

# STATE OF THE INDUSTRY REPORT

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Examining the Cannabis  
Cultivation Market



**WHILE WE ARE  
FOCUSED ON HELPING  
YOU BUILD A BETTER  
BUSINESS TODAY, WE  
ARE ALWAYS LOOKING  
AT HOW WE CAN  
BETTER SERVE YOU  
TOMORROW, NEXT  
YEAR, AND FIVE OR 10  
YEARS FROM NOW.**

# TRACKING CANNABIS CULTIVATION TRENDS

In 2016, Nexus Greenhouse Systems partnered with *Cannabis Business Times* to sponsor the first-ever “State of the Industry” report on the cannabis cultivation market. Now in its third iteration, this important research project serves as a benchmark for the entire cannabis industry and identifies industry trends that allow companies like us to better serve you, the cannabis cultivator.

Results from this third report also serve as our first data sets that will allow us to make more accurate projections into how the cannabis market will evolve, as we have access to more information than ever.

One of the major findings from this year’s study shows cultivators are responding to increasing utility costs and pressures to curb energy usage, as well as slimming profit margins, by moving to greenhouse production: 45% of respondents who currently own or work for an active cultivation business said they use greenhouses in some capacity. More than a quarter of respondents said they grow at least half of their crop in a greenhouse environment. These numbers rose compared to last year, from 35% and 19% respectively, and we expect this number to keep growing as cultivators continue to improve their environmental impacts and lower production costs, always with an eye on maximizing yield and quality.

For more than half a century, Nexus has been helping cultivators advance their businesses and achieve their energy-usage and yield goals by offering the most innovative greenhouse designs and the latest technology, including: advanced light-deprivation and roof styles that make the most of sunlight and ventilation, environmental controls that maximize yield potential while minimizing exposure to pests, and rolling benches to maximize your canopy footprint, among others. Our team not only has extensive experience in all facets of the Controlled Environment Agriculture market, which it brings to cannabis cultivation, but it also has worked with cannabis cultivators worldwide on developing the ideal greenhouses for their needs.

While we are focused on helping you build a better business today, we are always looking at how we can better serve you tomorrow, next year, and five or 10 years from now. This is why this special report is so relevant to us and the industry—benchmarking data can help us all gauge what the industry trends are now, and compiling year-over-year data will help us all monitor and prepare for where the industry is headed.

We appreciate your involvement in this study and are pleased to support *Cannabis Business Times* in its effort to lead the way in providing essential cultivation-industry data through this important annual report.

We look forward to continuing to grow this industry together.

— Greg Ellis, National Director of Sales, Nexus Greenhouse Systems



# MORE DATA, GREATER INSIGHTS, BETTER BUSINESS

## IT'S BEEN A BUSY YEAR IN THE CANNABIS INDUSTRY.

California rolled out adult-use in January, stirring a whirlwind of both opportunity and obstacles. Nevada's newly legal adult-use market dipped (with statewide supply shortages) then developed, as has happened in many of the first eight states to legalize and regulate recreational cannabis in a post-prohibition environment while still under the federal government's ever-watchful eye.

Massachusetts is moving along, perhaps slowly, with recreational sales anticipated to start in early July, while Maine legislators are still determining how best to regulate their nascent market. Pennsylvania's medical program sits in the spotlight, promising to become one of the industry's biggest markets thanks to the state being the fifth most populous in the nation (13 million) and the medical program being among the most inclusive. And Ohio's rocky medical rollout is causing some to steer clear of the Buckeye State as it sorts through its growing pains.

Gluts in the Northwest have strained many of Oregon's and Washington's cultivators, while other states—New Jersey, Michigan and Vermont (adult-use), and Oklahoma, Utah and Missouri (medical)—continue to push forward on legalization.

The political environment surrounding the industry has been uncertain, as marijuana prohibitionist U.S. Attorney General Jeff Sessions rescinded several Obama-era protections for state-legal cannabis businesses and gave the U.S. Attorneys the power to decide whether or not to prosecute those businesses for violating federal law.

Canada's anticipated rollout of nationwide legalization is making the market globally appealing, and many medically licensed producers are preparing through heavy investment and acquisitions.

Despite bumps and bruises amidst continued uncertainty, cannabis cultivators' outlook remains relatively positive, especially regarding anticipated growth and expansion, and new entrants to the market. Read on to explore the results of *Cannabis Business Times'* third-annual "State of the Industry" study—conducted by Readex Research (an independent, third-party market-research leader) and made possible with support from Nexus Greenhouse Solutions. You'll get important benchmarking data, from revenue and profit to expansion plans, facility types/sizes, production costs, and much more—that you can use to determine where you fit into the cannabis cultivation landscape and track industry trends that will impact your business today and into the future.

**DESPITE ITS BUMPS AND BRUISES AMIDST CONTINUED UNCERTAINTY, THE OUTLOOK AMONG CANNABIS CULTIVATORS REMAINS RELATIVELY POSITIVE.**



# THE POLITICAL & FINANCIAL OUTLOOK: THE GREEN RUSH CONTINUES ITS APPEAL



Politically speaking, cultivators are slightly less concerned than last year. In *Cannabis Business Times*' "State of the Industry" report, the number of cultivators who said that *the uncertainty about the federal government's potential policies regarding legalized marijuana affects their current or future business plans* "very much" dropped 4 points (from 23% in 2017 to 19% in 2018).

Those who said they are "somewhat" impacted by this uncertainty increased by 5 points, however, from 41% last year to 46% this year, while nearly the same number said their business decisions are "not at all" impacted this year (36%) versus last year (35%).

But the general sense of optimism is more clearly reflected in revenue and profit growth among the largest number of participants in this year's study, as well as the number who expect to see growth in the coming year—not to mention the considerable number of new entrants into the market.

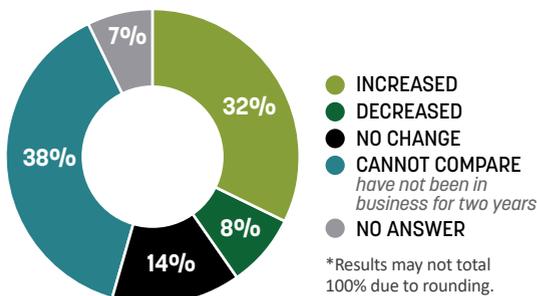
Nearly a third of participants in *Cannabis Business Times*' study reported revenue growth in their most recent fiscal year, compared to 8% who saw a revenue drop. Fourteen percent said their revenue did not change over the previous fiscal year.

And among those whose revenue increased, 10% reported an increase of 100% or more. As for *revenue declines*, less than 3% of cultivators indicated that their revenue dropped by 50% or more.

**\$1.29M**  
THE AVERAGE OPERATION'S REVENUE FROM ITS CANNABIS CULTIVATION OPERATIONS IN ITS MOST RECENTLY COMPLETED FISCAL YEAR.

## The Revenue Picture

Compared with one year prior, how did your operation's **revenue** from its cannabis cultivation change in its most recently completed fiscal year?



### Revenue increased by:



### Revenue decreased by:

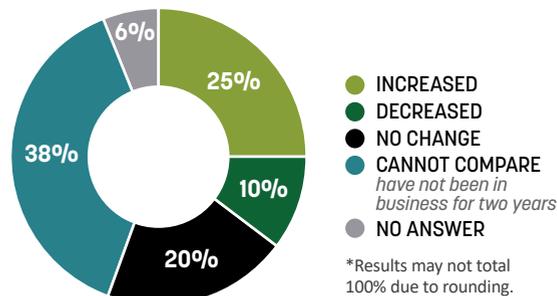


When it comes to the bottom line—a truer picture of a business's financial well-being—more cultivators (25%) reported growth in profit over the last fiscal year than those who reported no change in profit (20%) and those who reported decreased profit (10%).

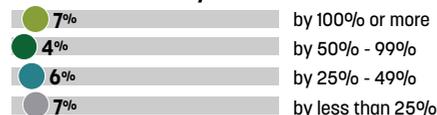
Perhaps the most notable finding is that the Green Rush does not seem to be losing its appeal among cultivation businesses, despite well-noted price pressures and market saturation in many cities and counties, and considering the high cost of entry in many states. Well over a third of study participants are new entrants to the market; 38% said they could not compare revenue nor profit from their current fiscal year to the previous fiscal year as they were not in business long enough to do so.

## The Profit Picture

Compared with one year prior, how did your operation's **profit** from its cannabis cultivation change in its most recently completed fiscal year?



### Profit increased by:



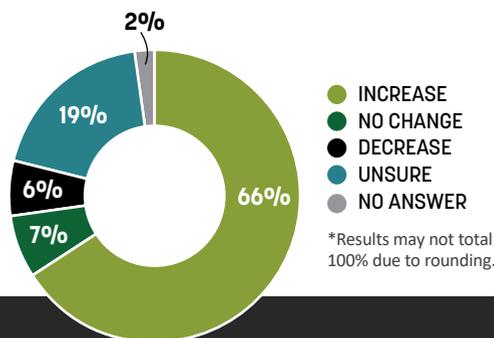
### Profit decreased by:



Optimism gains even more strength when cultivators look ahead. Two-thirds of study participants said they anticipate their revenue to grow in their current fiscal year compared to their most recently completed fiscal year. Compare that to just 7% who believe their revenue will remain steady year-over-year and the 6% who anticipate that their revenue will decline.

## Anticipated Change in Revenue

How do you anticipate your operation's **revenue** from cannabis cultivation will change in your **current** fiscal year compared to your most recently completed fiscal year?



## REVENUE & PROFITS

### Revenue

What was your operation's **revenue** from its cannabis cultivation operations in its most recently completed fiscal year?

	2016	2017	2018
\$5 million or more	6%	8%	11%
\$2 million - \$4.9 million	10%	9%	12%
\$1 million - \$1.9 million	8%	11%	10%
\$500,000 - \$999,999	5%	13%	8%
\$250,000 - \$499,999	9%	12%	7%
\$100,000 - \$249,999	17%	13%	14%
\$50,000 - \$99,999	30%*	6%	8%
\$25,000 - \$49,999	—	5%	3%
Less than \$25,000	—	19%	21%
No answer	16%	5%	5%

\*The 2016 report showed that a total of 30% of research participants reported revenue less than \$100,000; it did not break down revenue ranges less than \$100,000. Results may not total 100% due to rounding.

Across the board, the market has held pretty steadily in most revenue categories over the past three years. The top revenue ranges of \$2 million and higher reflect several point increases, as does the lowest revenue range of less than \$25,000. And despite the point gains in the top revenue categories, those with revenues of less than \$25,000 still comprise the largest group of research participants.



## WHERE ARE WE NOW? THE BIG PICTURE

Before we look further into expectations and future plans, it's important to get a detailed picture of where the cultivation industry is now, as it lends context to planned expansion and other trends.

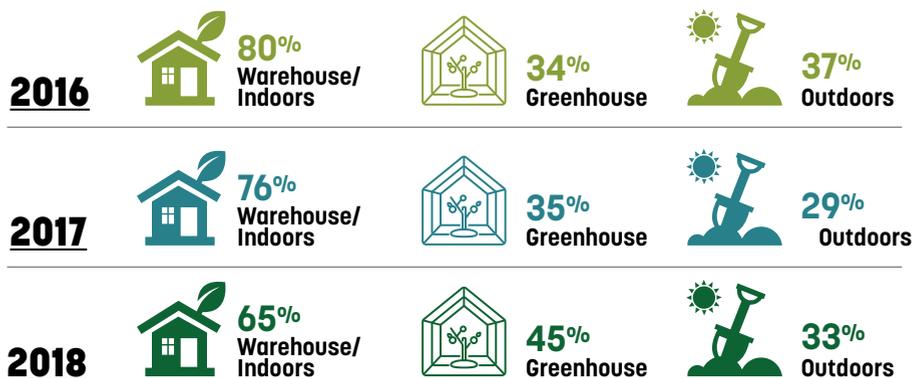
For starters, cultivation locations (warehouse/indoors, greenhouse or outdoors) have seen a shift since the first data on this was collected in 2016. Warehouse/indoor facilities have experienced a 15-point drop—from 80% of research participants indicating that they grow cannabis indoors in 2016 to 65% this year. Greenhouse cultivation, on the other hand, is on the rise, jumping 11 points from 34% in 2017 to 45% in 2018, bringing the number of indoor and greenhouse growers closer together.

Outdoor cultivation has declined slightly, seeing a 4-point drop between 2016 and 2018.

Indoor growers are the most likely to only grow indoors—43% of cultivators said they grow indoors solely—while greenhouse and outdoor growers are far more likely to mix facility types, growing in some combination of greenhouse, indoors and outdoors.

### Warehouse, Greenhouse or Outdoors

Where does your operation grow cannabis?



\*Totals exceed 100% because respondents could select multiple answers.

### Warehouse, Greenhouse or Outdoors: A Closer Look

Where does your operation grow cannabis?

	2016	2017	2018	% Change (2017-2018)
Warehouse Only	44%	51%	43%	↓ 8%
Greenhouse Only	4%	9%	16%	↑ 7%
Outdoors Only	10%	8%	9%	↑ 1%
Greenhouse + Outdoors (No Warehouse)	3%	3%	9%	↑ 6%
Greenhouse + Warehouse (No Outdoors)	13%	6%	8%	↑ 2%
Warehouse + Outdoors (No Greenhouse)	10%	3%	3%	0%
All Three (Greenhouse, Outdoors and Warehouse)	14%	4%	11%	↑ 7%

# 11%

THE PERCENTAGE OF RESPONDENTS WHO SAID THEIR CANNABIS OPERATION HAS 5 OR MORE FACILITIES/GROW SITES.



Several data sets in this report suggest a slight shift toward larger operations, one of those being the number of facilities that cultivation operations have. This year saw, in most cases, an increase (albeit somewhat slight) in the number of facilities cannabis operations have. While single-facility operations remain the most common by far, the number of those operations dropped 10 percentage points in two years (from 66% in 2016 to 56% this year).

Also of note is the 5-point increase in the number of cannabis cultivation operations that have five or more facilities (rising from 6% in 2016 to 11% in 2018) as well as in those with two facilities (15% in 2016 to 20% in 2018).

### Greenhouse Cultivation

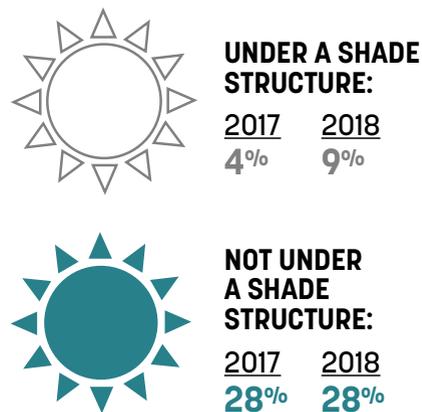
If you grow in a greenhouse, what type?



\*Passive greenhouses are those that rely primarily on structure design to maximize solar impact in colder weather and minimize it during warmer weather.

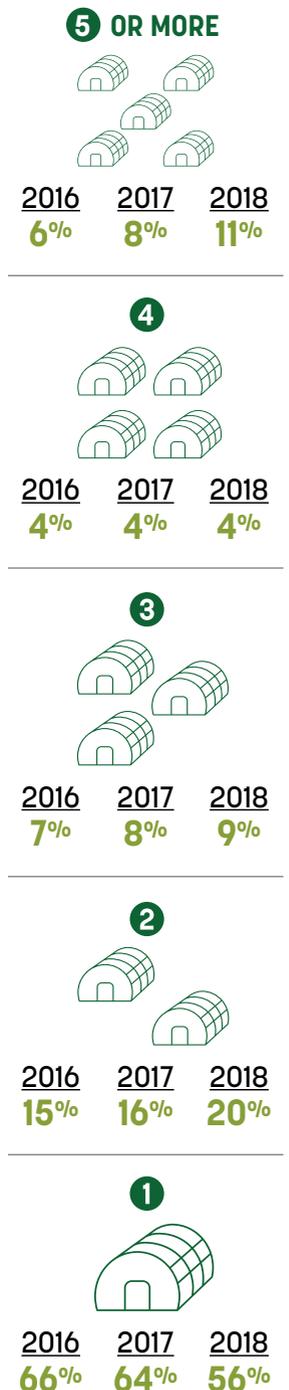
### Outdoor Cultivation

If you grow outdoors, do you grow:



### Grow Sites: Single vs. Multi-Facility

How many cannabis facilities/grow sites does your operation have?



## SIZING UP THE INDUSTRY

Another data set that reflects an increase in larger operations (new entrants or expanded operations) is the *square footage of the cannabis operation's cultivation area*, compared to previous years' research.

The largest jump throughout past two years was seen in the number of cultivators whose cannabis production space totals 80,000 square feet or more: 17% of this year's research participants reported production areas of this size, while in 2017 and 2016, just 7% of participants' operations claimed sizes of this range.

Still, smaller grow sites are holding strong: The largest percentage of cultivators report cannabis production areas of less than 5,000 square

feet. For all three years *Cannabis Business Times* has been tracking this data, that percentage has hovered between 32% and 34%.

Because those with less than 5,000 square feet comprise such a sizeable group, this year's research broke that number down further, revealing that:

- 11% of cultivators indicated cannabis production areas between 2,500 square feet and 4,999 square feet;
- 13% reported production areas in the 1,000- to 2,499-square-foot range; and
- 9% said their production area is less than 1,000 square feet.

### Grow Size

What is the square footage of your operation's cannabis production area?

SIZE	2016	2017	2018
80,000 sq. ft. or more	7%	7%	17%
50,000-79,999 sq. ft.	3%	5%	5%
25,000-49,999 sq. ft.	12%	13%	10%
10,000-24,999 sq. ft.	15%	21%	15%
5,000-9,999 sq. ft.	24%	20%	19%
Less than 5,000 sq. ft.	34%	32%	33%

\*2% didn't answer in 2018.

Since fewer cultivators this year reported that they are growing indoors, it's not too surprising the average percentage of growers' cannabis production area that is done indoors/in a warehouse has also dropped—by 7 points, from 60% in 2017 to 53% this year. And as greenhouse cultivation increased, so did the average percentage of growers' cannabis production area that is in a greenhouse—reflecting an 8-point increase, from 19% last year to 27% this year. The average outdoor production area saw no change.

### % of Crop Space

The **average** percentage of your cannabis production area is...?

	2017	2018	% Change
Warehouse	60%	53%	↓ 7%
Greenhouse	19%	27%	↑ 8%
Outdoors	20%	20%	0%

**25,600**  
sq. ft.

THE AVERAGE SQUARE FOOTAGE OF TODAY'S CANNABIS OPERATION'S CANNABIS PRODUCTION AREA.

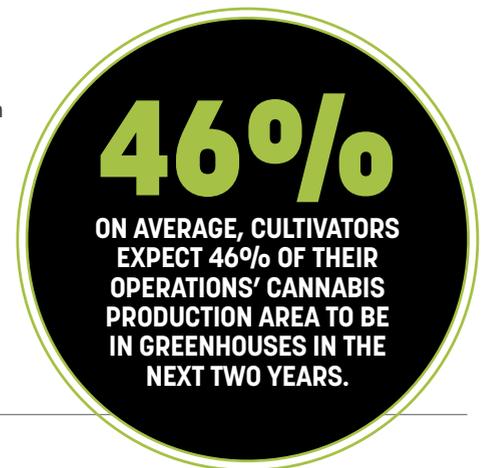


## EXPANSION PLANS: BIGGER GROWTH

Another statistic that stood out was expansion plans—big ones. Seventy-eight percent of cultivators said they plan to add square footage for growing cannabis in the next two years. However, two years ago, when *Cannabis Business Times* conducted its first “State of the Industry” report, 9% of cultivators said their operations planned to add 80,000 sq. ft. or more for cannabis growing in the next two years. Last year, that number rose 3 points to 12%; and this year, it increased to 21%—the largest percentage among those who say they are planning to expand.

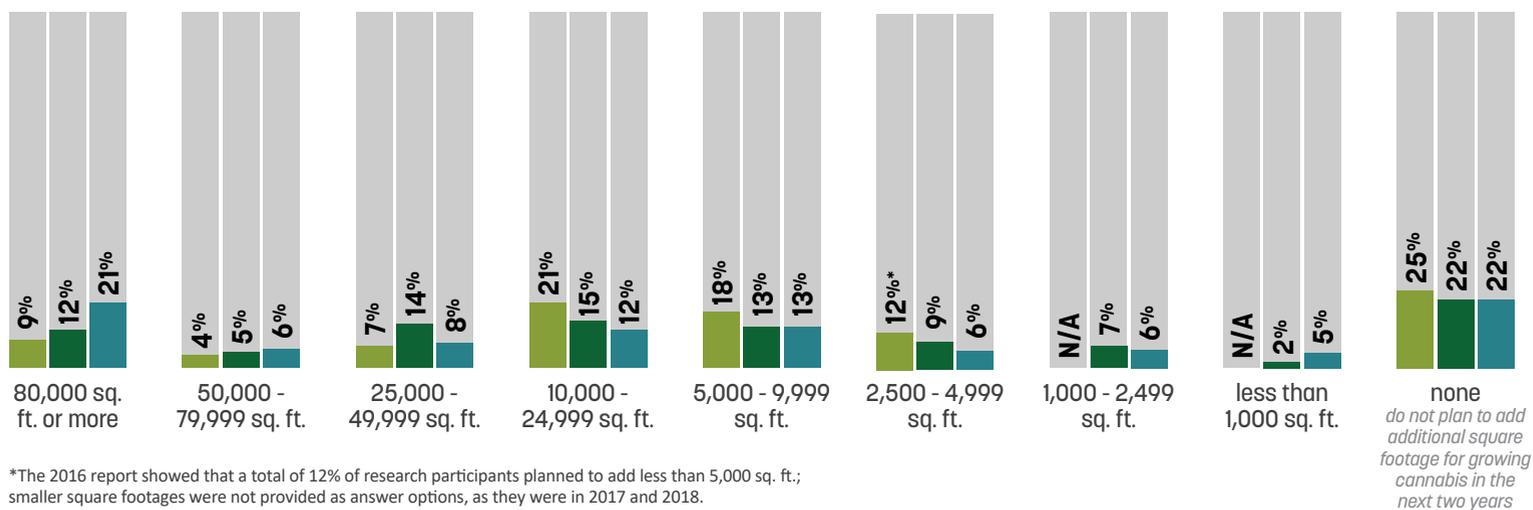
The average square footage cultivation operations plan to add jumped slightly from 22,300 sq. ft. in 2017 to 27,400 sq. ft. in 2018.

The number of research participants who said they do not plan to add cultivation space in the next two years has remained quite stable over three years. In 2016, 25% said they had no space-expansion plans; and in 2017 and 2018, this number dropped to 22%.



### Expansion Plans

How much additional square footage for growing cannabis does your operation plan to add in the next two years? ● 2016 ● 2017 ● 2018



As for what type of expansion cultivators are planning, warehouse/indoor cultivation space still ranks at the top, with more than half of research participants saying they plan to add indoor space for cannabis cultivation in the next two years. Greenhouses (including both hoop houses and gutter connect houses) follow, with 43% of current growers planning to add these types of structures in the next two years.

### What Will You Be Adding?

Which of the following does your operation plan to add for cannabis cultivation in the next two years? (Population base: current growers)

	2016	2017	2018
indoor warehouse/cultivation space	43%	47%	53%
greenhouse: hoop house	26%	27%	26%
greenhouse: gutter connect house (where multiple houses are connected into one or more grow zones or open space)	26%	24%	23%
outdoor cultivation space	22%	20%	25%
none of these	21%	16%	18%



\*Totals exceed 100% because respondents could select multiple answers.



## WHICH FACILITIES ARE BEING PLANNED AMONG NEW CULTIVATORS?

For those research participants who neither currently own nor work for a cannabis cultivation operation (who were excluded from the rest of the research results), the facilities they plan to add for cultivation more or less mirror the existing industry's expansion plans. More than half (59%) plan to cultivate indoors/in warehouses, while 37% plan to cultivate in greenhouses (whether hoop houses or gutter connect). Twenty-nine percent plan to cultivate outdoors, a number 4 points higher than the 25% that those who currently own or work for a cannabis cultivation operation plan to add to their existing operations.

### New Entrants to the Market

If you do not currently own or work for an operation that grows cannabis, but plan to in the next 18 months\*, which of the following does your operation plan to add for cannabis cultivation in the next two years?



**59%**  
indoor warehouse/cultivation space



**29%**  
outdoor cultivation space



**26%**  
greenhouse: hoop house



**15%**  
greenhouse: gutter connect house  
(where multiple houses are connected into one or multiple grow zones using gutters)



**10%**  
none of these

\*An additional 106 research participants who do not currently own or work for an operation that grows cannabis answered several questions in the study.

## PLANTS, PRODUCTION & CHALLENGES

With competition and price pressures increasing in most state markets, cultivators are continuously looking to cut production costs and maximize yield.

In fact, "competition/declining prices" was ranked as the No. 1 *business-related* challenge faced by research participants. Fifty-eight percent of total respondents reported it among their top three challenges. And increasing yield ranked No. 2 among the top three *cultivation-related* challenges. (See charts on p. S10.)

In an effort to explore production-related costs and provide cultivators with a look at where their production costs fall in comparison to others in the industry, *Cannabis Business Times* asked cultivators in each type of operation (indoors, greenhouse and outdoors) for their average production costs per pound of dried flower. It's not a surprise that outdoor growers reported the lowest costs of production, followed by greenhouse and then warehouse cultivation.

While the chart at the bottom breaks down detailed production costs per pound, the most telling data is the average cost for each type of cultivation operation (seen directly below). Looking at those who reported that their average production costs per pound of dried flower was below \$200, the numbers are also telling. Among those who grow outside, 52% reported production costs per pound of dried flower at below \$200; 27% of greenhouse growers reported achieving a cost per pound of less than \$200; and just 12% of indoor cultivators reported the same.

### Average Production Costs Per Pound of Dried Flower



\*Due to the high proportion of respondents answering in the bottom category (*less than \$100*), the sample mean cannot be meaningfully calculated for outdoor cultivation; this calculated average is provided as an estimation.

### Dried Flower: Production Costs

What is your operation's average production cost per pound (\$/lb.) of dried flower produced ...?

	Warehouse	Greenhouse	Outside
\$1,000 or more	6%	6%	6%
\$700 - \$999	12%	8%	0%
\$500 - \$699	21%	9%	6%
\$400 - \$499	10%	9%	3%
\$300 - \$399	19%	14%	11%
\$200 - \$299	13%	19%	14%
\$100 - \$199	9%	11%	21%
less than \$100	3%	16%	32%
no answer	7%	7%	6%

\*Warehouse base: those whose operation grows cannabis indoors/in a warehouse; greenhouse base: those whose operation grows cannabis in a greenhouse; outside base: those whose operation grows cannabis outside.

### Business Challenges

What do you consider to be your operation's three biggest business-related challenges as a cultivator of cannabis?

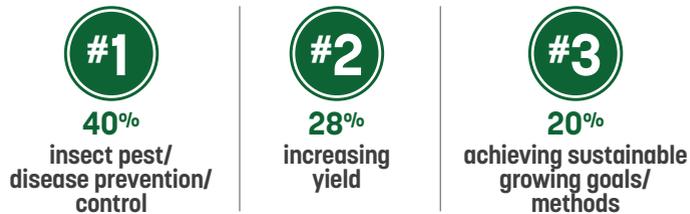


Competition and price pressures ranked No. 1 among cultivators' top-three *business-related* challenges, followed by compliance and finance management. Other concerns included uncertainty about federal law (22%), production costs (17%), marketing/brand building (16%), securing capital/funding (15%), product sales (14%), product development (9%) and managing employees/HR (8%), among others.

\*Total exceeds 100% because respondents could select multiple answers.

### Cultivation Challenges

What do you consider to be your operation's three biggest cultivation-related challenges as a cultivator of cannabis?



Pest/disease control ranked No. 1 among the top three *cultivation-related* challenge growers face—12 percentage points ahead of increasing yield and 20 points ahead of achieving sustainable growing goals. Other concerns were achieving desired terpene/cannabinoid content (19%), maintaining consistent yields (17%), achieving organic goals (16%) and humidity control (14%), among others.

\*Total exceeds 100% because respondents could select multiple answers.

As for the types of cannabis that cultivators are growing, the most significant change has been in cannabis for recreational purposes: The percentage of growers has risen 11 points, from 59% in 2016 to 70% in 2018. (This represents a 2-point drop from 2017, however, when 72% of growers reported they were cultivating for recreational purposes.) The rise in this category since 2016 makes sense considering the growth in the number of states that have legalized adult-use cannabis in the past few years.

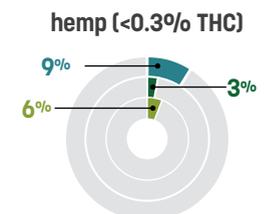
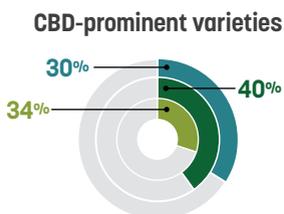
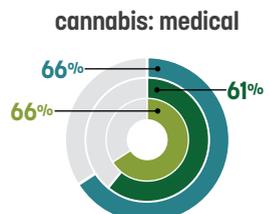
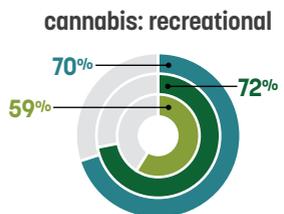
All other types of cannabis have fluctuated slightly. Contrary to reports indicating the rapid sales growth of CBD, the number of cultivators reporting they cultivate CBD-prominent varieties has dropped 4 points since 2016, and dropped 10 points compared to last year, which had shown a slight gain over 2016.

Hemp cultivation still represents a small portion of the cultivation landscape, but the number of growers indicating they are cultivating hemp rose 6 points over last year to 9%. Nearly two-thirds of cultivators have no plans to grow hemp in the next 18 months, according to our research, though interest may be piqued in the hemp market, as 27% of growers said they are unsure whether they will begin growing hemp in the next 18 months.

### Crop Types

What type(s) of cannabis plants does your operation grow?

● 2016 ● 2017 ● 2018



**30%** OF CULTIVATORS ARE GROWING CBD-PROMINENT VARIETIES.

\*Totals exceed 100% because respondents could select multiple answers.

### Hemp Plans

Does your operation plan to grow hemp (<0.3% THC) in the next 18 months?



9% YES



64% NO

27% NOT SURE

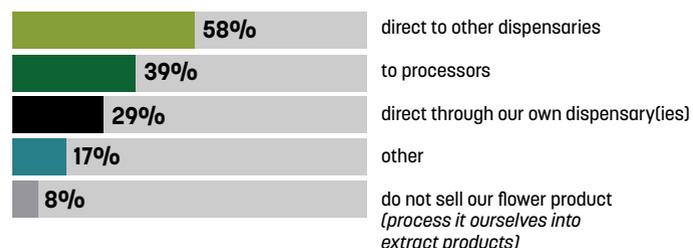
Where cultivators are selling their flower is another point of interest: 39% of study participants said they sell their flower to processors. Without previous years' data to compare this to, it is unclear whether this number is rising, falling or holding steady.

The majority of cultivators (58%) indicated they sell direct to dispensaries, while 29% said they sell their flower product through their own dispensaries. Just 8% said they do not sell their flower product, but rather process their flower themselves.

With respondents able to select more than one answer, it is clear that many respondents sell their flower product in multiple ways.

### Flower Sales

How does your operation sell its flower product?



\*Total exceeds 100% because respondents could select multiple options.

As cultivators continue to seek ways to lower production costs and compete in today's marketplace, automation continues to play an important role. Just 14% of cultivators indicated that they do not use automation technology at all.

Lighting, temperature and humidity were the most commonly used automated technologies. All three inputs were automated by more than half of growers.

In this year's study, *Cannabis Business Times* asked research participants about more aspects of automation than in previous years, so not all types of automation have comparable data to share. However, the available data showed significant increases in usage of several automation technologies.

The number of cultivators who said they use automation technology to control humidity rose 8 percentage points, from 51% in 2016 to 59% this year.

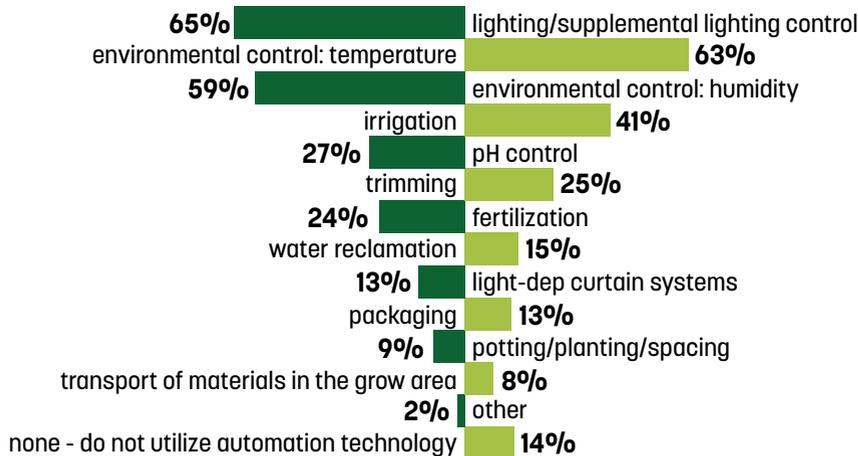
The use of automation to control pH has also been on the rise, from 14% of respondents in 2016 saying they use it to 24% in 2017 and 27% this year.

Utilization of potting/planting/spacing automation technology is climbing as well. This year, 9% of cultivators indicated they use this type of technology compared to just 5% in 2017.

A larger number of growers (8%) also said they are automating the transport of materials in the grow area compared to last year (4%).

### What Are You Automating?

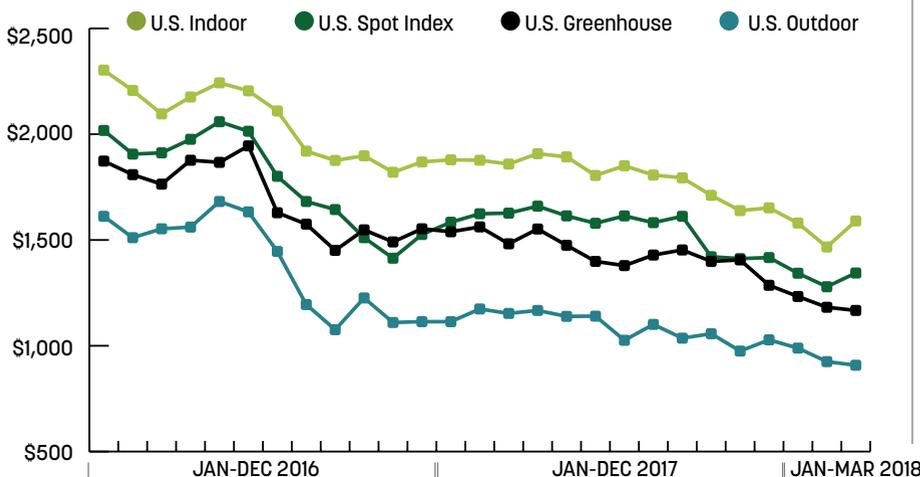
For which systems does your operation utilize automation technology in its cannabis cultivation?



\*Total exceeds 100% because respondents could select multiple answers.

### 27-Month Price Overview: Wholesale/lb. of Dried Flower

(Data provided by Cannabis Benchmarks)



## AN INDUSTRY GROWING UP

The industry has seen its share of challenges this year. But with automation-technology use and greenhouse production on the rise, the industry as a whole seems to be addressing the challenges of price declines and ever-growing competition. With the number of larger cultivators and new entrants in the market also rising, competition will continue to exert pressure on existing cultivation businesses, and the need to reduce production costs further will also increase.

However, as several new states are currently rolling out new adult-use and medical programs, and several more are expected to do so this year—not to mention Canada's impending nationwide legalization—optimism surrounding the end of cannabis prohibition and the opportunities it presents grows. And the U.S. political climate's impact on business decisions lingers, but is not an overarching threat.

The fact that two-thirds of cultivators anticipate revenue growth in the current fiscal year and nearly 80% plan to expand their operation's cannabis-production square footage suggests significant development despite the bumps and bruises the still-fledgling, federally illegal industry has encountered.

Whether the coming year will see advances in federal legislation to protect and/or advance the cannabis industry remains to be seen, but public support continues to grow as well—with 59% of Americans in favor of legalization according to an April 2018 CBS News poll.

Like any new industry, shake-ups and consolidation are bound to occur, and some businesses will not survive. Planning ahead, accurate budgeting, reducing costs and exploring the best business opportunities that match each business's strengths will help ensure resilience in the face of obstacles and rapid evolution. Monitoring trends and benchmarking your business against others will also help you determine where you may need to make improvements or changes. This "State of the Industry" report has equipped you with the data you need to do so.



### About the Research

Research for the "State of the Industry" report was conducted on behalf of *Cannabis Business Times* during April and May by independent research organization Readex Research. A majority of the results are based on 191 participants from North America who own or work for a cannabis cultivation operation. The margin of error for percentages based on 191 respondents is +/-7.1 percentage points at the 95% confidence level.

# System 420™ Hybrid Greenhouses

## Larger Yields, Better Crops, Lower Costs



### PRODUCTION YIELDS

Light deprivation, environmental controls, and benching systems provide the tools to optimize the grow system for high capacity crop output.

### QUALITY PLANTS

Growing healthy, natural plants is practical with insect screens for organic farming. Irrigation and fertilizer systems provide optimal plant dosing levels.

### ENERGY SAVINGS

Insulated walls and roof coverings provide highly diffused, natural light energy usage for significant cost reductions.

**Why Nexus?** With over 1 million square feet of cannabis greenhouses constructed in 11 states, Nexus has developed unique expertise in designing integrated cannabis growing systems. Beyond cannabis, Nexus has served the horticulture industry for 50 years as an industry-leading greenhouse manufacturer. Facilities are strategically located in Colorado and Illinois for convenient shipping to the entire U.S.

**That's why cannabis growers choose Nexus.**

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