

THE 11TH ANNUAL

MJBizCon®

A Perfect Storm: How Competition, Climate Change and Consumer Preferences Converge Around Sustainability



Michael Key | CEO
Impello[®] Biosciences

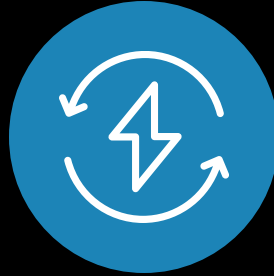




Market
Share



Brand
Loyalty



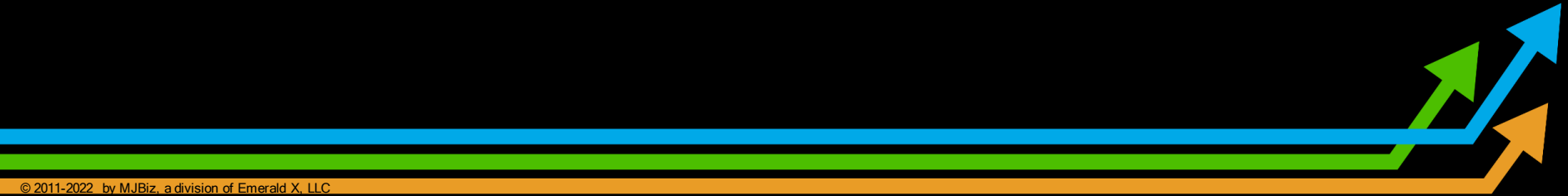
Improve
Efficiency



Better
Product



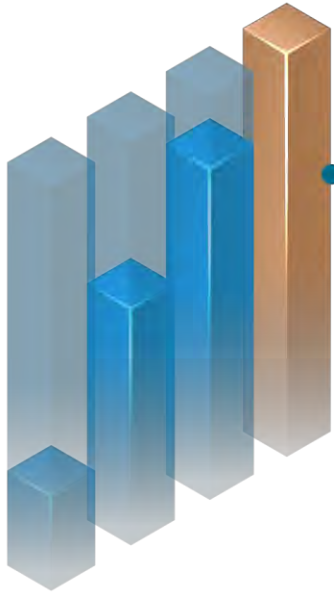
Brand
Relevance



Cannabis is part of **global agriculture**
Start acting like it.



Similar opportunities. **Similar challenges.**



75% of farmers expect cost hikes in the next 12-18 months

TOP PERCEIVED RISKS



Increased price of inputs



Increased overhead and processing costs



Supply chain disruptions and unavailable inputs

Rapid adoption at scale is *already* happening

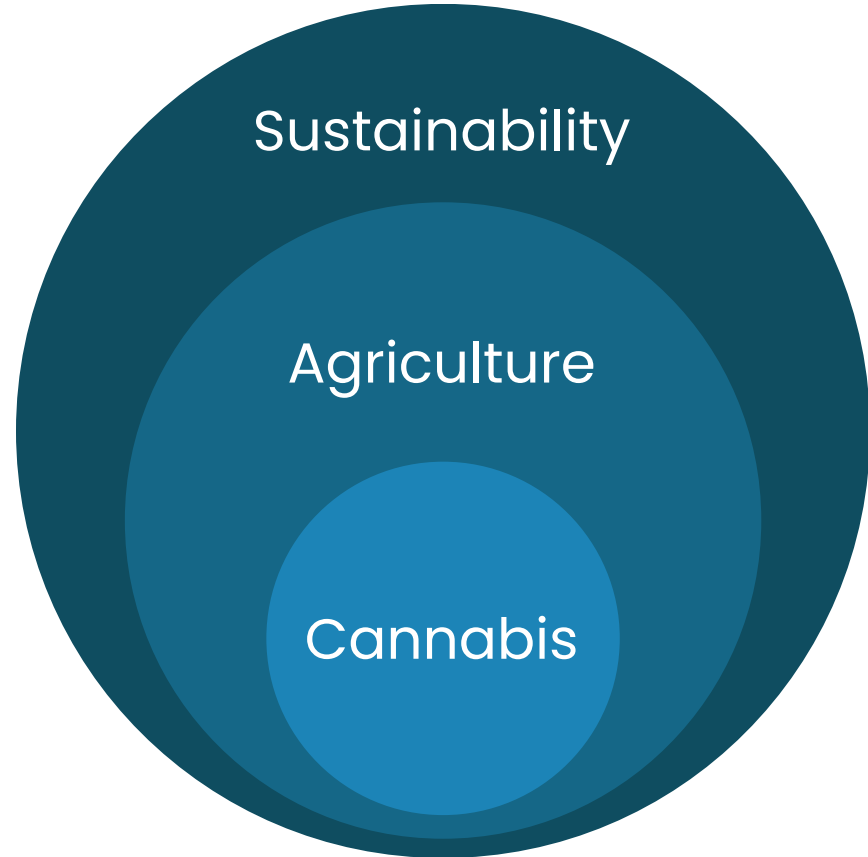
35%

... Of **5,000+** acre
traditional farms
already use
biocontrols

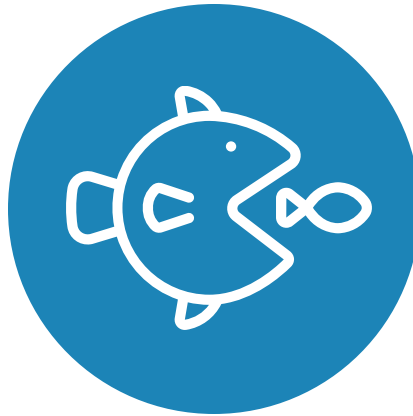


The fundamental truth is:

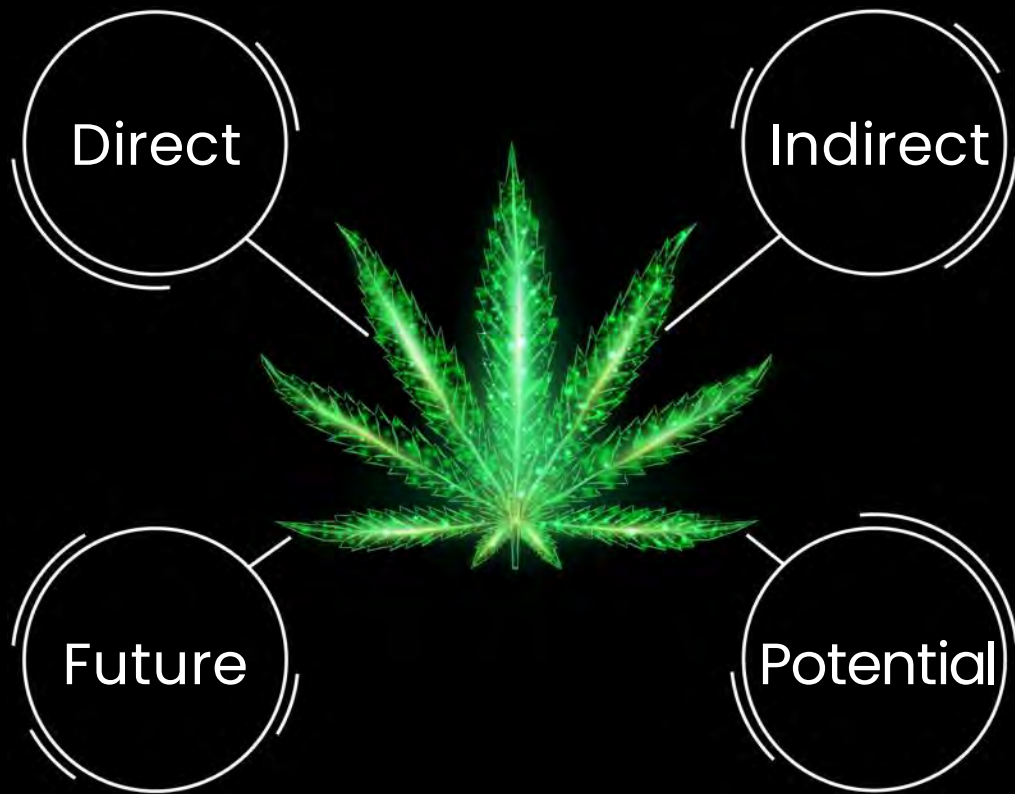
Sustainability
is the future of
everything in
agriculture.

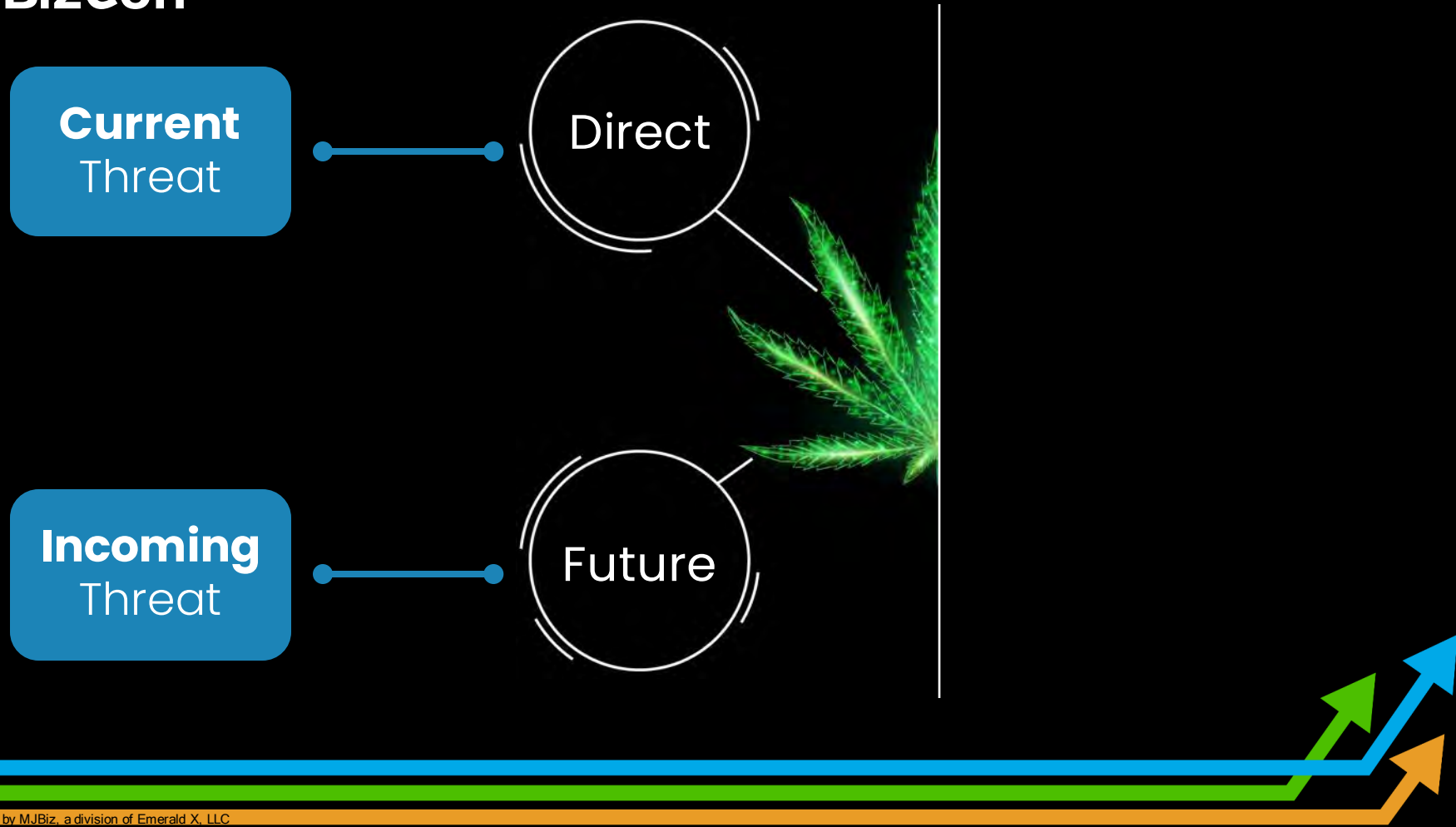


Competition



Classes Of Cannabis Competitors





**Current
Threat**

Direct

**Incoming
Threat**

Future

Solutions:

01. Differentiation

02. Efficiency

So...

Sustainability is a way to *differentiate*?



Survey says yes.



Expect more **sustainability** messaging from competitors by 2025



Think **sustainability** is a good brand differentiator



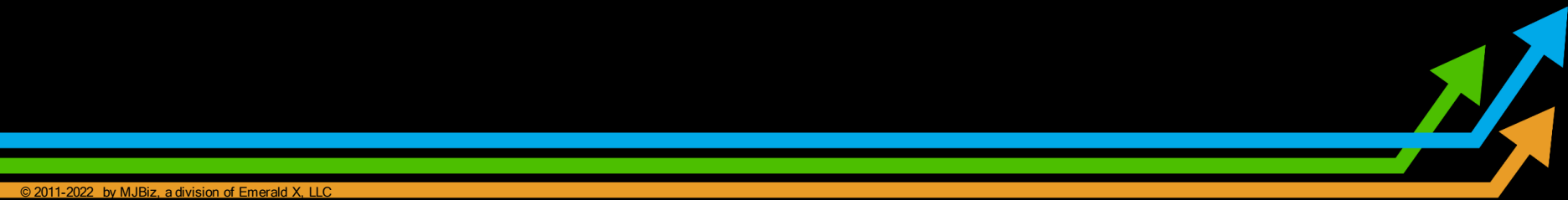
Think **sustainability** will be more important to customers by 2025



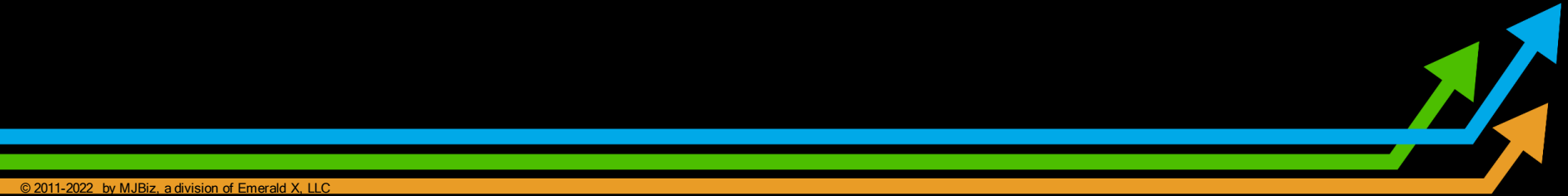
**But
only...**

40%

Use **sustainability** in
their marketing now

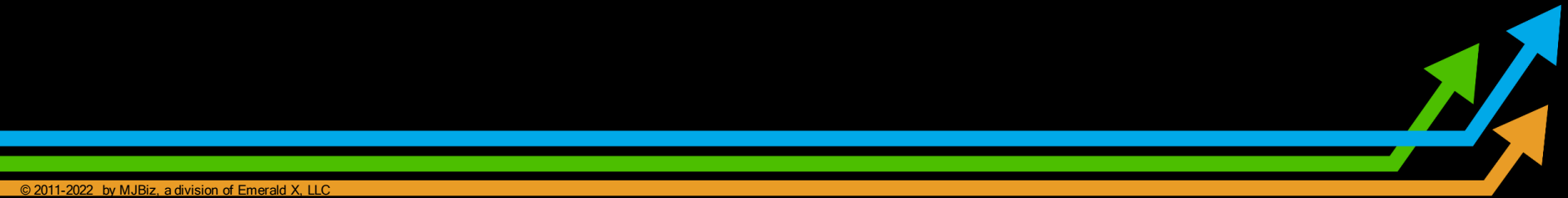


What are you waiting for?



Competition *with* and *between*

Multi-State Operators



Efficiency: The Scalability Problem

Multi-State Operators

(need)

**Standard Operating
Procedures**

(to get)

Consistency

(to ensure)

Brand Loyalty

SOPs

Fundamentals and Considerations

1

Plan for
tomorrow,
not today

2

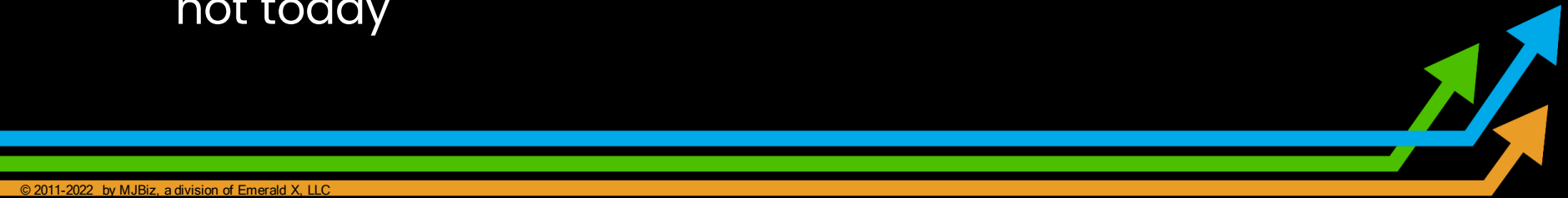
Regulatory
variability

3

Efficiency

4

Quality



Quality

Romantic.
Hard to define.
Ultimate differentiator.





“***I know it
when I
see it***”



Sustainability is a brand differentiator

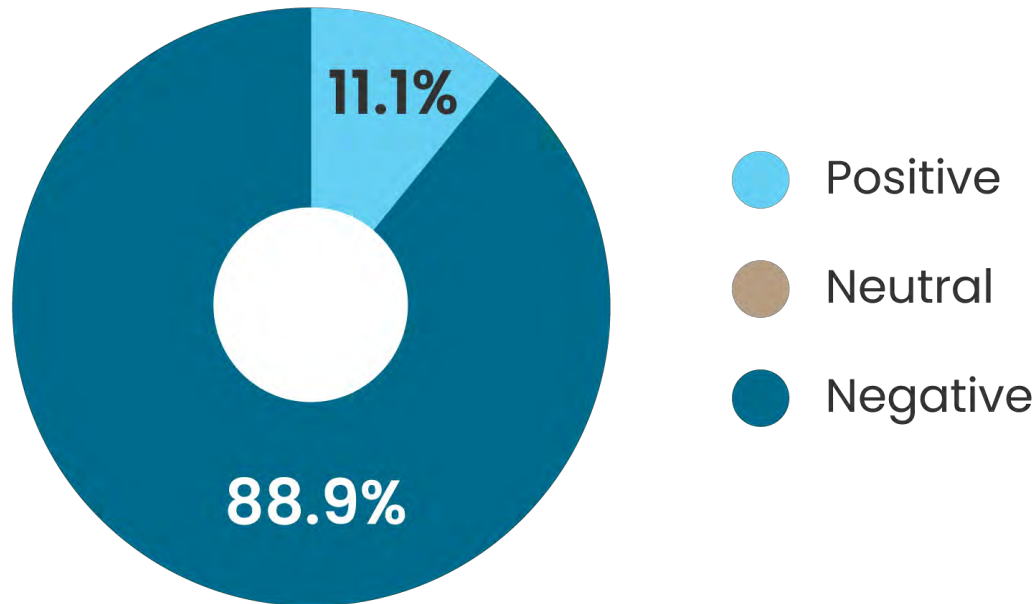
But **early adoption** is critical



Climate Change



Do you think the cannabis industry has a positive, neutral, or negative effect on the climate?



ELECTRICITY USE

2013–2018

Electricity use from cannabis cultivation and infused products manufacturing grew from about 1% to about 4% of Denver's total electricity consumption between 2013 and 2018.

1%–4%



FROM



TO



Which way are we headed?



or

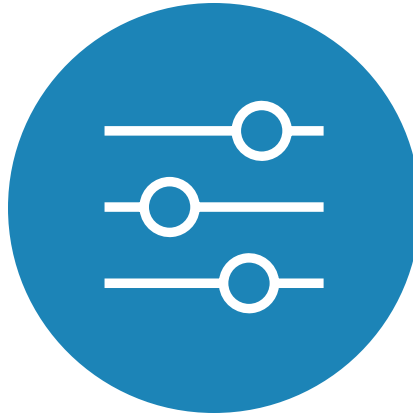


Less Environmental
Regulations

More Environmental
Regulations



Consumer Preference



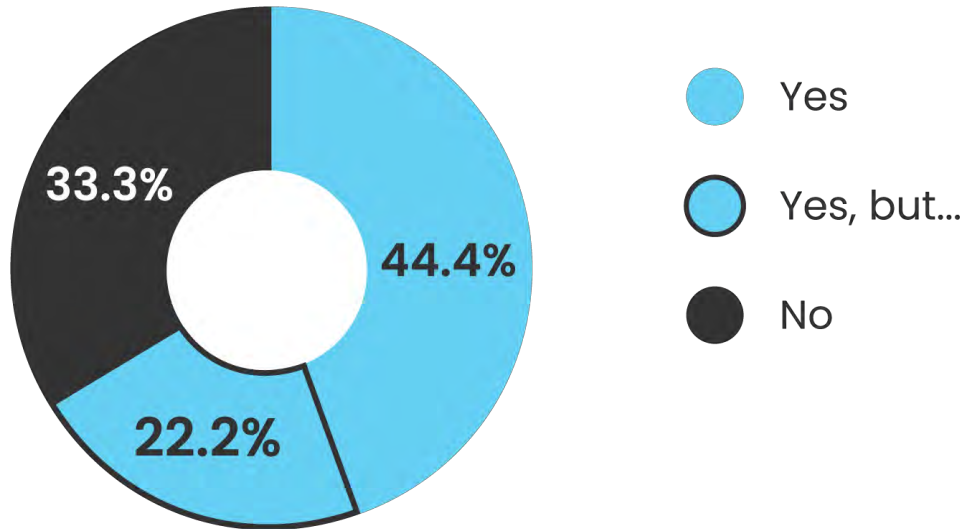


| Do **customers** care about sustainability?



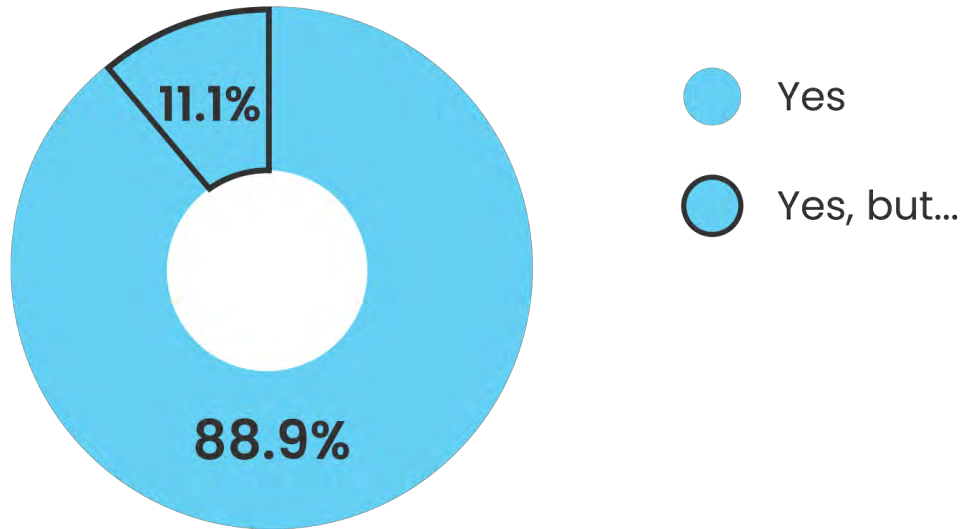
How much is sustainability worth?

Do you think your customers are willing to pay more for sustainably grown or packaged products?

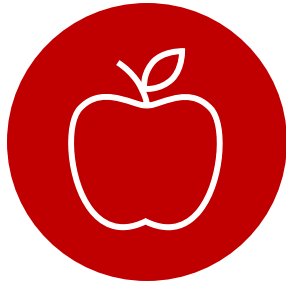


Price Parity

If price was not a factor, do you think customers would select sustainably grown/packaged products over conventional (less sustainable) products?



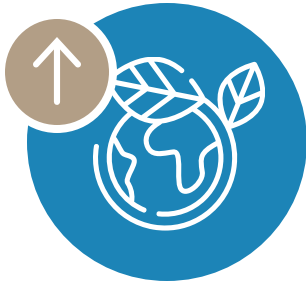
Does it cost more to be **sustainable**?



VS.



My challenge to the industry:



Sustainability

=



Profit



In review

- Sustainability will only become more important.
- Sustainability is a multi-faceted tool to improve efficiency and profitability.
- The time is **now**.



Let's discuss what **sustainability** could look like in your organization.



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