

**COMPLIMENTARY
EXCERPT**

ANNUAL HEMP & CBD INDUSTRY **FACTBOOK**

The definitive benchmark
analysis of Hemp &
CBD markets in the
United States

EXCERPT INCLUDES:

- Editor's Letter
- Overview & Insights
- 3 Critical Charts

2019 | 2nd Edition

Hemp
Industry **Daily**

LETTER FROM EDITOR

Imagine running a race with brand-new shoes and a burst of energy but no idea what the course looks like. That's somewhat the position in which today's hemp industry finds itself.

Welcome to the 2nd Edition of the Hemp & CBD Industry Factbook, your guide to the fast-moving (if uncertain) hemp industry, brought to you by the data team at *Hemp Industry Daily*.

Every level of the hemp supply chain—from farmers experimenting with a new crop to retailers looking to supply white-hot consumer demand for CBD—is eager to capitalize on the plant's new legal status. But the hemp industry's enthusiasm comes at a time when the race course hasn't been set, making the path to market as mysterious as a running trail leading into a dark woods.

With 37 charts showing new insights into the hemp market from farm to store shelf, the 2019 Hemp & CBD Industry Factbook offers exclusive intelligence about the U.S. hemp market culled from extensive research and conversations with entrepreneurs who know this industry best.

This excerpt provides just a glimpse at what the entire report has to offer, including market size and opportunities for entrepreneurs and established businesses alike.

I think you'll find this data invaluable as your company steps into uncertain hemp terrain. The hemp race isn't going to be easy. But relying on deeply researched data points along the way could make the difference between hitting the finish line and running off course.

Best regards,



Kristin Nichols
Hemp Industry Daily
Editor

EXCLUSIVE INSIGHTS FROM THIS FACTBOOK

Optimize your business decisions with all-new data and analysis on hemp and CBD exclusively published in this report. Apply research-driven insights from the Hemp & CBD Industry Factbook to understand economic, agricultural and regulatory developments impacting your position and growth in the industry. The thorough evaluations of current and upcoming industrywide challenges in this report are fundamental for maintaining a competitive edge in the industry today.

FROM THIS FACTBOOK, YOU CAN EXPECT:

- **Authoritative analysis of looming regulatory changes based on revived interest in today's hemp market.**
 - ♦ How the U.S. Department of Agriculture (USDA) will change the game for hemp producers.
 - ♦ What to expect from federal regulators on CBD products.

Has the 2018 Farm Bill unleashed the U.S. hemp industry to take on historic powerhouses such as Canada and China? Maybe. Hemp production is increasing dramatically, but legal uncertainties remain.

THIS FACTBOOK WILL EXPLAIN:

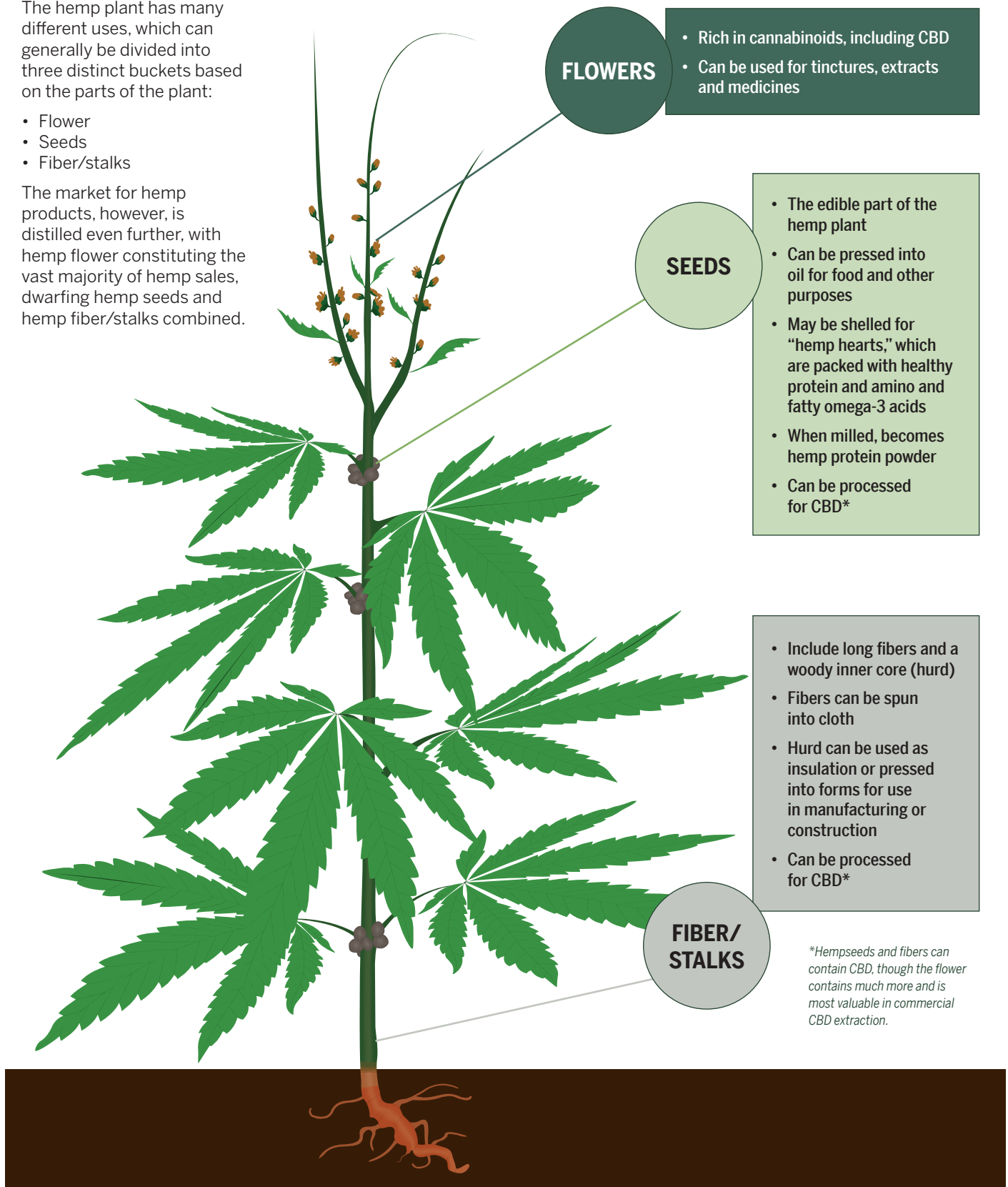
- **How states are legislating CBD in defiance of federal law.**
- **Requirements for seed acquisition and processing for the top 10 hemp-producing states.**
- **Market forecasts revealing realistic per-acre profits for growers.**
- **Comprehensive information for processors and extractors to consider as demand for CBD surges, such as:**
 - ♦ Typical prices received per kilogram of hemp extract.
 - ♦ The widening gap between the number of growers and processors.
 - ♦ Where hemp extracts are being sold.
- **A closer look at cultivator contributions and approaches to growing hemp.**
 - ♦ How much farmers are paying for seeds and clones.
 - ♦ Average and median hemp acreage.
 - ♦ Revenue reports from previous years' sales alongside expectations for future earnings.
- **Key CBD retailing trends.**
 - ♦ Five-year sales projections.
 - ♦ How CBD sales channels are changing.
 - ♦ Where CBD sales figure in marijuana dispensary operations.

The Hemp Plant

The hemp plant has many different uses, which can generally be divided into three distinct buckets based on the parts of the plant:

- Flower
- Seeds
- Fiber/stalks

The market for hemp products, however, is distilled even further, with hemp flower constituting the vast majority of hemp sales, dwarfing hemp seeds and hemp fiber/stalks combined.



FLOWERS

- Rich in cannabinoids, including CBD
- Can be used for tinctures, extracts and medicines

SEEDS

- The edible part of the hemp plant
- Can be pressed into oil for food and other purposes
- May be shelled for “hemp hearts,” which are packed with healthy protein and amino and fatty omega-3 acids
- When milled, becomes hemp protein powder
- Can be processed for CBD*

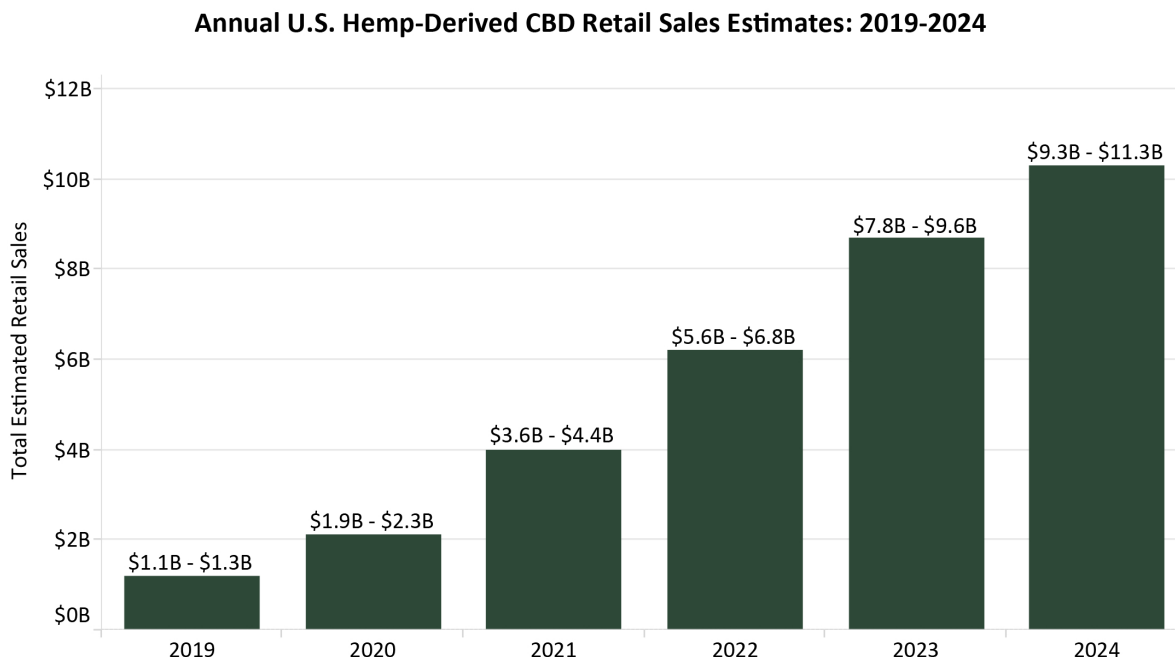
FIBER/STALKS

- Include long fibers and a woody inner core (hurd)
- Fibers can be spun into cloth
- Hurd can be used as insulation or pressed into forms for use in manufacturing or construction
- Can be processed for CBD*

**Hempseeds and fibers can contain CBD, though the flower contains much more and is most valuable in commercial CBD extraction.*

THREE CHARTS AND KEY TAKEAWAYS

Chart: Annual U.S. Hemp-Derived CBD Retail Sales Estimates: 2019-2024



Source: 2019 Hemp & CBD Industry Factbook

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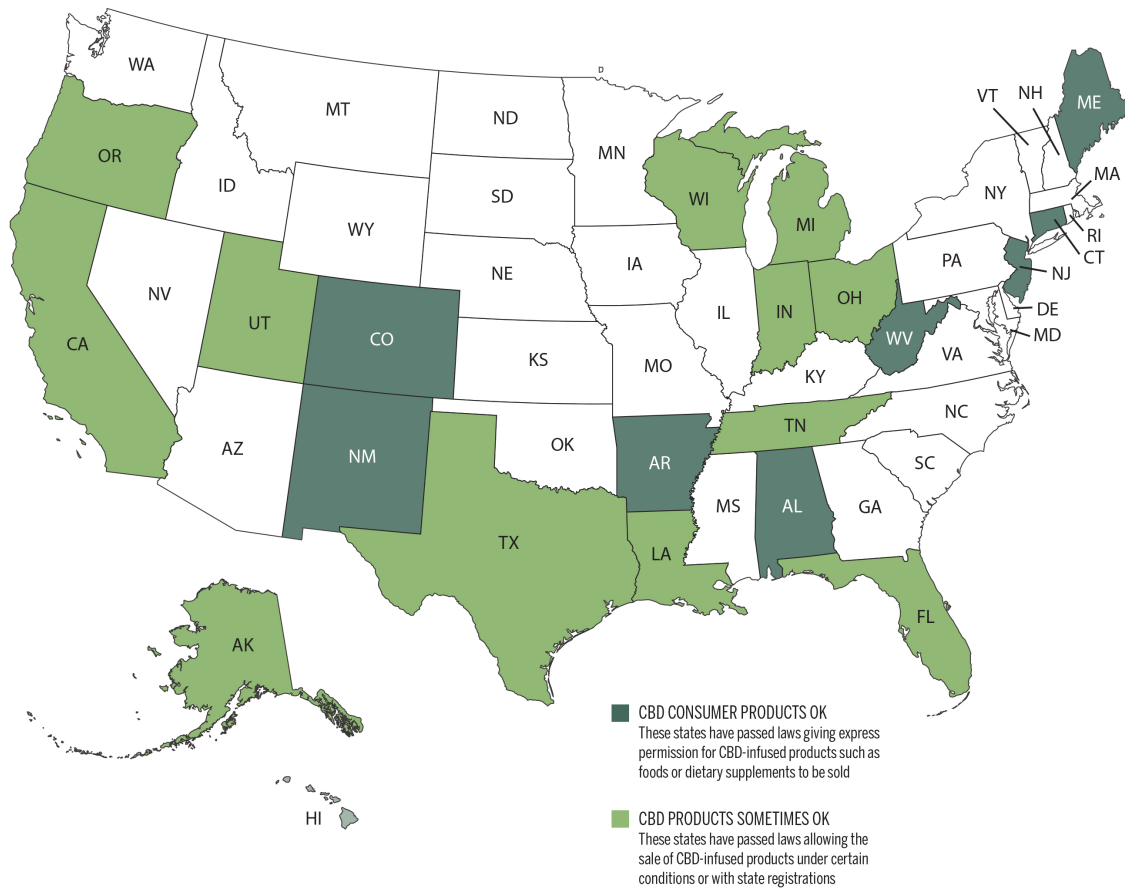
We expect that rising consumer enthusiasm for and awareness of CBD—combined with widespread, easy access to CBD products at traditional retail outlets—will drive a surge in CBD sales over the coming years.

Hemp Industry Daily projects sales to grow from approximately \$1.2 billion in 2019 to \$10.3 billion by 2024, a five-year compound annual growth rate of 54%.

- Estimates for sales vary between publications, but based on comprehensive study and industry surveys, these projections are the most accurate and carefully considered representations today. This continued growth begs the question: Is there a limit—and what is the limit—to the potential for this industry?

It's important to note, however, that the CBD market is still very much in its infancy—one that hasn't yet demonstrated how a massive increase in retail availability will translate into a massive increase in sales.

Chart: CBD Sales Regulations By State



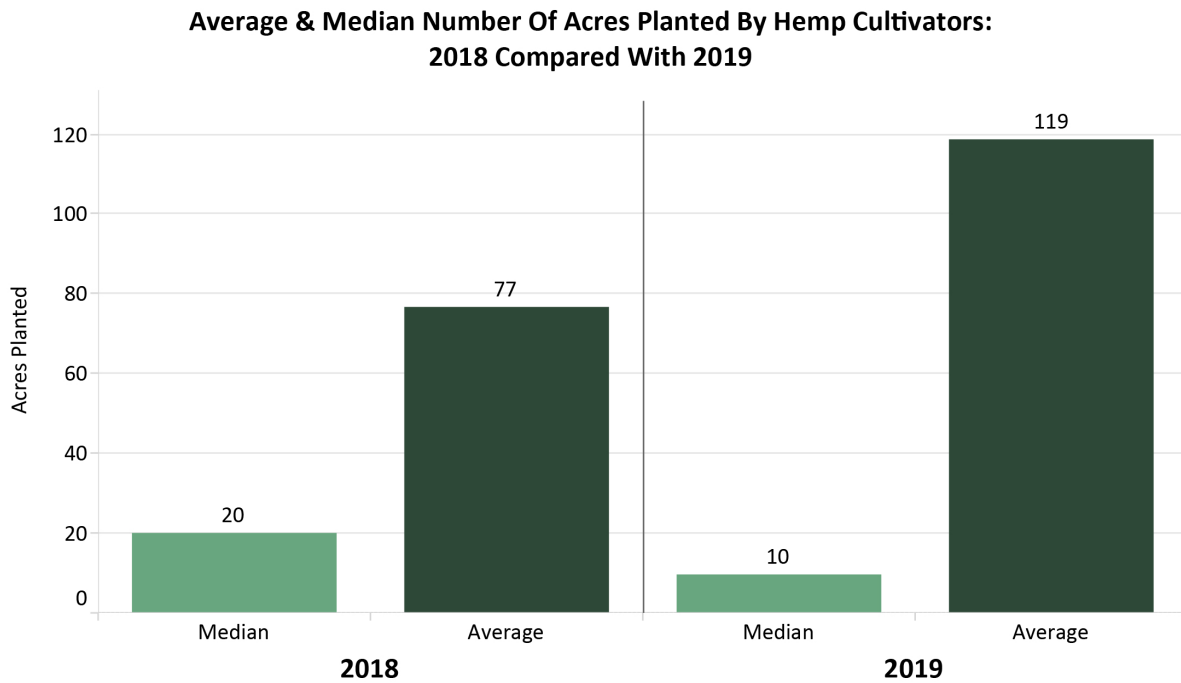
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Data current as of Oct 15, 2019

The U.S. Food and Drug Administration's position is that CBD cannot be put into food, drinks or dietary supplements, only an FDA-approved pharmaceutical product. But the agency has left that position largely unenforced, leading to a proliferation of over-the-counter CBD products.

Even as this Factbook was being compiled, state rules on growing hemp and making and selling CBD changed almost daily. That gives businesses across the entire hemp supply chain reason to keep up with state differences.

- With patchwork regulations and markets developing in the absence of federal rules, how will those markets respond to the rules once they're finally released?

Chart: Average & Median Number Of Acres Planted By Hemp Cultivators: 2018 Compared With 2019

Source: 2019 Hemp & CBD Industry Factbook

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The number of small growers in the hemp industry has surged, driving down the median size of a hemp grow operation from 2018 to 2019.

At the same time, existing hemp growers are expanding operations. That explains why the average number of acres planted by surveyed hemp producers increased between 2018 and 2019, from 77 acres to 119 acres, an increase of 54%.

The diverging trends in median and average hemp acres planted are likely the result of two factors in the overall market:

- Farmers just entering the hemp market recognize how experimental and risky the new crop is, with little agronomic data and limited seed availability, keeping median planted hemp acreage low.
- Growers who have moved out of that initial stage have been able to scale up their hemp operations quite dramatically.

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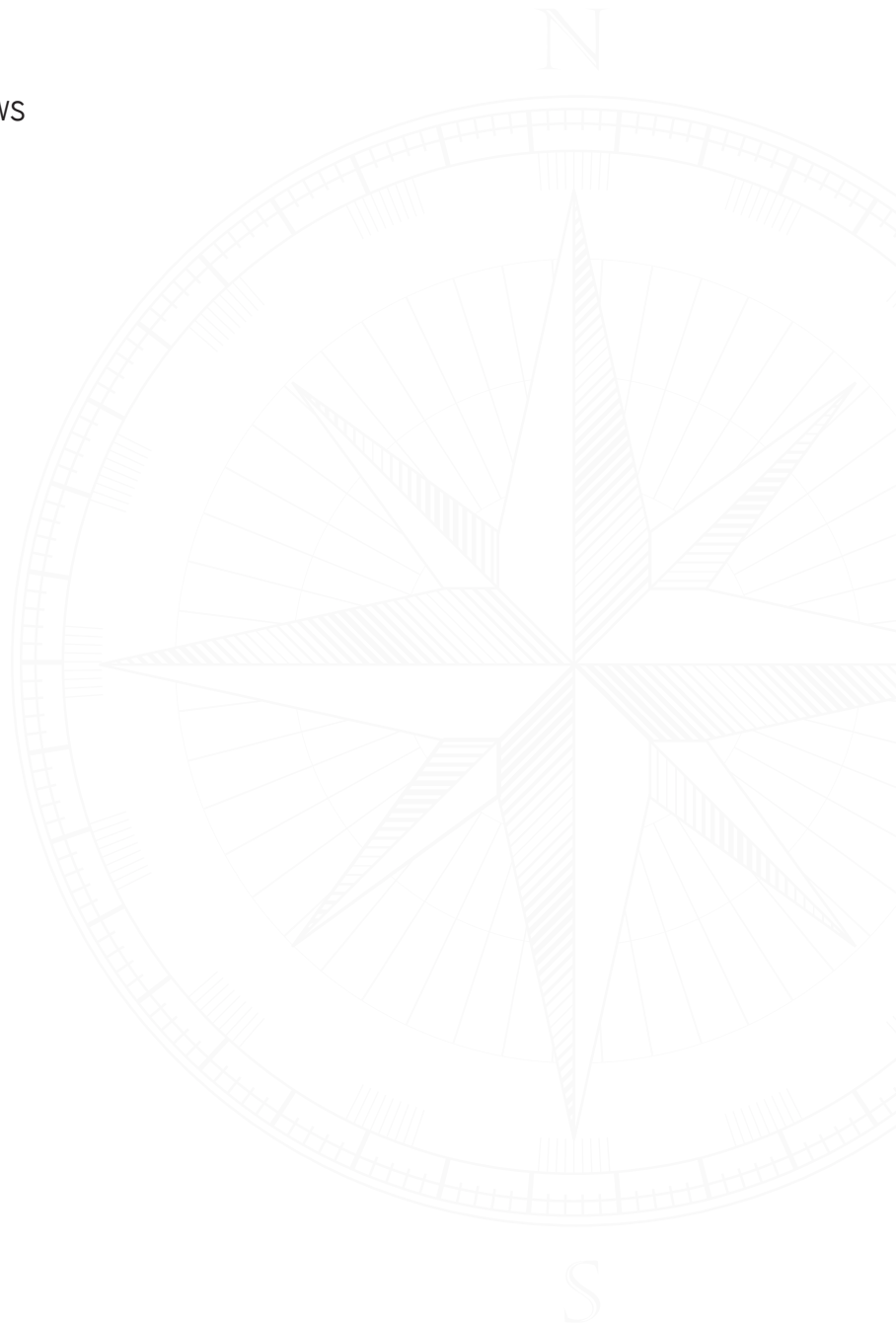


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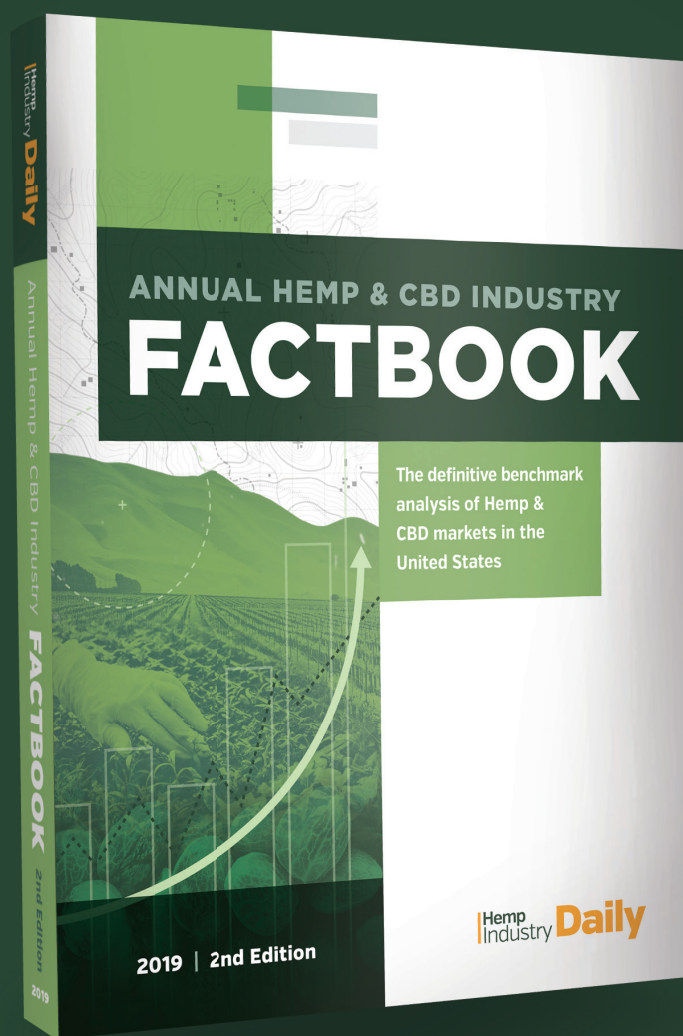
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LOOKING FOR OPPORTUNITIES IN HEMP AND CBD? START WITH THE FACTS.



- Key trends impacting hemp & CBD business opportunities
- The most up-to-date data on state and federal regulations
- Benchmarking statistics including acreage and seed costs
- Reliable projections for the surging CBD market

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