

ANNUAL HEMP & CBD INDUSTRY

FACTBOOK

EXCERPT INCLUDES:

- Editor's Letter
- Overview & Insights
- 3 Critical Charts

2021 Edition

FACTBOOK 2021 TEAM

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Annual Hemp & CBD Industry Factbook 2021

Complimentary Excerpt

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FROM THE EDITOR



Kristen Nichols
Hemp Industry Daily

Businesses ravaged by the 2020 global pandemic and worldwide political upheaval will be talking about repairing supply chains and markets and trying to return to normal.

But the hemp industry is different.

Here, there is no “normal.” Hemp entrepreneurs are skilled at navigating unsettled and volatile markets, where the previous quarter’s performance can have little bearing on what comes next, because that’s what they’ve known so far.

That gives hemp entrepreneurs a distinct advantage. Markets reward resiliency, and if there’s one thing we’ve learned from extensive research and conversations with hemp operators, it is that resiliency has always been a core value in this young industry.

Welcome to the third edition of the Hemp & CBD Industry Factbook, your guide to the fast-moving hemp industry, brought to you by the data team at Hemp Industry Daily.

Here you’ll see how the industry’s grit and resiliency led to market gains even during the biggest business challenges imaginable.

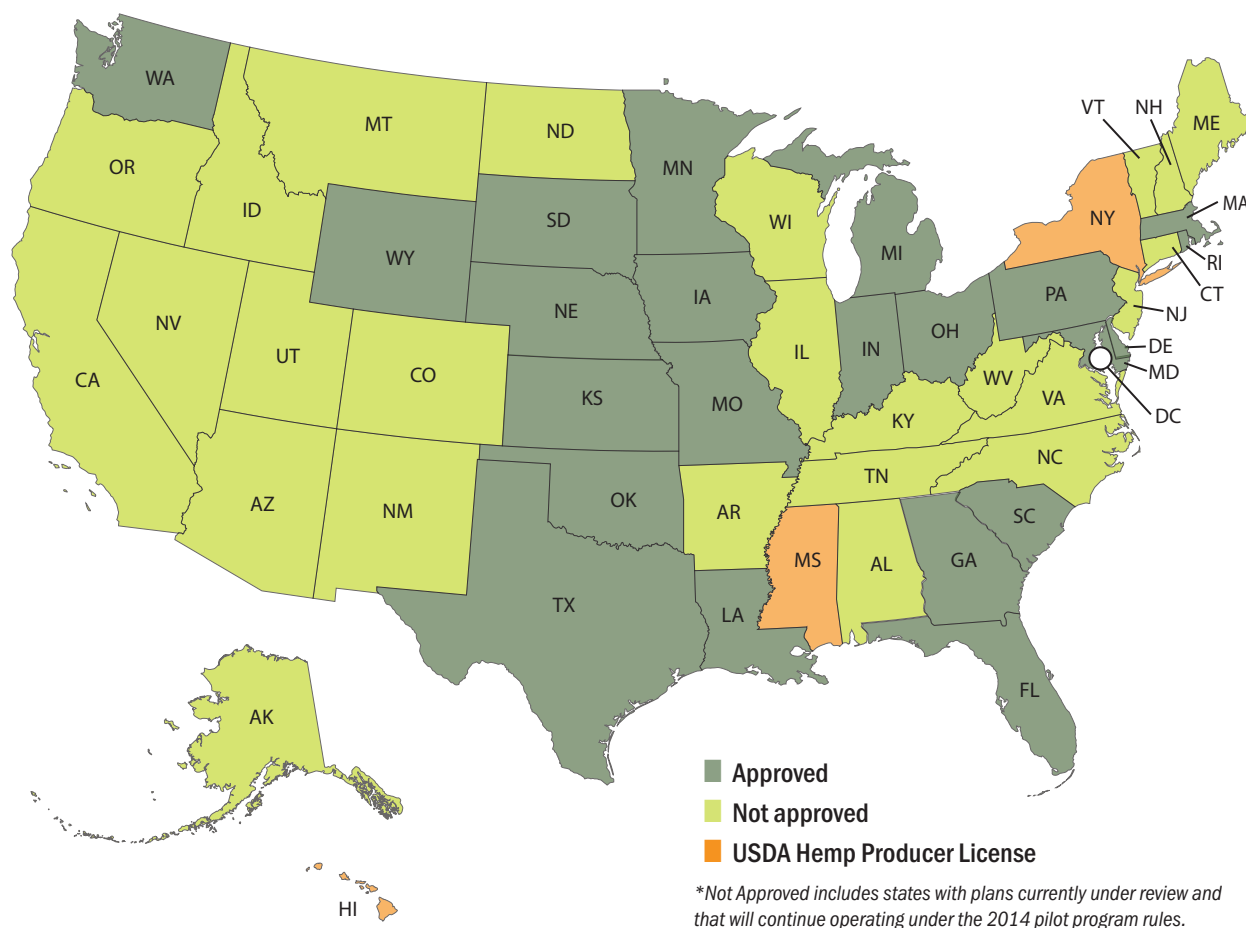
The 2021 Hemp & CBD Industry Factbook is essential reading for serious entrepreneurs looking to start or expand in hemp. With 51 charts showing new insights into the hemp market, this report combines exhaustive shoe-leather reporting with the best available market data from agriculture regulators and our new partner, Nielsen Global Connect.

The result is an unparalleled analysis of hemp’s full supply chain, from the fields where growers decide which varieties of hemp to grow, to the manufacturers turning hemp biomass into a dizzying variety of products, to the retailers who bring home hemp’s promise by showing global consumers how hemp and its products can improve their lives.

I think you’ll agree that the hemp industry isn’t in recovery mode. The hemp industry enters 2021 ready to keep maturing. Consider this your guide to finding the best opportunities to capitalize on that growth.

Best regards,

A handwritten signature in black ink that reads "Kristen Nichols".

Chart 1: State-by-State Hemp Production Programs

Source: USDA

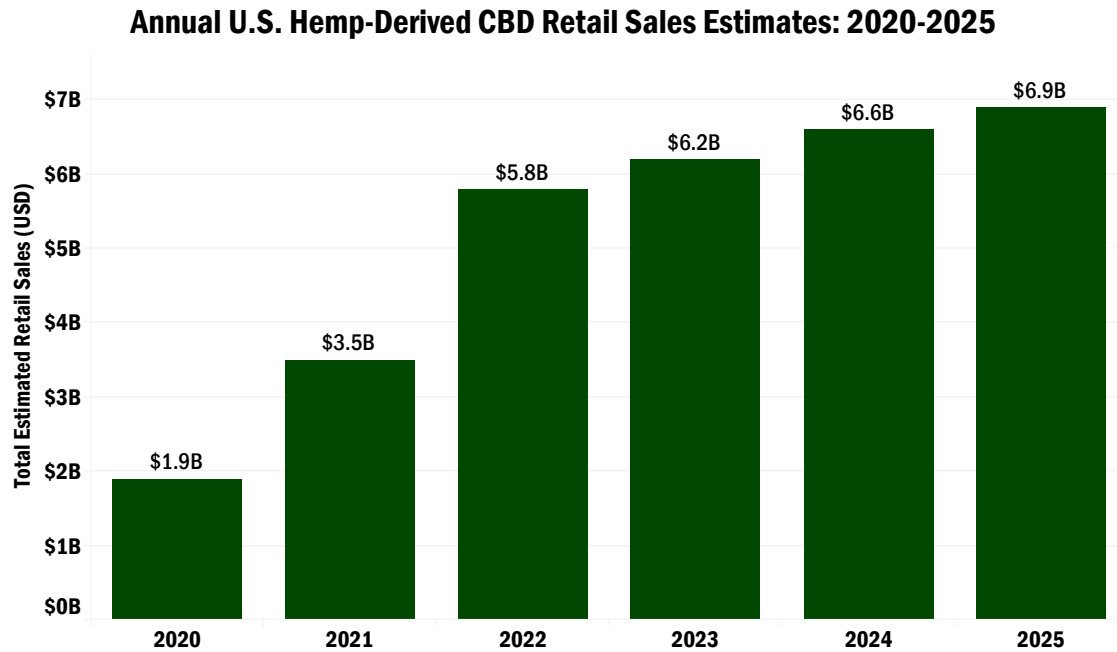
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The 2018 Farm Bill promised one set of rules for the U.S. hemp industry to replace a patchwork of state regulations. But it's a promise that remains elusive more than two years later.

Hemp farmers, manufacturers and retailers remain subject to regulations that vary by state, sometimes even by county and city. It's a quagmire of red tape for anyone hoping for hemp businesses to be treated like the regulated commodity Congress said it should be.

The picture gets even more confusing when hemp moves out of the ground. Some states regulate hemp extractors and manufacturers through a state health department; others provide oversight via an environmental-health agency. Some states keep no track of who processes hemp.

Hemp operators opened 2021 still waiting for the main national regulators of hemp and hemp derivatives—the U.S. Department of Agriculture and the U.S. Food and Drug Administration—to establish a single set of operating instructions for growing low-THC cannabis and bringing it legally to market.

Chart 2: Annual U.S. Hemp-Derived CBD Retail Sales Estimates

Source: Nielsen Global Connect

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CBD has driven the hemp boom for a decade now, and that trend is expected to continue for years to come, according to Nielsen Global Connect, a division of The Nielsen Co. that focuses on data for manufacturers and retailers.

The rise is driven by increasing acceptance of CBD as a dietary supplement, especially as a global pandemic and economic stressors have consumers reaching for products thought to boost wellness and immunity and enhance relaxation.

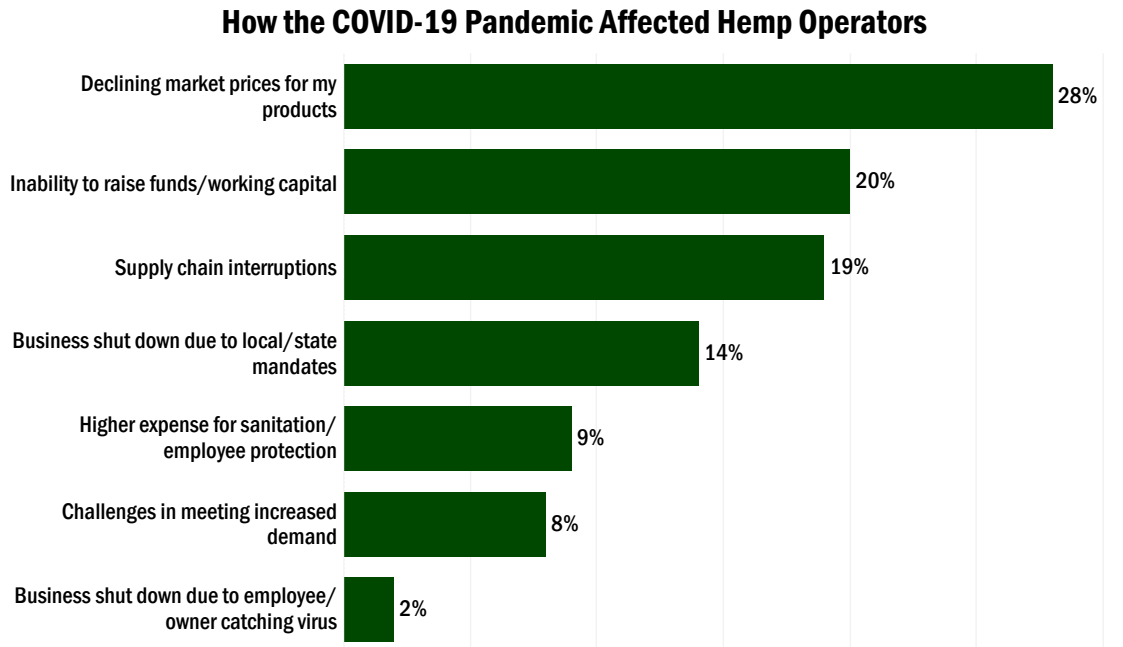
Nielsen projects that hemp's 2020 sales of \$1.9 billion will balloon to \$6.9 billion in 2025, a threefold increase over five years.

Nielsen's sales forecast is based on the following assumptions:

- Favorable U.S. Food and Drug Administration guidance and/or legislation from Congress approving CBD in ingestible products in early 2021. Such a move would support widespread distribution of CBD products in traditional brick-and-mortar retail.
- No major adverse clinical studies related to the efficacy and safety of hemp-CBD products.
- Retailers and consumer packaged goods manufacturers reacting to hemp-CBD product development and distribution in a manner that is at least comparable to other functional ingredient introductions.
- Prices for hemp-CBD products remaining significantly higher than comparable conventional, non-CBD products.

Savvy hemp operators will want to take note of Nielsen's ambitious assumptions. The CBD sector has been waiting for the FDA or Congress to clear a path for over-the-counter ingestible CBD for more than two years, and a change in leadership in both institutions in early 2021 further complicates that process.

Still, the CBD industry is almost certain to expand significantly upon any signal from the FDA or Congress that the legal path is clearing for ingestible CBD outside pharmaceutical sales channels. In the meantime, some states, such as Colorado, have taken their own steps to support development of the industry.

Chart 3: Global Pandemic Disrupts Hemp Operations

Source: Hemp Industry Daily business survey

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The year tested the most resilient and well-capitalized hemp operators. Companies saw seismic changes to supply chains, consumer behavior and routes to market. Hemp operators that managed to outmaneuver 2020's hurdles have lessons for the entire industry.

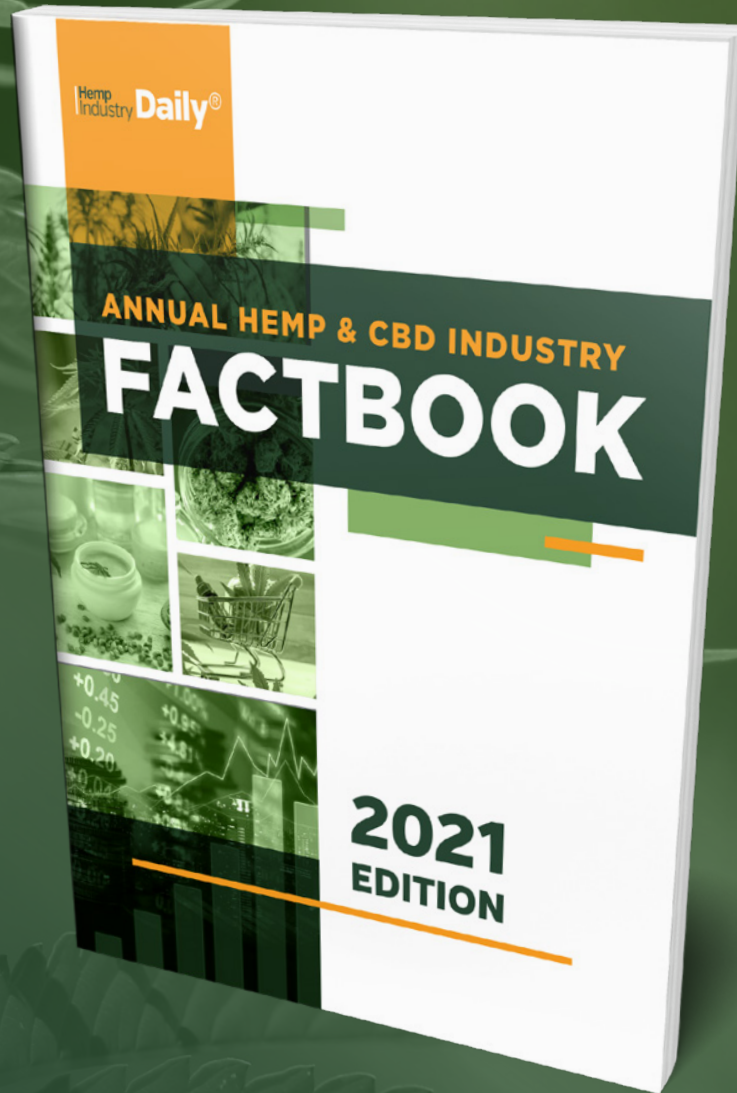
For businesses already in operation, the global pandemic accelerated a trend that was already in play: plummeting prices for hemp products. Oversupply from 2019 was exacerbated by operational changes.

One challenge particularly hit hemp operators young and mature: upheaval in the capital markets, in large part due to the COVID-19 pandemic.

A young industry needs investment to grow and customers willing to take a chance on new products. But the challenges of 2020 prompted global investors to collectively flee the hemp sector in search of safer, more-established opportunities.

The capital collapse hit just as a flood of hemp products reached wholesale and retail markets, driving down prices even though hemp consumption held steady.

THE ULTIMATE DATA FOR BUSINESS PLANS, SALES FORECASTS AND INVESTING



- New this year: a state-by-state guide that includes licensing and competitive landscape details for the hemp industry
- New data from The Nielsen Company
- Cultivator, product, retail & investor information
- More than 50 exclusive charts

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