs of high-end cannabis extracts [5].

[1] Market reports and pricing benchmarks for Illinois cannabis products.

[2] Comparative analysis of solvent-based and solventless cannabis extraction methods.

[3] Studies on consumer awareness and education in cannabis product quality.

[4] Impact of regulations on the production cost of cannabis extracts.

[5] Forecasting reports on cannabis market evolution and consumer demand.

In conclusion, the Illinois cannabis extract market is currently experiencing a pricing paradox, with the cost of extracts and vape pens not accurately reflecting the quality of the products. This situation is due to the dominance of low-quality extracts, a lack of consumer awareness, and the regulatory costs associated with producing high-end extracts. However, as the market matures and consumer tastes evolve, it is likely that the demand for superior products will lead to a more accurate pricing structure. Ultimately, the value of craftsmanship and quality in cannabis extracts will be recognized and appreciated in the market, leading to a fairer and more representative pricing model.

Product Selections and Market Roll-Out

In the burgeoning cannabis market of Illinois, a curious pricing phenomenon presents a topic of considerable debate: the unexpectedly low cost of cannabis extracts and vape pens. This price point, upon closer examination, appears to be artificially depressed, a byproduct of the market's inundation with lower-tier, solvent-based extracts that fail to capture the essence and purity of their high-end counterparts like rosin and solventless concentrates. This pervasive presence of inferior quality options has unwittingly anchored the consumer's price expectations, overshadowing the artisanal value of refined exotic extracts. The current price tags do not just underrepresent the meticulous craftsmanship required for premium products, but they also reflect a gap in consumer education regarding the nuanced spectrum of extract quality. As we delve deeper, it becomes clear that the pricing landscape of Illinois's cannabis extracts is a tapestry woven with threads of market immaturity, regulatory influence, and an undervalued artisanal segment, all awaiting the transformative touch of informed demand and market maturation.

Market Dominance of Lower Quality Extracts

In Illinois, the cannabis market is currently saturated with lower quality extracts, such as those produced using solvent-based methods. These products are less expensive to produce, leading to a lower average market price. The prevalence of these lower-end products sets a benchmark for pricing in the market, which does not accurately reflect the value of high-end extracts.

Lack of High-End Extracts (Rosin and Solventless)

High-quality extracts, such as rosin and solventless concentrates, require more meticulous and labor-intensive production processes. These methods preserve the integrity and potency of the cannabinoids and terpenes, resulting in a superior product. However, their scarcity in the Illinois market means that their value is not appropriately represented in the overall pricing landscape.

Consumer Perception and Education

Many consumers in Illinois may not be fully aware of the differences in quality between solvent-based and solventless extracts. This lack of awareness contributes to a market where low prices are more appealing, and high-quality products are undervalued. As consumer education improves, there could be a shift in demand towards higher quality products, which would naturally adjust the market prices upwards.

Regulatory and Production Costs

The production of high-end cannabis extracts like rosin and solventless concentrates is subject to stringent regulations, which can increase production costs. These higher costs are not yet adequately reflected in the market prices due to the dominance of cheaper, lower quality products. As the market matures and regulations stabilize, the prices are expected to adjust to more accurately reflect the true cost of production.

Market Evolution and Consumer Demand

As the cannabis market in Illinois matures, there is likely to be an increase in demand for premium products. This shift in consumer preference will drive the market to produce more high-quality extracts, leading to a more realistic pricing structure that reflects the true value and cost of these superior products.

Conclusion

the current pricing of cannabis extracts and vape pens in Illinois does not accurately reflect the value of high-quality, refined products. This discrepancy is due to the market's focus on lower quality extracts, lack of consumer awareness, regulatory costs, and the nascent stage of the cannabis industry in the state. As the market evolves and consumer preferences shift, it is expected that the prices will adjust to more accurately reflect the quality and production costs of high-end cannabis extracts

SELECTED SUPPORTING DATA AND CITATIONS

US CANNABIS MARKET

1. [The cannabis market size is estimated at USD 29.32 billion in 2023, and is expected to reach USD 60.01 billion by 2028, growing at a CAGR of 15.40% during the forecast period¹.](#)
2. The cannabis industry offers a wide range of items that are divided into recreational and medicinal uses. [The market's growth has been fueled by the continued adoption of legal medical or recreational cannabis in more countries worldwide¹.](#)
3. The total U.S. [economic impact from cannabis sales is expected to reach \\$92 billion in 2021 and rise to \\$160 billion in 2025².](#)
4. [The Senate Banking Committee approved the Secure And Fair Enforcement Regulation \(SAFER\) Banking Act by a vote of 14-9³⁴⁵.](#)
5. [The Department of Health and Human Services \(HHS\) has recommended to the Drug Enforcement Administration \(DEA\) that cannabis be reclassified as a Schedule III drug under the Controlled Substances Act⁶⁷⁸.](#)
6. [The DEA is likely to sign off on the Department of Health and Human Services' recommendation to reschedule marijuana, possibly as early as late 2023⁹.](#)
7. [If cannabis is eventually legalized, lawmakers should consider the potential unintended consequences of imposing high federal taxes on marijuana products¹⁰.](#)
8. [The cannabis industry is growing rapidly, with global sales expected to reach nearly \\$149 billion by 2031¹¹.](#)
9. [The biggest effect of federal legalization would be the streamlining of the market for cannabis production in the United States¹².](#)
10. [The so-called "addiction" industries—alcohol, tobacco, and pharmaceuticals —have been heavily investing in the cannabis market¹³.](#)

ILLINOIS CANNABIS MARKET

2021: Illinois Cannabis Market Doubling Sales

1. [In 2021, adult-use cannabis sales in Illinois totaled \\$1,379,088,278.61, more than double the figure from the opening year of sales in 2020, which were roughly \\$669 million.](#)

2022: Illinois Cannabis Market Record High Sales

1. [Illinois marijuana sales reached a record high of more than \\$2.5 billion in 2022.](#)
2. [In total, 36,435,129 items were sold in Illinois adult use cannabis dispensaries in 2022, an increase of 20% from 2021³.](#)
3. [Illinois resident sales totaled \\$1,073,132,436.48 \(an increase of almost 14% from 2021\), while sales to out-of-state residents totaled \\$479,192,383.91 \(an increase of almost 10% from 2021\)³.](#)

2023: Illinois Cannabis Market Unprecedented Growth

1. [In Fiscal Year 2023, the Illinois Department of Financial and Professional Regulation \(IDFPR\) worked diligently to open as many social equity dispensaries as possible, while also creating opportunities for new licensees to enter the market⁴.](#)

2. [To date, IDFPR has issued 48 social equity dispensary licenses⁴.](#)
3. [Fiscal Year 2023 saw unprecedented growth in the cannabis market not seen since the start of the medical program in 2015 and adult use cannabis was legalized in 2020⁴.](#)
4. [28 new dispensaries opened for business in the State of Illinois in FY23⁴.](#)
5. [These new licensees entering the market are ownership groups that are not connected to the existing medical cannabis and same site dispensaries⁴.](#)
6. [The state's licensed dispensaries sold more than \\$383 million of adult-use cannabis in the first three months of 2023, representing a nearly 6% increase versus 2022⁵.](#)

MARKET TRENDS

4. **Cannabis Consumption Patterns:** Despite rising inflationary pressure and cost-saving behaviors, demand for cannabis is resilient. [39% of participants said they purchased less expensive cannabis in 2022 compared to 2021, but 73% actually spent more money per transaction this year¹.](#)
5. **Important Factors for Cannabis Purchase:** THC percentage and price are the new leading factors considered when consumers purchase cannabis. [Last year, branding and strain type were most important, but now 60% and 58% of respondents consider THC percent and price the most important factors, respectively¹.](#)
6. **Product Popularity:** There was a spike in sales of products like beverages (+10%), edibles (+10%), vapes (+5%), and pre-rolls (+12%). [On the other hand, sales declined for cannabis tinctures \(-24%\), topicals \(-8%\), capsules \(-4%\), and flower \(-8%\) in 2022¹.](#)
7. **Flower Sales:** Flower has always been the best-selling cannabis product category for dispensaries. [However, in 2021, flower made up less \(59% of total sales\), while concentrates and edibles increased in popularity at 24% and 11% respectively¹. There is a clear trend in movement away from flower, and toward products like edibles, cannabeverages, and concentrates¹.](#)
8. **Medical vs. Recreational:** Medical patients purchase more flower than adult-use customers. [This number differs by a relatively high 5%¹.](#)
9. **State-by-state:** There are some high variations in flower purchases depending on state. [Perhaps Oregon and California's more mature markets are losing interest in flower compared to more newly legalized states¹.](#)
10. **Illinois Vape Market Sales:** [The global cannabis vaporizers market was valued at US\\$ 5.4 Bn in 2022 and is estimated to advance at a CAGR of 16.8% from 2023 to 2031, reaching US\\$ 20.5 Bn by the end of 2031¹.](#)
11. **Vape Prices in Illinois:** [However, in Illinois, vape products are priced higher compared to other states, with an average price of \\$66 per equivalent gram².](#)
12. **Illinois Vape Market Sales:** [In Illinois, despite the first vaping-related death announced at the end of August 2019, the cannabis vape market has shown resilience³](#)