

A close-up photograph of vibrant green cannabis leaves with serrated edges, set against a dark background. The leaves are the central focus, with some in sharp focus and others blurred in the foreground and background.

NEXTGEN GREENHOUSE PROPOSAL



Currently with the infrastructure we are operating with our cost per pound is 192\$ per lb before taxes. At the current tax rate we are roughly at \$356 per pound. It is \$131,000 yearly operating costs with a 600 lb harvest sold at \$1150 per pound which grosses \$690k and profits \$559k. By upgrading the current facilities we will harvest 6 times a year significantly increasing revenue and efficiency. By installing nexgen facilities we will be able to produce low-cost, high-quality cannabis through the implementation of efficient growing methods and investments in advanced production models that utilize state-of-the-art automation. These technologies already exist and have been developed for other commodity crops that operate under much tighter margins and face fierce competition from global markets. They just need to be incorporated into the cannabis industry. For example by leveraging scale, new technology and systems like automatic fertilizer injection and movable plant benching, this facility will be capable of producing cannabis far more efficiently than the vast majority of other California growers.

By 2022 at this facility, we aim to hit \$100-per-pound production price point through continued cost-reduction and by utilizing superior genetics and optimized processes. We will be eliminating 80% of our conventional labor use and controlling limiting variables which will lower our pest and mold management costs by 20% along with efficient led lighting and utilizing free sunlight to give us a high quality product that will fetch \$2600 per pound opposed to 11 to \$1200 per pound. This system will increase our profit margins 160% per crop. You may ask why take on an investor if you're already making \$690k per year? Well I understand that yes within three years I could do this myself but at the current expansion of the California's cannabis markets if I don't expand and upgrade now I will be left behind by peer entities in the market. It's more effective to me to partner on projects and sell assets for the capital to expand my larger operation in Laytonville to secure market share in the industry. Outdoor hoop house grown cannabis is inefficient and lower quality in comparison to cannabis in a fully controlled environment. Soon hoop house and outdoor will fall to 700 to \$1000 per lb depending on quality. Indoor quality cannabis will drop in the next three years from \$2600 a lb to \$1400/\$1700 a lb depending on quality.



By upgrading the 10,000 sqft farm with Nexgen year round automated greenhouses with rolling benches we maximize our time and space. Instead of two harvest per year we will get six. So the big question on everyones mind here is what are we going to make!?!?! On the low side we will start with 20 grams per square foot. $20 \times 10,000 = 200,000$ grams divided by 455 grams (1 lb) is 439 lbs $\times 6 = 2,637$ lbs annually. At low market \$1200 per pound is \$3,207,600 per year. The average yield is around 40 grams $40 \times 10,000 = 400,000$ grams divided by 455g (1 lb) is 879 lbs $\times 6 = 5,274$ lbs. At middle market of \$1800 per pound that is \$9,439,200. On an exceptionally good crop you can yield up to 70 grams per



Exterior of facilities intended to build.

square ft. That's 700,000 grams divided by 455g (1 lb) is 1538 lbs $\times 6 = 9228$ lbs at \$2200 a lb is \$23,016,000 per year.