

A close-up photograph of a cannabis plant with green serrated leaves and a developing flower bud. The background is a bright, hazy sun, creating a warm, golden glow. The logo 'EG' is overlaid on the plant.

EG

Essayons Greenery

Investor Brief

<https://TheNJGreenery.com/>

Outlook

Essayons Greenery (“EG” or the “Company”) has been approved conditional licenses to cultivate and manufacture recreational (adult use) cannabis in New Jersey (NJ). The Company will cultivate and manufacture cannabis products using good agricultural practices and good manufacturing processes. We’ll streamline our processes to ensure competitive pricing while driving down cost and delivering a safe, high-quality product to adult use consumers. We will use renewable and sustainable means to cultivate and package our products. This will be critical as we enter the market and develop our customer base to solidify our brand’s presence. Our work force will be well trained to operate within the framework of our Company’s culture and values as well as regulations set forth by the New Jersey Cannabis Regulatory Commission (“the Commission” or “NJCRC”).

- Continued COVID-19 and its impacts on businesses;
- Changes in Cannabis laws, regulations and practices;
- Opposition to the cannabis industry;
- Capital requirements; and
- Other unforeseeable occurrences.

Executive Highlights

As a Certified Minority and Veteran-Owned business through the NJ Division of Revenue and Enterprise Services, the owners of EG will naturally hire within their community and there will be no glass ceiling to management diversity. Most importantly, they will control the company and in turn improve the community in which they operate. Creating jobs through community involvement and improvement and the inherent economic value for our employees and neighbors will be top of mind. This vision will drive us to become one of the larger adult-use cannabis companies in New Jersey through scaled expansion and subsequent licensing.

Through competitive pricing and customer loyalty, we will build a strong brand that will solidify and expand with our customer base.



Executive Highlights

Essayons Greenery's cultivation and manufacturing operations will operate within a fully integrated facility. Our Tier III cultivation license will allow up to 50,000 square feet of canopy. The manufacturing license allows for up to 10,000 square feet of production. With both operations, we plan to have a 70,000-80,000 square foot facility.

We will offer a suite of products that will resonate with the cannabis novice, experimenter, and expert users alike. This is spread across our initial range of cannabis products which will be flower, and pre-rolls, vape pens, topicals, tinctures, concentrates and chewable cannabis products rounding off our base manufactured products.



Market Outlook

New Jersey Recreational Use Act

On February 22, 2021, New Jersey Gov. Phil Murphy signed into law a series of bills that legalize adult-use recreational cannabis.

Previous Medical Marijuana Market

New Jersey's medical marijuana market rose roughly 70% in 2016 and up 50% more in 2017. In 2018 it rose to an estimated \$30 million. It reached over 200% to almost \$100 million in 2019.

Future Market Analysis

New Jersey's predicted cannabis market sales would be north of \$1 billion in 2023 and reach \$1.2 billion by 2025.

Value Proposition

This is an opportunity to show true innovation in this emerging cannabis industry and bring high-quality products to market that will drive consumer loyalty. The founders will invest their time and sweat to start and grow the company.

Competitive Edge

We are entering the business with a competitive advantage as we are uniquely qualified to operate in this industry. Our competitive pricing will be based on having no initial debt entering the market.

Marketing Strategy

The general public is teaming with enthusiasm for the ability to recreationally purchase and use cannabis. Our sound marketing plan will build on established relationships with partnered dispensaries and delivery companies.

Strengths

The current Medical Marijuana Companies operating in New Jersey have scaled their cultivation capacity by up to 200% in order to meet demand at both their medicinal and proposed recreational retail locations. We anticipate that this will result in higher prices for the consumers as those companies attempt to recoup their investments. Essayons Greenery will not have any debt to influence our pricing. Through our phased driven plan, and refined business processes, we will keep initial costs low to ensure economic price points for our partners.

Phased Expansion

Low-Cost Cultivation

Competition (Medical Marijuana Companies)

- Columbia Care
- Compassionate Care Foundation, Inc.
- Greenleaf Compassion Center
- Garden State Dispensary
- Breakwater Alternative Treatment Center
- Harmony Dispensary
- Curaleaf NJ, Inc
- Rise
- Zen Leaf

Keys to Success

- affordable, competitive pricing
- reliable inventory, we will strive to always have the products our customers want
- knowledgeable, well informed and courteous staff
- customer word of mouth
- targeted local advertising

Discounted Valuation (10%)

INTRODUCTION

The founder's "Valuation" is \$15 million. The business's valuation is calculated on a discount rate of 10%.

ANALYSIS

Based on a calculated discount rate of 10%, your estimated business value is \$25,741,662.

Summary

Total future earnings/excess compensation	\$54,413,965
Calculated discount rate	10%
Present value of today's earnings/excess compensation	\$33,002,131
Less adjustment for small size/lack of marketability	\$7,260,469
Estimated business value	\$25,741,662

Year	Future Earnings
1	\$17,500,000
2	\$26,250,000
3	\$35,000,000

Financial Position

Essayons Greenery's primary goal is to build a business that is profitable and can be sustained by its own cash flows. We know that safe, high-quality products are critical to gaining support and acceptance from consumers with our retail and delivery partners.

We estimate \$5.7 million in funding in order to get our cultivation and manufacturing facility to an operational status. With an additional \$2 million for salaries, and working capital through the first year. The major expenses are broken down below:

- Licensing - \$36,000
- Legal fees - \$200,000
- Professional services (architects & accountants) - \$250,000
- Computer Software (security, Trellis seed to sale and RFID) - \$48,000
- Insurance (general liability, property, etc.) coverage - \$16,000 (annual premium)
- Operational cost, 90-days post operations (employee salary, utility bills etc.) – \$300,000
- Start-up inventory (cannabis seeds) – \$50,000
- Storage hardware (bins, rack, shelves, etc.) – \$30,000
- Cultivation Equipment (tables, fertigation, grow lights, etc.) - \$2 million
- Manufacturing Equipment (extraction, press, distillation, etc.) - \$1.2 million
- Security monitoring, alarms, access control - \$500,000
- Cultivation department build – \$600,000
- Manufacturing department build – \$400,000

Financial Position

It's estimated that \$3 million to \$5 million is required to successfully establish our cannabis business. Our approach to facility design will feature lean project management strategies, local contractors, and improved workflow processes.

Ownership Structure

<u>Owner (s)</u>	<u>Equity Stake</u>
Company Internal	100%
Cash Holdings	\$600,000
Equipment Financing	\$700,000
Investor Financing	~\$500,000
Cash & Cash Equivalent	~\$1.1M

Financial Position

EG **ESSAYONS**
GREENERY
Income Statement

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Revenues	\$17,500,000	\$26,250,000	\$35,000,000
COGS	<u>\$8,225,000</u>	<u>\$11,812,500</u>	<u>\$14,700,000</u>
Gross profit	\$9,275,000	\$14,437,500	\$20,300,000
<i>Gross margin</i>	<i>53.0%</i>	<i>55.0%</i>	<i>58.0%</i>
Operating expenses	\$3,500,000	\$5,250,000	\$7,000,000
EBITDA	\$5,775,000	\$9,187,500	\$13,300,000
<i>EBITDA margin</i>	<i>33.0%</i>	<i>35.0%</i>	<i>38.0%</i>



ESSAYONS GREENERY



Contact

Email: info@egdispensaries.com

Facebook: <https://www.facebook.com/TheNJGreenery>

Website: <https://TheNJGreenery.com/>