



# Supplying the Medical Marijuana Growers' Market

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# Background

- Florida Medical Marijuana Legalization Initiative, (Amendment 2), on November 8, 2016, ballot as a constitutional amendment. Approved by >71% of voters.
- Florida became first southern state with a full-scale medical marijuana (MMJ) program



# Background cont.

- Legalized medical marijuana for individuals with specific debilitating diseases or comparable debilitating conditions
- Diagnosed and prescribed by a State-licensed physician



# Current Situation

- Effective June 9, pending Governor approval
  - Up to 17 growers
  - Up to 25 for each grower
  - Ingestion by “vapes” and oils – no smoking



# 8 Growers Currently Approved for production

1. Costa Nursery Farms, Miami, Southeast Region.
2. Alpha Foliage, Homestead, Southwest Region.
3. Knox Nursery, Winter Garden, Central Region.
4. Hackney Nursery Company, Tallahassee, Northwest Region.
5. Chestnut Hill Tree Farm of Alachua, Northeast Region.
6. San Felasco Nurseries, Gainesville
7. Mc CRory's Sunny Hill Nursery – Eustis
8. 3 Boys Farm – Ruskin, Southwest Region

(Bill introduced in Legislature to bump number by 20)

# Looking Forward

- Potential Florida sales\*:
  - \$10.7 million in 2017,
  - \$277.7 million in 2018,
  - \$1.1 billion in 2019 and
  - \$1.6 billion in 2020, according to the
  - Ultimately: \$365 million/year to potential \$5.4 billion industry.
- John Morgan proposing to invest \$100 million in MMJ production

*\*Sources: New Frontier and Arcview report*

# Relevance (Supply Side)

## Top 3 MMJ Stocks\*:

1. **AbbVie Inc. (ABBV)** a biopharmaceutical company
2. **Scotts Miracle-Gro Company (SMG)** manufactures, markets, sells consumer lawn and garden products worldwide.
3. **GW Pharmaceuticals (GWPH)** a biopharmaceutical company

\*Source: Multiple – Invetopia, Motley Fool, Zacks, etc.

# The Compost Factor

- Indoor vs. Outdoor production
  - All variables are controlled
    - Insects, water, disease, temperature, humidity, air movement, CO<sub>2</sub> and light
  - Most, hydroponically (soilless)
    - peat moss, coir, perlite, vermiculite, expanded clay, rice hulls, pumice, bark nuggets and compost
    - typical soilless potting mix using compost, will include approximately 1/3 by volume
- Closed loop
  - Stems, leaves root balls can be composted

# Growing & Production

- Majority of medical marijuana will be grown indoors in containers – most, hydroponically
- All variables will be controlled



# The Compost Factor

- 5 -7 gallon buckets are used
- 7.48 gallons equals 1 cubic foot
- 1/3 by volume in mix
- Potentially = .31 cubic feet compost/plant



# The Compost Factor

- *Compost tea* – strongly recommended, increasingly utilized
  - Used as soil drench & foliar spray
  - Benefits
    - Provides nutrients; major and minor
    - Increases uptake of present nutrient
    - Probiotic
    - Inhibits insect and disease populations
    - Non-chemical, “organic”
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- A close-up photograph of several vibrant green leaves, likely from a plant, showing their texture and veins. The leaves are in the foreground, slightly out of focus, and occupy the bottom portion of the slide.

# Relevance (Feedstock)

- For every pound of cannabis goods produced, approximately one pound of byproduct will require disposal management.
- The majority of cannabis businesses possess no outlet for byproduct disposal
- Compost use in MMJ production is medically, economically, environmentally beneficial and sustainable.

# Market Drivers

- FDA compliant practices
  - Industry learned valuable lessons from tobacco production industry
  - Demand for “Organic” and chemical free products – especially in this market (Can’t be certified)
    - Organic Cannabis Association
    - Clean Green Certification
  - Self regulated industry standards and practices
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# Expanded Opportunity

- Sales beyond Florida's borders
  - Waste Farmers, in Denver, developed an organic potting soil that quickly captured the attention of cannabis farmers within and **outside** the state.
  - Value proposition - engineered with natural ingredients "to produce maximum yields and quality crops.



# The Bonus

- As a new innovation in pharmaceutical agriculture, MMJ production represents a new frontier and a highly significant opportunity for Florida compost producers and biopharmaceutical suppliers.
- Legalization of MMJ is going to have significant impact on the future of agriculture and how we grow food.



# The Bonus

- MMJ production is changing our understanding and perception of organics in farming so fast because the cannabis industry has attracted significant capital and attention.
- It has demonstrated the ability to create value that's sparking a lot of innovation. It's going to unlock some great things with regard to how we grow food in the future. And we need that."

# Questions ?

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"I don't have any answers. I'm a non-prophet."