

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, with the 'E' in black and the 'G' in green.

EG

Essayons Greenery

Investor Brief

<https://TheNJGreenery.com/>

Outlook

Essayons Greenery (“EG” or the “Company”) will enter the newly legalized recreational (adult use) cannabis market in New Jersey (NJ) by applying for conditional cultivation and manufacturing licenses. The Company plans to cultivate cannabis and manufacture cannabis products using good agricultural practices and good manufacturing processes. We will streamline our processes to ensure competitive pricing while driving down cost and delivering a safe, high-quality product to adult use consumers that meets their needs. We will use renewable and sustainable means to cultivate and to 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 outbreak 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 very prolific veteran | minority team, 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 and benefit from the company that will in turn improve their families and 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.

Our vision will also 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 localized customer loyalty, we will build a strong brand that will solidify and expand with our customer base.



Executive Highlights

As a NJ Division of Revenue and Enterprise Services Certified Veteran-Owned business, Essayons Greenery has applied for conditional Class 1 Cultivation and Class 2 manufacturing licenses from the New Jersey Cannabis Regulatory Commission as a diversely-owned business on 15 December and 16 December 2021, respectively. We plan to locate our facility in Passaic, NJ, which will house both our cultivation and manufacturing operations.

We've applied for a Tier III cultivation license, which would allow for 25,000-50,000 square feet of canopy and a 10,000 square foot Manufacturing license. This would require a facility size of 70,000-80,000 square feet to meet our business operations



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

The opportunities are abundant in an emerging industry to bring a high quality product 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 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%)

PROJECTED BUSINESS VALUE

Date: March 5, 2021

INTRODUCTION

Similar to bond or real estate valuations, business valuation can be expressed as the present value of expected future earnings. This calculation determines the value of your business today based on discounted future cash flows with consideration to "excess compensation" paid to owners, level of risk, and possible adjustments for small size or lack of marketability.

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

Financial Position

It is estimated that \$14.8 million to \$20 million will be required to successfully establish our cannabis business. A phased expansion is feasible with a smaller initial budget of about \$8 million, which would integrate clever project management strategies and lean processes.

Ownership Structure

Owner (s)	Percentage Equity Stake
Company Internal	~60%
Investor A	20%
Investor B	10%

Cash Holdings	\$620k
Investor Financing	\$28M
Cash & Equivalent	~\$28.6M

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/>