AGRICULTURAL PRODUCTION PLAN FOR NON-PSYCHOACTIVE CANNABIS OR HEMP

EXECUTIVE SUMMARY

In order to support the implementation of a Cannabis CBD Cultivation, Industrialization and Commercialization Project that meets international quality standards, an implementation agreement is proposed, which includes:

- **PRODUCTIVE DEVELOPMENT.** - Production of non-psychoactive cannabis in vertical farms.
- **INDUSTRIAL DEVELOPMENT.** - By industrializing cannabis, products with high added value are obtained, which will boost the national industry.
- **ADDING VALUE. -** Obtaining products that far exceed the value of non-industrialized products.
- **MARKETING. -** Establishing a commercial network of cannabis products.
- **TRAINING. -** Cultivation techniques, agricultural care, transformation and business management.

The total cost of the project is six million two hundred ninety-two thousand seven hundred ninety-eight dollars ($6,292,798), which includes the aforementioned points.

LOCATION

The Cannabis will be situated in the Province of Chimborazo in Alausí County.

JUSTIFICATION

Cannabis is a plant that can be grown throughout the planet and under all environmental conditions.

For this project it will only be considered CBD Cannabis, avoiding the THC. These varieties can grow from 0 m.a.s.l. to 3,800 m.a.s.l., where neither temperatures, nor humidity nor strong winds are limiting factors for other plant species.

It is a crop that supports very adverse climate factors, in which other crops do not thrive, however, the varieties that are intended to be cultivated are those that grow between 2000 and 2500 m.a.s.l., where ambient temperatures range from 5 to 20°C, requiring protection from strong winds and sudden changes in humidity.

Vertical Farms improve the productivity per plant, but also per plantation, since it at least sextuples its production per hectare, and, since the plantation is located in a highly

protected environment, it is protected from possible environmental damage. Finally, the production obtained is mostly homogeneous and of standard quality.

By obtaining cannabis in this way, its supply on the market would be more stable and at better prices.

OBJECTIVES

General. - Introduce a Cannabis crop capable of growing in vertical farms under a controlled environment

Specifics.-

- Develop the transferable technological package of Cannabis grown under controlled environment in Hydroponics for its adaptation to diverse media;
- Develop the production of base seed for the expansion of the crop;
- Develop and evaluate the use of cannabis in the industry;
- Evaluate technically and economically the technological package developed;
- Determine the cost and the sale price of the product.

INVESTMENT

The investment required for the physical implementation of the plant requires:

YEAR	BUDGET
0	5.715.000
1	285.000*
2	292.798*
Total	$ 6’292.798

*Reinvestment to optimize production and plant capacity

COMPONENTES DEL PROYECTO

COMPONENT	BUDGET
INFRASTRUCTURES	$ 1.044.400
BASIC EQUIPMENT	$ 76.500
PROCESOS EQUIPMENT	$ 369.880
WORKING CAPITAL	$ 4.550.348
LICENSES AND OTHERS	$ 49.270
COLLECTION CENTER EQUIPMENT	$ 76.500
TOTAL	**$ 6’292.798**

BENEFITS

The economic benefits are reflected in its financial run calculated over 10 years in:

Internal Rate of Return: IRR

Net Present Value: NPV

Return On Investment: ROI

THE NET PRESENT VALUE.- It is calculated at a discount rate of 12%, and proves to be an economically profitable initiative, reaching $90,821,456.00

INTERNAL RATE OF RETURN. – The project's Internal Rate of Return (IRR) over a 10-year period is 51%.

PAYBACK PERIOD. – The investment is recovered within 5 years of the plant's operation, with a Payback Period (PP) of 4 years.

TOTAL INVESTMENT. – $ 6’292.798

Additionally, this project will create at least 1,000 direct jobs and more than 2,000 indirect jobs.