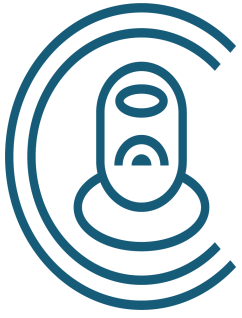


COALITION FOR
ADULT BEVERAGE
ALTERNATIVES

REGULATING THC BEVERAGE

MONTANA

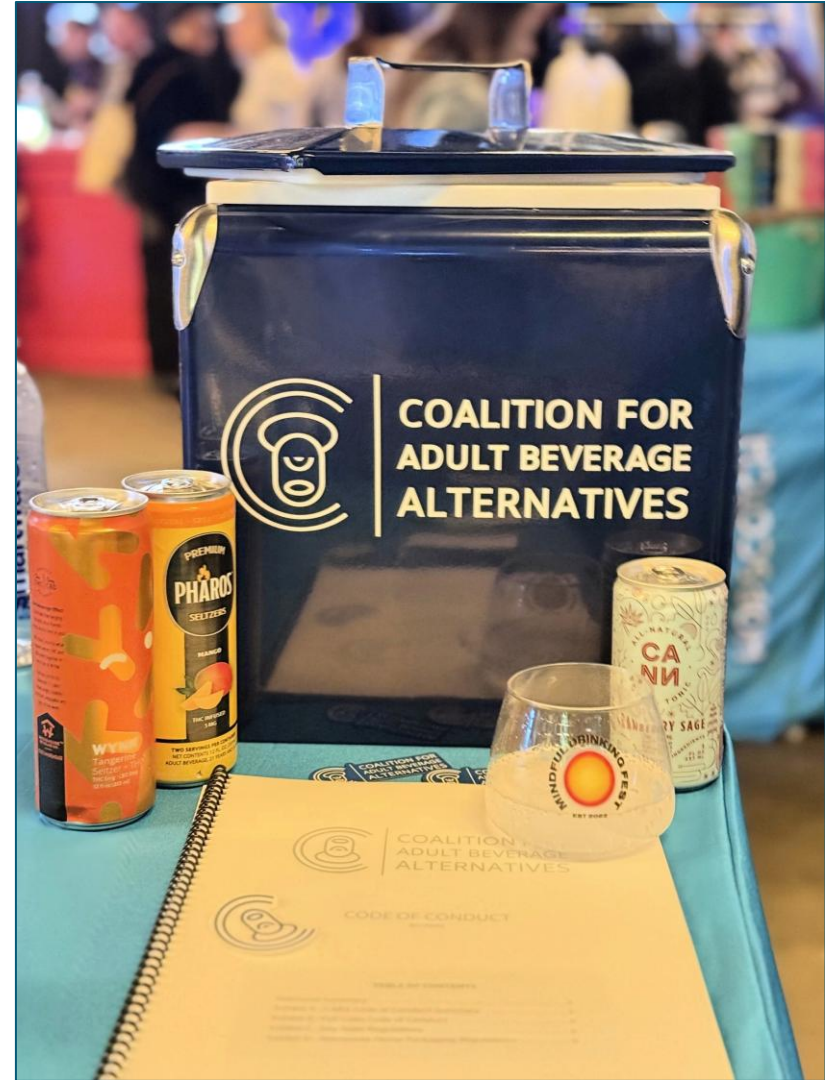
MARCH 2026

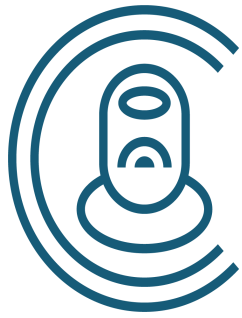


CABA PRINCIPLES

Treat Us like any other Adult Beverage

- Natural Hemp-Derived THC (D9) Only
- 21+
- 3rd Party Testing – QR Code for Results
- Sold Where Alcohol is Available
- No Marketing to Minors
- Chain of Custody
- No Health Claims
- Standardize Labels





SAFE ACCESS FOR ADULTS

The Hemp Opportunity

LONG-TERM GOAL:

APPROPRIATE CHANNELS TO MARKET BASED ON DOSAGE, NOT HEMP VS MARIJUANA.

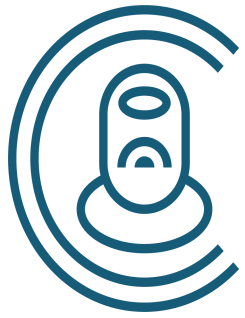
Hemp allowed for low-dose THC beverages to prove their demand,
Which is maximized when they are available where other adult beverages are sold & served.

History of THC Beverage at a Glance:

- ~3% of the Dispensary/Cannabis Market
- Top Performing SKUs are High Dose – Variety of container sizes
- Large format, thin margin, low sales = Not a priority for dispensaries

Since the 2018 Farm Bill:

- Grown to a \$1.1B Category



MONTANA THC BEVERAGE AT A GLANCE

1% of the Marketplace

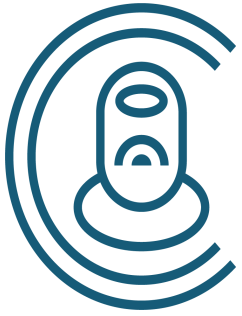
Key Components:

- Cannabis Dispensary Channel Only
- 1% of the market (~\$3M/year)
- 10mg per serving/100 per package
- All intoxicating hemp products in dispensaries

Low-Dose THC Beverage is dependent on ACCESS

- “Adult Beverage” is being Redefined
- “Adult Beverage Consumer” vs “Cannabis User”
- Average Consumer: 30 – 45 year-old female
- Additional Products Purchased: Pinot Grigio, Veuve
- 1/3 of THC Beverage Consumer, New to Retailer

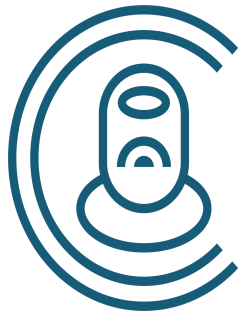




REGULATION > BANS

Bans create Illicit Markets

- **Guardrails are Necessary – to clean up the market and to set a foundation**
 - 21+ to Purchase
 - Establish a set list of approved cannabinoids
 - Purity testing standards
 - D9 THC – Only intoxicating cannabinoid
 - Standardized labeling & warnings (ASTM Standards)
- **CA, NY, etc.** – Highly taxed, overly regulated markets create illicit markets
 - Illicit Retailers
 - Lack of Enforcements
 - >70% of the Market
- **2025 Texas Hemp Ban Veto** – Gov Abbott wanted to create a safe, regulated market, vs. a \$6B illicit market
- **Learn from other Regulated Industries** – Menthol / Vapes



PROHIBITION DIDN'T WORK

Neither will Bans

The Menthol Experiment

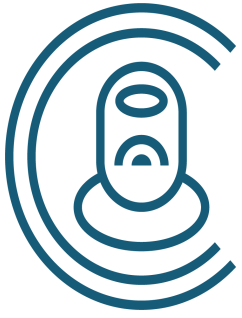
California's Menthol Ban:

- Pre-ban **24.5%** of cigarette sales were menthol
- Post-ban **21%** of cigarettes packs found were menthol

Flavored Vapor Ban:

- FDA enacted ban in 2020
- In 2025, **70%+** of vapor sales were illegal flavors

Unenforceable bans punish responsible players
AND harm public health.

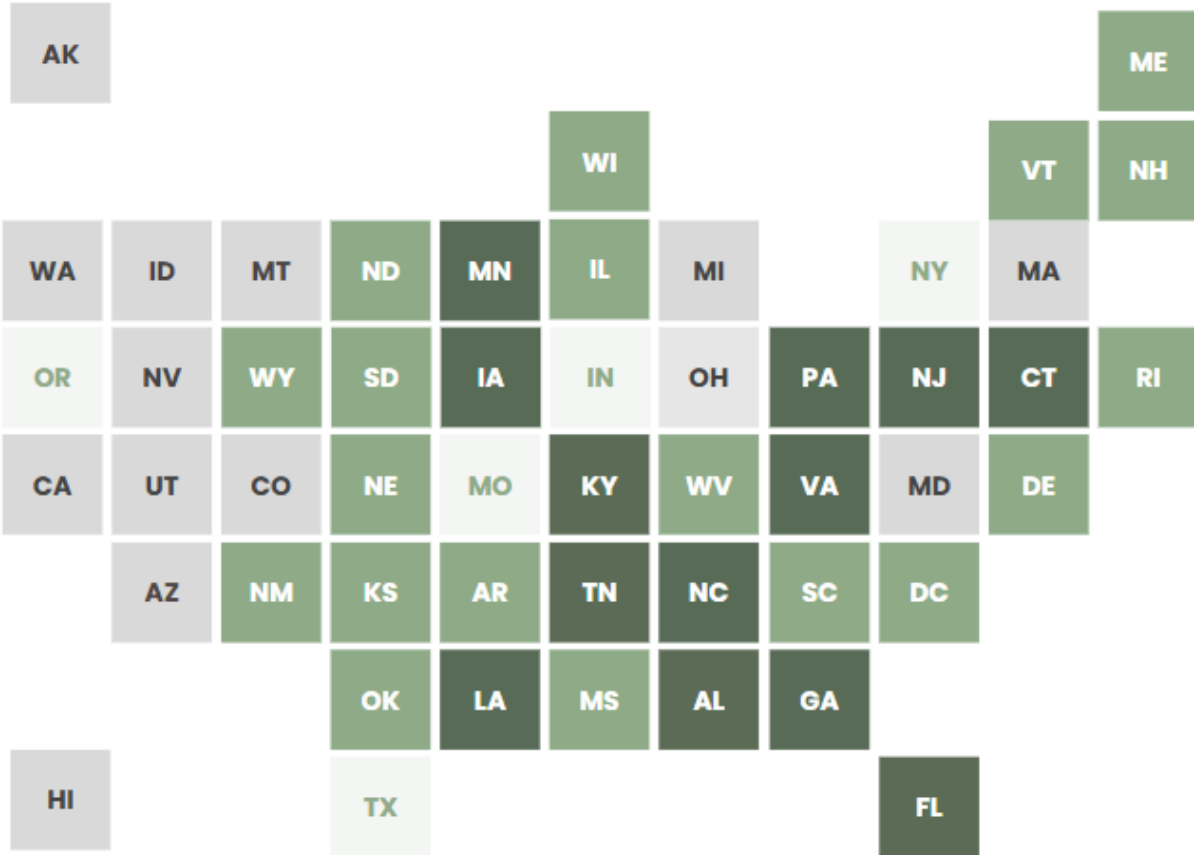


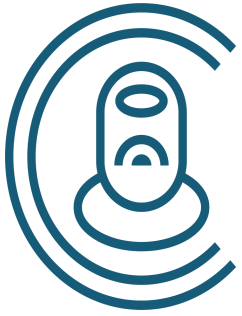
HEMP THC REGULATORY MAP

Guess where the strongest illicit markets are?

Legend:

- Farm Bill Compliant markets** (Light Green)
- Regulated Legal markets** (Dark Green)
- Bans/Highly restricted** (Grey)
- Refining & current regulation conversations** (Lightest Green)





THE ALCOHOL REGULATORY FRAMEWORK

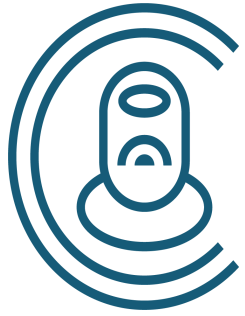
We don't need a new system - we have one!

Benefits of the 3-Tier System:

- **Checks 'n Balances**
- **Excise Tax**
 - Taxation to fund enforcement
- **Cleans up the Marketplace!**
 - Proven success in eliminating counterfeit product

The Three-Tier System





INFLUENTIAL MARKETS

Alcohol Regulatory Systems



Kentucky

- Package Store Only
- Dosage Cap
 - 5mg THC
- 21+
- ABC Regulated
- Taxed



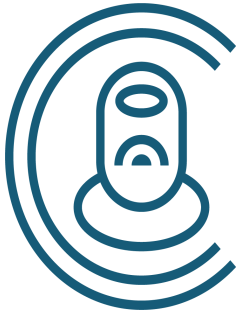
Alabama

- Retail Licenses
- Liquor License Required
- Bans DTC
- Dosage Cap
 - 10mg per serving
 - 40mg per container
- 21+
- Taxed



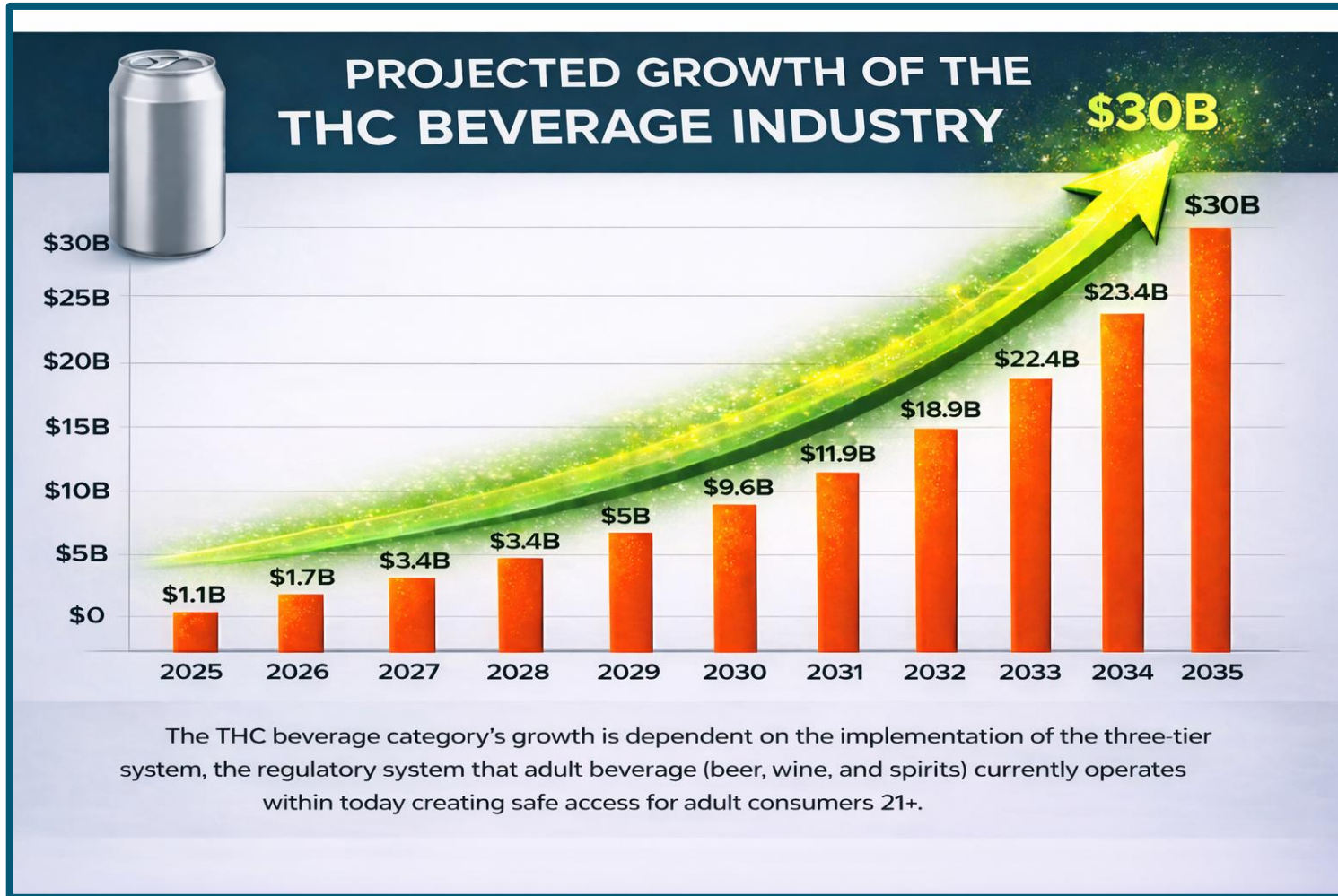
Tennessee

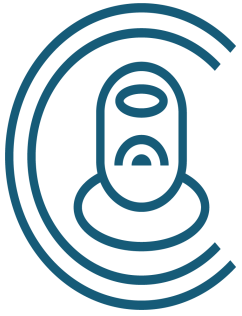
- Regulated by TABC
- Bans DTC
- 3-Tier Influence
- Dosage Cap
 - 15mg per serving, max 2
 - 150mg per container
- Package Store Only
- On-Premise Permitted
- 21+
- Taxed



HEMP BEVERAGE TRAJECTORY

Only with Regulation & Safe Access for



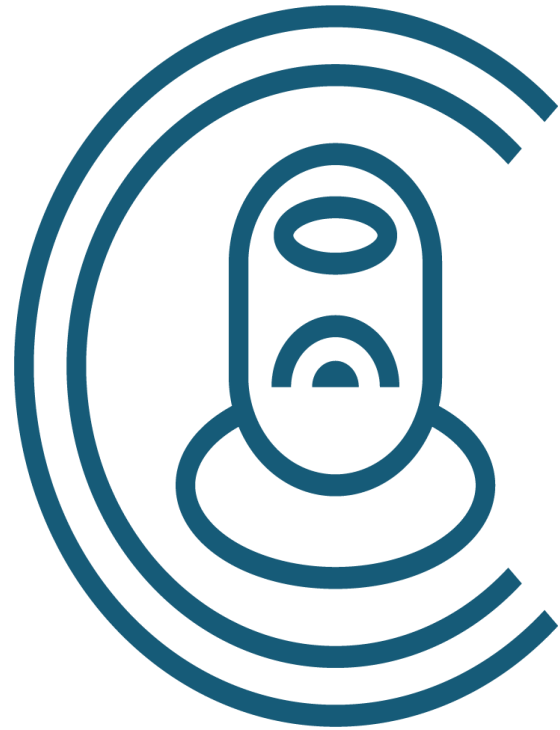


MONTHLY THC BEV MARKET UPDATES!

Presented by CABA

- **3rd Thursday of Every Month**
 - Next Webinar is March 19th
- **4pm ET / 1pm PT**
- **Topics Covered**
 - Regulatory Updates
 - Federal
 - State
 - Market Trends & Current Events
 - Upcoming Events
 - Live Q&A





QUESTIONS?

Contact:

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