EMERALD INTEL CANNABIS MARKET BRIEF

2024 Year In Review & A Look To The Future

INTRODUCTION

The cannabis industry has experienced significant change over the last twelve months: Minnesota *(sort of—lawsuit pending)*, Delaware, and Kentucky advanced their cannabis programs; Illinois issued long-awaited cannabis licenses as part of their social equity programs; recreational sales kicked off in Ohio; the federal rescheduling of cannabis seems more feasible than ever; and the SAFE banking act—which would provide cannabis businesses access to traditional financial services for the first time in the United States—has moved one step closer to becoming law after being passed by the Senate Banking Committee.

While the industry continues to drive forward at an exponential rate, it's not without its challenges. Some state cannabis programs thrived in 2024; other programs experienced the impact of market saturation, increased regulatory scrutiny, and license moratoriums that sent shock waves through their cannabis economies.

To know where to put your sales and marketing dollars in 2025, you need a solid understanding of how the industry changed in 2024, and that's what this report aims to do. Leveraging Emerald Intel data, we inspect notable changes in licensure across the 50 states, provide commentary on the results of this year's ballot initiatives, explore the increase in market consolidation and mergers, and provide actionable advice for hitting your revenue goals in 2025.

CONTENT

01 Thriving Cannabis Programs By State

Several states in 2024 experienced a significant increase in active cannabis licenses across several categories, positively impacting state economies, creating new jobs, and answering consumer demand. Below are the states that experienced the most significant active license growth in 2024 and the drivers behind it.

The following compares active licenses between January 2024 and October 2024.

Icon Key

The following icons will be used through-out the report to represent key data points:

- Cultivation Licenses
- Total Active Licenses
- Retailer Licenses
- Adult use Legal State
- Product Manufacturing
- Medical Use State
- Micro Businesses
- Cannabis Prohibited State

New Jersey Cannabis Market

2022	+88%	+85%	+87%	+75%

Cannabis Market Highlights

- 30% MSO market share
- Since 2022, 200+ operating licenses have been issued.
- Cannabis sales are expected to top $1B in 2024, according to Executive Director of the New Jersey Cannabis Regulatory Commission, Jeff Brown, in an April 2024 article.
- MSOs seem to have the biggest leg up since they were the first to dominate medical sales and NJ has made it easy to switch from medical to adult use. The first 12 adult use stores were actually MSOs which converted their medicinal licenses.
- Each of the state's 564 municipalities can make their own laws and decisions regarding cannabis, which creates a complex and challenging experience for those seeking licensure.

2025 Guidance

The cannabis industry is booming, however it's not the easiest to navigate for those seeking licensure. The ever-changing red tape between municipalities could lead to a decline if business owner hopefuls decide to forgo the cannabis industry and put their dollars elsewhere. Advisory services may find significant opportunity in New Jersey amongst those who want to fight through the red tape and execute their business strategy. MSOs hold a reasonable portion of this market, so sales and marketing teams should expect longer sales cycles and face-offs with competitors also vying for the business.

New York Cannabis Market

2021	+78%	+76%	+82%	+90%

Cannabis Market Highlights

- 5% MSO market share
- New York has taken several steps this year to right the cannabis industry across the state.
- In February 2024, the state issued its first non-conditional adult use licenses to 109 applicants outside of social equity applicant criteria. In August, 86 were issued, and as of November 12, 2024, another 125—totaling 320 newly issued adult use licenses in 2024. These licenses span the supply chain—cultivators, processors, distributors, micro-businesses, and adult use dispensaries.
- Pushing back against the state's notorious cannabis black market, over 1,000 unlicensed dispensaries have been recently closed.
- Another 500 inspections have been conducted by State Officials, seizing more than 6,000 pounds of illicit cannabis products.
- As of Q3, year-to-date cannabis sales in New York were close to $500M.

2025 Guidance

Despite some growing pains during roll-out, the state has stepped up their game, with all signs pointing towards an incredible change in tide for New York cannabis. 2025 looks like it will be a profitable year for every facet of this booming industry—including organizations (like yours!) selling products and services into the industry. Simply put, add New York to your target list.

Illinois Cannabis Market

2020	+72%	+75%	+74%	+70%

Cannabis Market Highlights

- 40% MSO market share
- As of July, Illinois reached $1B in cannabis retail sales, and a whopping 82 new retailers opened for business in 2024.
- Located between 5 states, two of which have zero legalization, and two others that only allow medical use, Illinois has benefited from its own citizens and customers from neighboring states to drive its successful cannabis economy.
- Prior to 2020, all cultivation centers were large-scale operations dominated by MSOs. The “craft grow” license category was designed to give more opportunities to rural areas and farmers.
- Demand since its legalization has been strong, encouraging Illinois to expand the number of licenses available, with a significant number prioritized for its social equity program. Currently, Illinois has more people of color who own cannabis licenses than any other state.
- It’s worth noting that MSOs hold 40% of the state’s market share—and were automatically granted a right to licenses to sell recreationally in 2020, giving them a dual-purpose license no new entrants can receive under the state’s current laws. For small businesses, this kind of competition could make it difficult for them to prosper long-term.

2025 Guidance

Like New Jersey, sales and marketing teams should prepare for long sales cycles and a highly competitive sales process when chasing business amongst MSOs. That said, consumer demand continues to remain steady, and licenses continue to be issued, which means there are plenty of small businesses in need of services and solutions to help them succeed and carve out their own piece of the market share.

Vermont Cannabis Market

2022	+31%	+34%	+18%	+18%

Cannabis Market Highlights

- <1% MSO market share
- As of October, Vermont brought in $128M in sales, more than doubling from the year before.
- Since opening the adult use market, more than 800 licenses have been distributed. The vast majority are cultivators.
- Vermont has emphasized a locally oriented cannabis industry, supporting small, independently owned businesses over large corporations. This approach has led to a greater number of licenses for smaller operators.
- Vermont’s focus on a sustainable, craft cannabis market that supports local farmers and producers has encouraged smaller cultivators and retailers to apply for licenses.
- Currently only 80 of Vermont’s 237 towns allow recreational marijuana sales.

2025 Guidance

All signs point towards another year of growth and success in VT, even with the $10,000 annual renewal fee for retailers. If your company provides products or services to cultivators, strongly consider Vermont as a target market for 2025.

Michigan Cannabis Market

2018	+51%	+31%	+30%	+6%

Cannabis Market Highlights

- <10% MSO market share
- Estimated total sales in Michigan for 2024 are projected at $3.3B.
- Michigan has adjusted its licensing structure, reducing certain fees and requirements, which has encouraged smaller operators to enter the market.
- Michigan allows municipalities to decide whether to permit cannabis businesses. Roughly 10% of the 1,700+ municipalities allow recreational marijuana businesses.
- As more licenses are issued, competition has driven down product prices, making it more accessible for consumers (July 2024, adult use flower hit an all-time low of $79.70/ounce). This competitive environment has incentivized the state to issue additional licenses to help reduce the oversupply issues.
- There may be a merging of medical and adult use licenses in the very near future, creating one regulatory system.

2025 Guidance

Consumer demand doesn't seem to be slowing down and the state's need for more licensed businesses to help mitigate oversupply means we'll likely see more retailers established in 2025. Michigan is a state worth adding to your 2025 target list.

Massachusetts Cannabis Market

2016	+8%	+1%	+4%	+2%

Cannabis Market Highlights

- 10% MSO market share
- Projected sales in Massachusetts are estimated to reach $1.7B by the end of 2024.
- While Massachusetts is surrounded by states with adult use cannabis legalization, the state's cannabis industry continues to experience steady, year-over-year growth. In contrast, other states with longer-established adult use programs are now seeing a decline in license counts.
- One of the biggest MSOs, Trulieve, exited MA at the end of 2023 due, in part, to a company reorganization. However Trulieve's departure doesn't seem to have impacted the MA cannabis market negatively, which experienced modest, but steady growth in 2024.
- More municipalities are voting to allow cannabis businesses, encouraged by tax revenue, economic benefits, and the overall stability of the MA cannabis industry. Local zoning adjustments have also made it easier for businesses to secure approved locations.
- Massachusetts offers provisional licenses to approved applicants within 90 days of successfully completing the application and allows operators to obtain permits, complete construction, and complete other conditions.
- Massachusetts has introduced policies supporting small-scale, craft cannabis operators, including micro-business and co-op licenses. These programs encourage smaller businesses to enter the market, increasing the overall number of licenses without the need for large-scale operations.

2025 Guidance

Over 24 grants, some as large as $50,000 have been awarded to equity applicants this year. With the steady growth the state continues to experience, and the departure of Trulieve that's left room for others to enter the market, Massachusetts continues to cultivate a healthy cannabis industry. Steady growth and sales indicate healthy businesses that are likely willing to invest dollars in products and services to drive continuous growth.

Ohio Cannabis Market

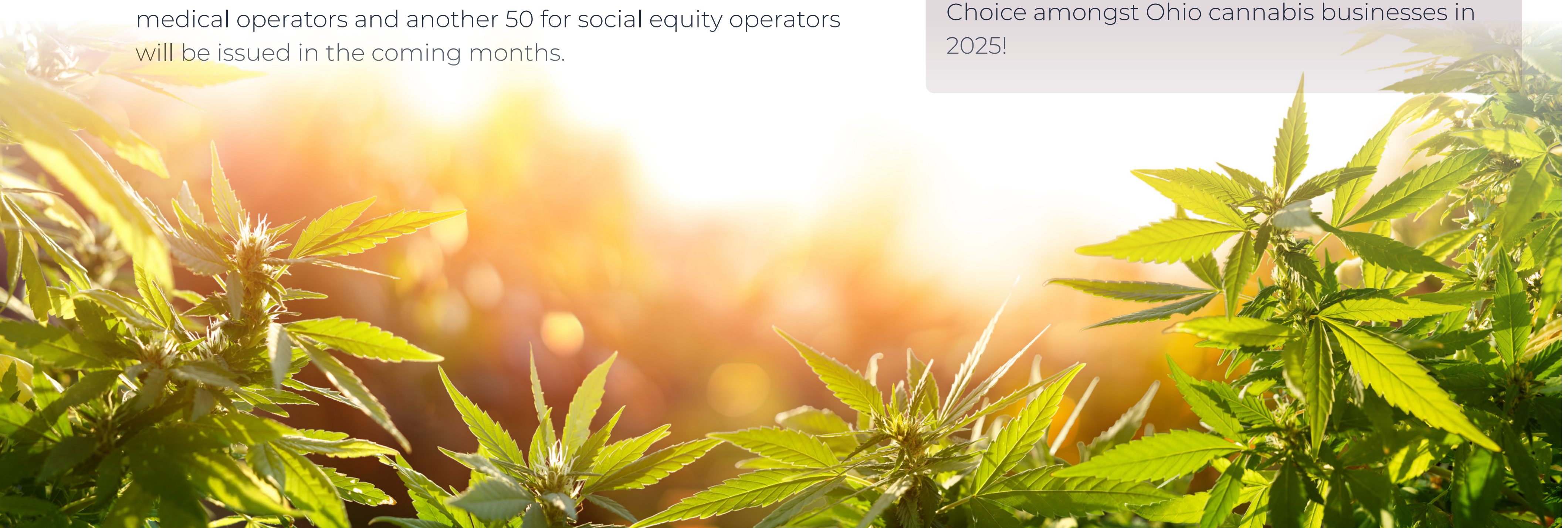
2023	+18%	+68%	+67%	+42%

Cannabis Market Highlights

- 40% MSO market share
- The people of Ohio are supporting adult use cannabis sales at a record pace, with sales topping $98M in the first two months.
- There are 177 dispensaries with dual-use certificates to serve both patients and adult use consumers, since the Ohio Division of Cannabis Control (DCC) first began issuing adult use licenses to existing medical operators. . Between October 15 and November 15, Emerald Intel added 14 dual-use licenses to its database, and as you read this, the count has likely increased again!
- An additional 170 adult use dispensary licenses for existing medical operators and another 50 for social equity operators will be issued in the coming months.

2025 Guidance

The Ohio adult use cannabis market is still in its infancy and with more than 200 additional licenses scheduled to be issued in the coming months, businesses are going to need products and services to help them stand up operations and execute on their business plans—especially when 40% of the market share is already held by MSOs. Put simply—there's a lot of potential opportunity to establish your product or service as a Top Choice amongst Ohio cannabis businesses in 2025!



02 Thriving Cannabis License Types By State

A few states experienced significant license increases within a particular license type in 2024. Following are the states and the drivers behind said growth. The following compares active licenses between January 2024 and October 2024.

Missouri

2022	+50%

Cannabis Market Highlights

- 30% MSO market share
- Adult use sales began early 2023—one of the USA's youngest adult use cannabis markets—and sold more than $165M in adult use cannabis in the first two months of legalization.
- Between 2023-2024, Missouri issued more than 100 micro-business licenses, creating opportunities for small businesses seeking a piece of the cannabis pie. There are two license types: micro-business dispensary and micro-business wholesale—which includes product manufacturing.
- Missouri has created a relatively accessible licensing process with fewer restrictions on the number of manufacturers compared to other states. This open market approach has led to more micro-business licenses as smaller wholesalers and manufacturers compete to supply products to the growing number of dispensaries statewide.
- Missouri's central location and competitive product pricing attract customers from neighboring states where cannabis access is limited or more costly. The increase in micro-business licenses allows the state to meet both in-state and cross-border demand with a wider range of products.

2025 Guidance

Missouri's adult use market is young, and the opportunities seem bountiful. Similar to Ohio, there's a lot of potential opportunity to establish your product or service as a Top Choice and get in early while the market is still developing.

Nevada

2017 | +32%

Cannabis Market Highlights

- 25% MSO market share
- In 2021, Nevada approved legislation allowing cannabis consumption lounges, and licenses for these lounges began being issued in 2022. Many businesses applied for retail licenses alongside lounge licenses to offer a full-service experience where customers can buy and consume cannabis on-site, resulting in an increase in retail licenses.
- In early 2024, Las Vegas welcomed the opening of the state's first regulated cannabis lounge, Smoke and Mirrors.
- Nevada's population has been steadily growing, especially in urban areas like Las Vegas and Reno, where cannabis acceptance is high.
- Nevada has experienced year-over-year sales decline of 12.5%.

2025 Guidance

The consistent population growth, steady tourism in cities like Reno and Las Vegas, and the recent introduction of cannabis lounges may be enough to drive the cannabis industry into the positive over the next twelve to twenty-four months. Only 6 lounge licenses have been awarded, with another 30+ still available for distribution. Nevada's retail cannabis industry is one to watch, and lounges may be the right license type to target in 2025.

Kentucky

2023

Cannabis Market Highlights

- 40% MSO market share
- First medical use licenses approved October 2024
- 16 cultivator licenses issued
- 10 product manufacturing licenses issued
- As of November 26, Kentucky awarded the first 36 medical cannabis dispensary licenses. Winners will need to pay a licensing fee within 15 days or forfeit the license.

2025 Guidance

If you provide products or services to the medical cannabis market, Kentucky should be part of your 2025 growth strategy! Sales will begin in January 2025 and lotteries for dispensaries will be held November 25, 2024 (regions 3-11), and December 16, 2024 (regions 1-2).

Kentucky Medical Cannabis License Winners

In late October, the first cannabis licenses were awarded via lottery. The results are below:

10 processor winners:

- KYP LLC – Jefferson County
- Kaldem Holdings – Muhlenberg County
- Limestone Processing – Fayette County
- Hilltop Healing Investco – Warren County
- Bijal Kentucky LLC – Boyd County
- AJ Alchemy Labs LLC – Barren County
- Jill's Dispensary LLC – Christian County
- One Leaf Technologies LLC – Bullitt County
- Ice House Processing, LLC – Fulton County
- LMMKY LLC – Warren County

16 cultivator winners:

- Natural State GreenGrass CannaCo LLC – Warren County
- KSYKAPP, LLC – Barren County
- NG Health LLC – Fayette County
- Armory Kentucky LLC – Estill County
- JMOKY LLC – Warren County
- Canopy Capital LLC – Grant County
- L&O Legacies – Boyd County
- Synapse Remedies LLC – Jefferson County
- CW Bluegrass, LLC – Daviess County
- Popp Cultivation LLC – Bracken County
- Arizona Bay Investments LLC – Lincoln County
- Wong Investments, LLC – Christian County
- Joseph Serock – Christian County
- Elevated Essence LLC – Bullitt County
- Slaughter Branch LLC – Hopkins County
- Goeing Blue LLC – Fayette County

03 Declining Cannabis Licensure By State

As in any industry, individual state cannabis markets will experience decline—it's a natural occurrence and doesn't mean the market is headed for total ruin. In most cases, it means the market needs a leveling-out and changes in license structure, regulation, market demand, and more may be the catalyst it needs to change direction. The following are states that experienced notable decline in active licenses in 2024.

The following compares active licenses between January 2024 and October 2024.

Oklahoma Cannabis Market

2018	-120%	-187%	-33%	-77%

Cannabis Market Highlights

- <1% MSO market share
- While Oklahoma experienced rapid growth in the number of cannabis licenses following the legalization of medical cannabis in 2018, this led to market saturation, where the number of dispensaries, growers, and processors far exceeded consumer demand, causing financial strain on many businesses.
- The state has enacted a 2-year moratorium on new medical business licenses, which ends in August 2026, and a 4-year moratorium for new dispensaries, growers, and processors.
- The Oklahoma Medical Marijuana Authority (OMMA) has increased compliance checks and enforcement actions against unlicensed or non-compliant operators, leading to license suspensions and revocations. This heightened regulatory environment has contributed to the overall decrease in active licenses.

Colorado Cannabis Market

2012	-10%	-21%	-4%	-20%

Cannabis Market Highlights

- 10% MSO market share
- At the height of COVID in 2020, Colorado's cannabis market soared to $2.2B, but just three years later, sales have dropped to $1.5B, leading to closures, downsizing, and layoffs.
- A surge in growers during the pandemic has now created a surplus of product in the state that can't be moved fast enough.
- Neighboring states New Mexico and Arizona, have legalized adult use, taking significant business away from dispensaries on Colorado's southern border.

Oregon Cannabis Market

2014	+79%	-85%	-61%	-59%

Cannabis Market Highlights

- 5% MSO market share
- When Oregon first legalized adult use of cannabis, the state wanted to give everyone who was interested an opportunity to participate in the market. However, a decade later, significant market saturation with an inability to export surplus product has led to an indefinite pause on all new licenses, effective April 2024.
- A new law permanently ties future licensure to population size to ensure overcrowding issues don't get worse. For retail, there needs to be 7,500 smoking-age residents to every one license. The ratio needs to be 12,500 residents to one for processing and wholesale licenses.
- Due to plummeting wholesale prices many growers have found profitability challenging, leading to closures and a decrease in active licenses.
- The Oregon Liquor and Cannabis Commission (OLCC) has also increased its regulatory oversight and compliance checks. Stricter enforcement of regulations has led to license revocations for businesses that fail to meet compliance standards, contributing to the decline in active licenses.

Nevada Cannabis Market

2017	-27%	-148%	-35%

Cannabis Market Highlights

While Nevada's active retail licenses have increased, active licenses have declined in cultivation and product manufacturing. The dichotomy between these three license types is worth noting in this report.

- In recent years, significant regulatory scrutiny and the large administrative fines and charges that have come with it have discouraged many from renewing their licenses—or put them in a financial position where they can't afford to.
- In 2022, the Cannabis Compliance Board (CCB) collected $1.9M in civil penalties, when the projected amount to be likely collected was only $116,000.
- Recent legislation changes have eliminated time-and-effort charges, however between 2020 and 2022 they increased by more than 500%. Prior to its elimination it was estimated that total charges would reach $2.5 million for FY 2023.
- High wholesale excise tax and high entry costs dissuade some from pursuing licensure. Recent reforms aim to reduce these taxes, however the industry continues to struggle with limited capital investment options.

04 States To Watch: Ballot Initiative Results

In our Q1 Report we discussed a number of states pursuing changes in cannabis legislation or voting on cannabis reform as part of this year's 2024 November election. Here's what you need to know post-election as we head into 2025:

Florida

While Amendment 3 for adult use cannabis legalization received majority support—including ads featuring President-Elect Trump endorsing cannabis reform—**it did not receive the 60% threshold needed to pass the law.** For now, FL will remain a medical use only program. That said, the number of active retail locations across the state increased by 11% in 2024.

Nebraska

Nebraska's voters approved medical use of cannabis at the 2024 polls, even amid legal challenges within the state. This marks the third time cannabis legalization has been placed in the hands of its citizens to make a decision, however both prior attempts were thwarted for one reason or another. If enacted, lawmakers will be required to provide statutory protections for qualified patients to possess and use cannabis if prescribed by a doctor, as well as the establishment of a commission to create a regulatory framework for a state medical program.

North Dakota

Presented with Measure 5, ND citizens voted against the legalization of adult use cannabis on the 2024 ballot. North Dakota legalized medical cannabis via ballot measure in 2016 but rejected efforts to legalize recreational cannabis in both 2018 and 2022. In 2024, North Dakota experienced a 25% decrease in the number of active licensed retailers.

Massachusetts

Cannabis is legal for adult use in Massachusetts, however the **legal use of psychedelics were on the ballot in 2024. Had it passed (it did not)**, the ballot measure would have allowed individuals over the age of 21 to legally possess, grow, and share certain amounts of substances such as psilocybin, ibogaine and DMT.

South Dakota

In 2020, citizens voted and approved adult use legislation that was later overturned by the state Supreme Court stating the proposal was unconstitutional. In 2022, the House subsequently rejected a bill that the Senate passed, which left it up to cannabis activists to get the vote back to the people in 2024, which they accomplished. However citizens are not yet convinced that adult use legalization is the right direction for SD, as **55.5% voted against, leaving SD as a medical use only state for the foreseeable future.**

That said, South Dakota's medical cannabis program has driven an increase in the number of registered patients, driving demand for cannabis products, resulting in an increase in active licenses across all license types:

South Dakota Cannabis Market

2020	+25%	+31%	+15%	+50%

Wisconsin

Similar to South Carolina, cannabis is illegal in the state of Wisconsin and nothing indicates that will change anytime soon.

New Hampshire

New Hampshire is the last of the New England states to prohibit adult use cannabis, and while it wasn't on the 2024 ballot, in May of this year, the Senate approved legislation to establish a state-wide adult use cannabis market, with sales beginning January 1, 2026. Unfortunately, the House struck down the bill one month later due to deep disagreements between the House and Senate. So for now it seems, medical cannabis will be the only legalized use of cannabis in NH. No notable changes in active licensure have occurred in 2024.

Pennsylvania

After the 2024 November election, PA remains divided on adult use: the governor and the house are controlled by the Democratic party while the Republican party continues to hold the Senate. In 2021, amendments were made to the Medical Marijuana Act to expand the types of qualifying medical conditions. House Bill 2500, introduced in September, is the newest bipartisan bill still being discussed in PA, and those discussions will likely continue into the first half of 2025. For now, medical use is the only legal form of cannabis in PA.

North Carolina

Both medical and adult use of cannabis continues to remain illegal, however the Eastern Band of Cherokee Indians opened the state's first cannabis dispensary for recreational sales on the Qualla Boundary in September, only accepting customers with a photo ID over the age of 21. Because the dispensary is run by Cherokee, a sovereign nation that has its own elections, laws, government and institutions, the area can have different legislation around cannabis regulation than the rest of the state. Outside of the Qualla Boundary, cannabis use of any kind is illegal and will remain so in the near future.

South Carolina

There's nothing new to report for this state. While a medical bill was initially passed in the Senate in 2022, and again in 2024, it has once again come up against roadblocks in the House. At this time, cannabis will still be a criminal offense in SC.

Hawaii

While the Senate overwhelmingly approved a bill to legalize adult use cannabis in the spring of this year, Senate Bill 3335 looks to have died in the conservative House, with no new updates at this time.

Arkansas

Although Issue 3 was on this year's ballot and voters did get the opportunity to vote, the Arkansas Supreme Court ruled that Issue 3 was misleading and thus, the votes would not be counted. Had Issue 3 passed, it would have expanded Arkansas's medical program, allowing for home cultivation, more qualifying conditions, and the ability for all medical providers to prescribe cannabis products. Unfortunately for Arkansas, these benefits will not be realized at this time.

05 Federal Cannabis Rescheduling

The highly anticipated DEA hearing on the cannabis rescheduling proposal from a Schedule 1 to a Schedule 3 has been postponed to Q1 2025 (originally scheduled for December 2, 2024). At this time, an official date has not been set.

Post-hearing (if one occurs), the administrative law judge will write and file a report on the testimony provided. The DEA will then review the report and write its final rule making, which will be published in the Federal Register. The final rule making could still face legal challenges prior to its effective date, which, at a minimum, will be 30 days following publication.

While it's unclear if the new administration led by President-Elect Donald Trump will support cannabis rescheduling, Trump's support of Florida's Amendment 3 hints at a positive outcome at the federal level. That said, the appointment of a conservative Attorney General could pose significant challenges. All in all, at the federal level, direction remains unclear at best, but a scheduled hearing is a small step forward for the cannabis industry none-the-less.

Schedule I Drugs
Schedule I drugs are defined as having "no currently accepted medical use and a high potential for abuse" by the Drug Enforcement Administration (DEA). Other Schedule I drugs include heroin, LSD, MDMA ("Ecstasy") and methaqualone ("Quaalude").

06 Market Consolidation and M&A

As the licensed cannabis industry continues to evolve across the United States and large organizations look to expand their reach in new regions, market consolidation, mergers, and acquisitions are a natural part of industry maturity. Compared to other industries, cannabis valuations are impressive; companies with projected revenues exceeding $750M are around 10x of revenues, and smaller companies can expect a 5x-7x multiple. For MSOs, 2024 was a consolidation year. Here are some of the most notable 2024 M&A transactions:

Verano & The Cannabist | Verano expands into 14 states, 15 cultivation/product facilities, and 150 dispensaries nationwide with the newest acquisition of Arizona and Virginia subsidiaries of The Cannabist Co. Read More

Curaleaf & Northern Green Canada | With the acquisition of Northern Green Canada, Curaleaf gains market representation in key emerging markets: Australia, New Zealand, Germany, Poland, and the United Kingdom, and bolsters Curaleaf's supply of high quality EU-GMP certified flower—key to European market success. Read More

SNDL & Indiva [Canada] | The acquisition of Indiva—Canada's leading producer of cannabis edibles—includes facilities in London, Ontario and leading brands including Pearls by Gron, No Future, Wana, and Bhang Chocolate. Read More

The Cannabist & Mint | The Cannabist Co acquires all 14 dispensaries in Florida and cultivation facilities in Alachua and Arcadia. Read More

Trulieve & Harvest | Trulieve expands its presence in Ohio after a litigation settlement with Harvest, gaining two dispensaries in Columbus and one in Beavercreek. Read More

Planet13 & VidaCann | Planet13 sells its Florida License and acquires VidaCann in a strategic move to own 26 medical cannabis dispensaries in FL—one of the 10 largest cannabis operators in the state. Read More

Cansortium & RIV Capital | A merger of Cansortium and RIV Capital creates a combined footprint across Florida, New York, Texas, and Pennsylvania, creating future lucrative opportunities as regulations continue to evolve. Read More

SNDL & Delta 9 Cannabis [Canada] | A Debt Acquisition, SNDL, one of Canada's largest vertically integrated companies in Canada, is now the senior secured creditor with first priority security interest for Delta 9 after a debt acquisition. Read More

Why MSO M&As will continue in an immature cannabis market:
The Multi-State Operator (MSO) model allows cannabis companies to expand across multiple states, even though cannabis remains federally illegal in the U.S. under the Controlled Substances Act. Here's how the model works and why it helps the cannabis industry thrive despite these legal conflicts:

Branding Across States
Despite being separate legal entities, MSOs can operate under a unified brand, giving the appearance of a single company to consumers and investors. This helps them build brand recognition while maintaining legal separation between the different state-based subsidiaries. It allows them to market themselves as a cohesive brand, even though each operation must adhere to individual state regulations.

Operating as a Collection of Operators
Instead of functioning as a single company with centralized operations in every state, MSOs create or acquire separate subsidiaries in each state where cannabis is legal. These subsidiaries comply with the local state laws, which allows the company to operate without violating federal laws. This decentralized structure avoids the direct exposure that would come from being a single entity operating across state lines where cannabis laws may differ.

Acquisition and Expansion Opportunities
This model allows MSOs to expand by acquiring smaller operators in new states. They can integrate these operators under their brand while keeping each operation compliant with local regulations. This also makes MSOs attractive to potential acquirers because they can expand their footprint without directly challenging federal laws.

Mitigating Federal Risk
Cannabis is still classified as a Schedule I substance under federal law, meaning it's illegal at the federal level. By structuring as separate state-based entities, MSOs reduce the risk of federal enforcement or penalties. Each entity operates independently under state law, which provides a legal buffer between the federal illegality and the day-to-day business operations.

Investor Protection
The MSO model helps protect investors by limiting their exposure to federal prosecution. Because each state entity operates independently, the federal government would have to target individual state businesses rather than the entire MSO. This decentralized risk is attractive to investors, who can participate in the cannabis market with some legal insulation.

07 TAKE ACTION: Planning For 2025

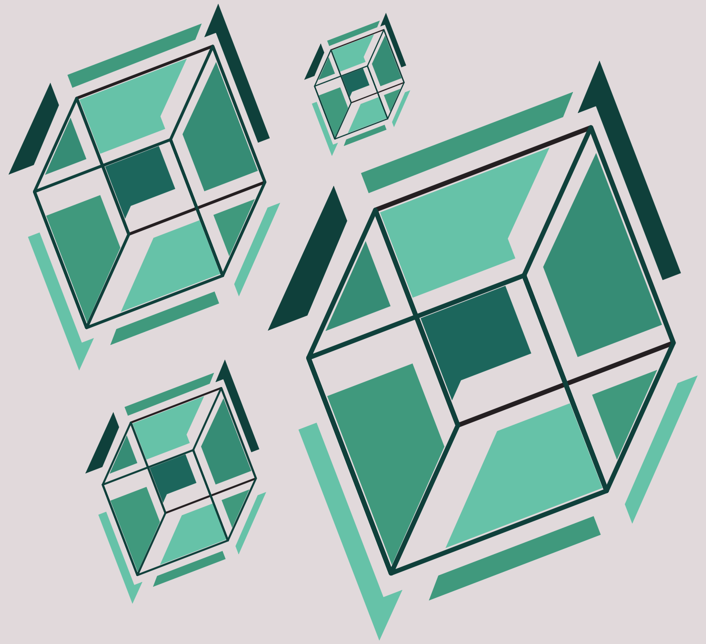
With a solid understanding of the 2024 cannabis industry—and the results of this year's ballot initiatives—you can now properly prepare for 2025. Following are 5 ways to ensure your 2025 strategy delivers results.

01 Settle on key target markets now. Hopefully this report can help you with this step! Now that you know the states that are flourishing and those that may be experiencing change or challenges, determine where you want sales and marketing to focus their time—at least for the first half of 2025. Now is the time to refresh your ideal buyer personas, define key regions, learn a new region and its nuances if necessary, research regional industry events, build target lists, and more. These aren't activities that should happen January 1. These are activities that need to be focused on now, in tandem with closing deals. If you want to have a successful 2025, you need to start building a pipeline now!

02 Identify key target accounts and outline winning strategies now! In some cases, sales cycles can last months, which is why it's important to identify the top 10, 15, or 20 target accounts you want to win in 2025. Begin outlining your Account Based Marketing (ABM) plans now. Who are the key decision makers? Are they using a competitor solution today? How are you going to personalize your outreach? What problems are they likely facing today and how can your product/solution eliminate them? With a tool like Emerald Intel, research on the company and its key players has already been done, so you can focus on pulling together a strategic action plan that will deliver results.

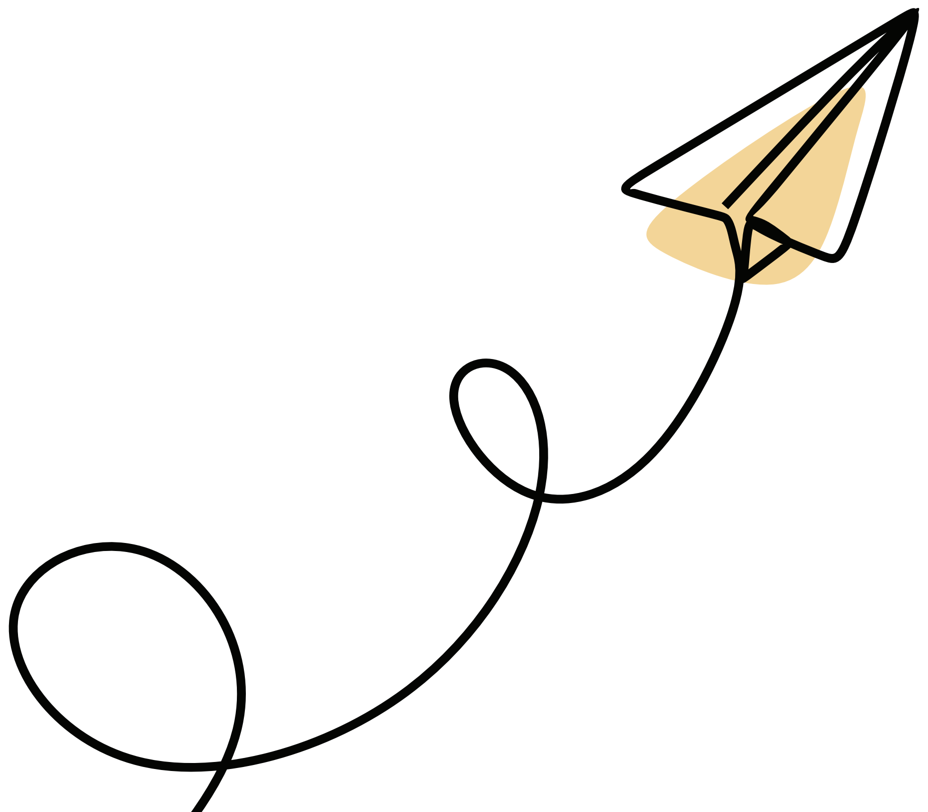
Hidden Gems

Keep an eye out in 2025 for Emerald Intel "nuggets"—a weekly digest of lesser-known industry articles with insights on the potential impacts for ancillary businesses selling products into the cannabis industry. Who knows... there could be golden opportunities hidden in plain sight!



Data On The Fly

In addition to accurate data, easy access to that data is equally important. That's why Emerald Intel offers a Google Chrome extension, meeting sales teams wherever prospecting takes them. With our extension, users can access in-depth company information, decision maker contact details, and more, without ever having to open another browser tab. The extension works on all cannabis websites, news articles, and LinkedIn profiles. Streamline your prospecting efforts, take action faster, and meet your revenue goals.



03 If you don't have one, get one (a cannabis data subscription, that is)! Reliable, accurate data is critical to landing business, regardless of industry. Do you want your sales and marketing teams putting even a third of their time and energy into researching, verifying, organizing, and collating a target list before they even get to take action? Instead of hiring an intern for 60 days at $6,400 to gather information on 800 companies and 2,400 contacts—which may soon be outdated—invest an extra $2,000-$4,000 for a full year of access to 45,000+ companies and 100,000+ decision makers and benefit from constantly refreshed and new data as it becomes available. need to start building a pipeline now!

04 Look to the past and prepare for the future. Assess your key messages in 2024—what worked and what didn't? Over the course of the year, your sales and marketing teams sent thousands of emails, hosted events, sponsored trade shows, created new content, and more! Some performed well, and others fell flat. Take the time to reflect on 2024 successes and failures. Key metrics like open rates (think subject line performance), click-through rates, replies, downloads, event attendance, and more should be evaluated before you start making a plan for 2025. Re-run the programs that performed well—there's no need to recreate the wheel! And for those that didn't, dig into the why so you can avoid a similar outcome in the future. The last thing you want to do is spend money on campaigns and strategies that don't produce.

05 Show your CRM some love. After a long, busy year, your CRM likely needs some TLC. Regardless of how amazing your sales and marketing teams are at administrative duties, mistakes will happen. Fields could be accidentally left blank, accounts might still be assigned to a team member that left months ago. Take a bit of time to do some general maintenance. You'll be glad you did!

1. Remove contacts from accounts that are no longer at the company;
2. If companies have merged or been acquired, make sure you combine those records into one;
3. Do you have basic details filled in for most of your database? Leverage a tool like Emerald Intel to backfill HQ addresses, job titles, and more.
4. Is there a process you could improve or streamline by adding a new field or writing a simple process document?
5. Clean up reports — some were likely created in haste. Delete the inconsequential stuff, and formalize any that surface critical information quickly.
6. However you assign accounts (region, size, license type, etc.), ensure that each sales person's territory is clean and accurate — which includes reassigning accounts that were owned by a departed employee.

Conclusion

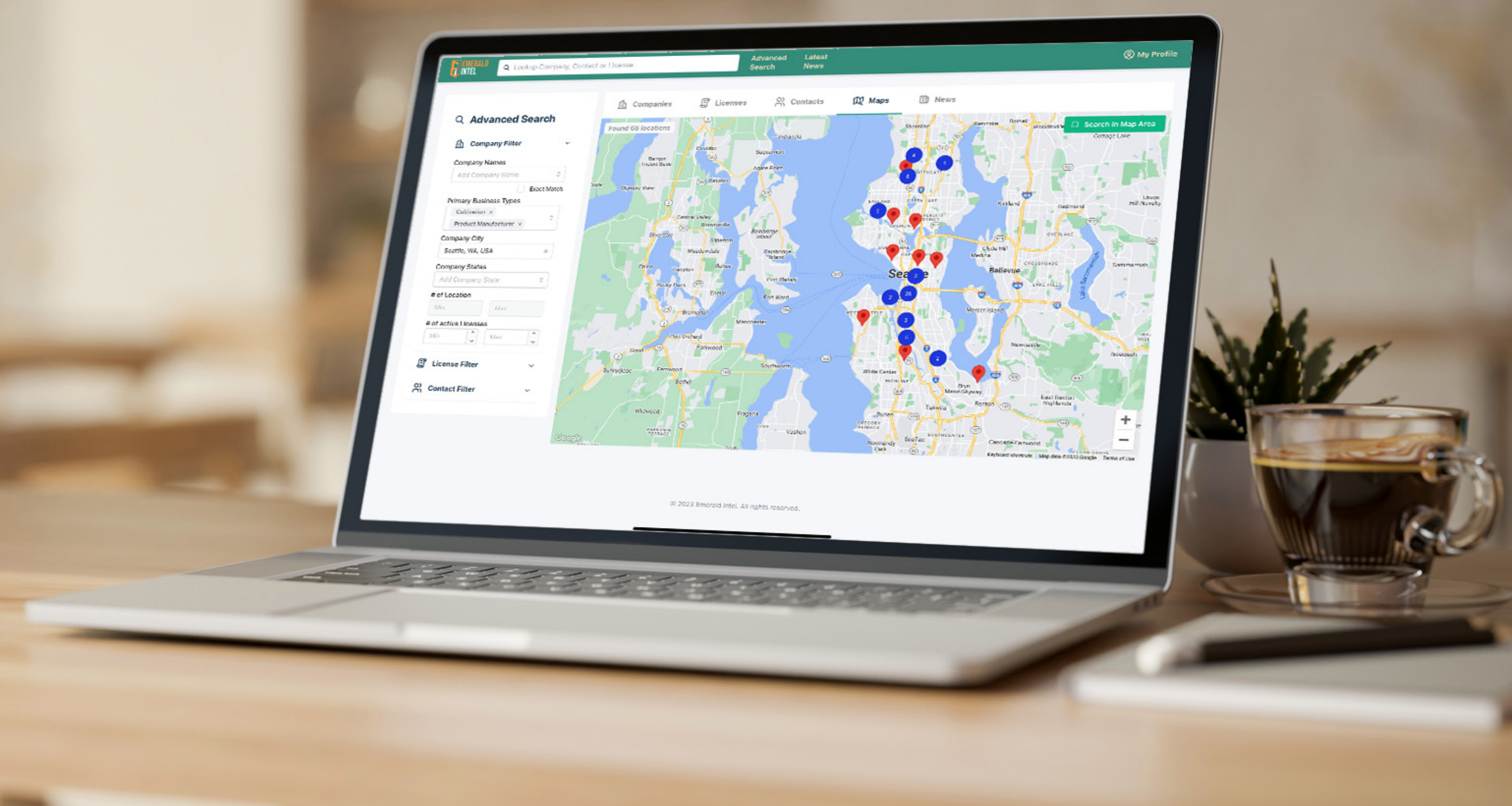
Understanding how the cannabis industry changed and evolved in 2024 will only help you be more successful in 2025. Certain long-time cannabis supporting states are facing oversupply and instating moratoriums to help save the market in the long run. Some recently legalized states are booming with opportunity, while others are still waiting for the majority of licenses to be issued. And of course, market consolidation can always impact the landscape for small businesses, the price of product, and so much more.

It's not enough to go into 2025 knowing which states have legalized medical or adult use cannabis. The industry is so much more complex than that, and is changing every day. But opportunities abound, if you know where to look! Emerald Intel has been digging into the details wherever we can, to fully understand the ever-changing landscape of this burgeoning industry. And while it's easy to get lost in the labyrinth of state websites and inconsistent terminology, the true patterns are clear once you take a step back and ask the right questions.

We hope you found this report thought provoking, insightful, and useful as you look ahead to 2025 and begin to outline key strategies to hit your growth goals.

To support your strategy, market research, and territory planning, you need reliable business intelligence, and that's where we can help. Emerald Intel provides robust company and contact profiles across the United States and Canadian markets, complete with organizational hierarchies, verified contact information, licensing types and statuses, and technographic intelligence to ensure your sales and marketing teams are reaching the right people at the right time.

Learn more about our data and schedule a demo at www.emeraldintel.ai/request-demo



Appendix: Sources

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