



## BUSINESS PLAN

### Applicant Details

Applicant Name: XXXX

Address: XXXX

E-mail ID: XXXX

Contact Number: XXXX



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# EXECUTIVE SUMMARY

An overview of the business to be established and the milestones to be achieved.

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# EXECUTIVE SUMMARY

## COMPANY PROFILE

Company A has already been incorporated in New York in March 2022 by the founders XXXX and Company B, holding a share of 51% and 49% in the company. The founders have decided to apply for a cannabis microbusiness license to carry out cannabis growing, cultivation, and manufacturing business in New York, given the newly legalized recreational usage in the state. The license will be applied in the name of XXXX as the applicant. The founders aim to take the benefit of being among the first movers in the recreational cannabis industry and establish Company A's brand presence in the market. Company A will be engaged in growing & cultivating cannabis and manufacturing high-quality cannabis-infused products by using state-of-the-art manufacturing facilities and resources. The company will be a combination of cutting-edge, high-quality, efficient produce growing technology, and production. The goal of the company is to establish an intensive facility, producing high-quality cannabis products for both the local and national markets in the long run.

## BUSINESS MODEL

Company A will operate as a microbusiness, which will be engaged in the cultivation of cannabis, processing of cannabis to produce products, sale of cannabis-infused products through its retail & merchandise store, and sale of food & drinks (infused and non-infused) through its consumption lounge. The products to be produced will include cannabis flowers, oil, wax, concentrates, edibles, and other consumables. The company will also organize facility tours and educational entertainment for its customers to teach them about the history of cannabis, the benefits of its consumption, and the science behind its consumption & cultivation. The company will follow the micro-brewery/vineyard winery model to organize facility tours. These tours will be led by an experienced budtender or cannabis knowledgeable tour guide. The land area measuring 5,000 square feet will be purchased by the founders and they will develop a nursery, vegetative canopy space, and flowering canopy space on the same to carry out different operations.

The company will initially generate revenue by selling directly to the end customers (B2C). In addition to targeting the retail customers, the company will also expand its business reach by white labeling its products to other businesses (B2B). As the company will target both retail and wholesale customers, it will follow a differentiated pricing strategy to gain exposure in the market. Where wholesale customers will be provided quantity discounts, the retail customers will be offered loyalty and referral discounts.

## TARGET CUSTOMERS

In terms of geography, Company A will initially establish its business presence locally within the cities of XXXXX. After having created a local presence in these cities, the company will expand its business reach throughout the state of New York. The ultimate aim of the company is to establish its presence throughout the United States by framing multiple online and offline marketing strategies. In terms of demographics, the company will initially target retail consumers searching for high-quality recreational cannabis-infused products, including general consumers, veterans, and tourists. The company will also target business customers in the future to expand its business reach.



# EXECUTIVE SUMMARY

## INVESTMENT REQUIRED

The founders will invest equity funds in the business and will satisfy additional funding requirements from the investors' funds. This document outlines the strategies that Company A will use to maximize its profits and lower its operating expenses. These strategies will ultimately increase ROI and benefit the stakeholders associated with the company. To establish the business, the company will need to invest heavily in the purchase of property, construction of greenhouse facility & office building, installation of security systems, growing equipment, building improvements, license & legal fee, machinery & equipment installation for the manufacturing facility, electrical works, initial marketing, and the hiring of personnel to various positions.

This capital expenditure will be met by an investment of \$25,000 in the form of equity, which will be contributed equally by the founders, and \$1.75 million in the form of investors' funds.

FINANCIAL SUMMARY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Revenue	\$903,963	\$1,540,882	\$1,641,263	\$1,747,831	\$1,860,953
Gross Profit	\$626,774	\$1,083,849	\$1,168,710	\$1,258,699	\$1,354,113
Net Profit	\$46,400	\$431,689	\$493,652	\$559,720	\$630,140
Cash Balance	\$554,400	\$1,089,089	\$1,685,741	\$2,348,460	\$3,081,600

**26%** | AVERAGE NET PROFIT

**13%** | INTERNAL RATE OF RETURN

**22%** | REVENUE CAGR

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# BUSINESS MODEL

Development of a cannabis facility engaged in growing & cultivating cannabis, and manufacturing cannabis-infused products to be sold through its website, own retail & merchandise stores, and in the consumption lounge, to be developed at the facility.

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# BUSINESS MODEL - THE ENTITY



## INDUSTRY OVERVIEW

Where most of the states in the United States have already legalized the recreational use of cannabis, New York has taken an effort in this regard to legalizing the same in the year 2021. The state has become the 15<sup>th</sup> state to legalize cannabis in the U.S. The law also has a goal of 50% of its licenses going to social equity applicants, which it defines as those from communities disproportionately impacted by the drug war, minorities, women, small or distressed farmers, and service-disabled veterans. As the founders of Company A are army veterans, it will increase the chances of getting the license.

New York will create a brand-new industry with the legalization of adult-use recreational cannabis. According to recent estimates, the market has the potential to be worth \$7 billion once fully established. The industry is also expected to generate \$350 million a year in tax revenues and up to 60,000 new jobs. One study also estimates that New York City consumes 77 metric tons of cannabis annually, more than any other city in the world. Thus, there is a lot of potential for the business to take advantage of the newly legalized industry as the first movers and capture the growing demand from the consumers.

## COMPANY OVERVIEW

Considering the recent legalization of recreational cannabis usage and growing demand for cannabis-infused products in New York, the founders have decided to establish their own facility to grow & cultivate cannabis and manufacture recreational cannabis-infused products, including cannabis flower, oil, wax, concentrates, edibles, and other consumables. Company A is a service-disabled veteran-owned business that will cater to veterans and tourists who require high-quality cannabis. The company has been registered as an LLC under the company name Company A on 11<sup>th</sup> March 2022 in New York, the United States. The products will be sold under the brand name Company A. The founders will acquire land measuring 5,000 square feet, out of which approximately 2,500 square feet will be used for canopy space, 500 square feet for propagation, 800 square feet for office space, and 1,200 square feet for the retail area. The company plans to start with a total flowering canopy of 2,500 square feet which will be divided into two rooms. Each room will be offset by six to seven weeks.

## PRODUCTS OFFERED

The company will offer cannabis flower, oil, wax, concentrates, edibles, other consumables, and all sorts of fun items that are common in the industry to promote sales and diversify its offerings to multiple target market demographics. The company will provide safe, legal, and small-batch cannabis at an affordable price. The products will be specifically marketed to the veteran and tourist community. The company will also produce specific strains for veteran-related issues like PTSD, sleep, anxiety, and pain.

## COMPANY OWNERSHIP

Company A is owned by XXXX, former YYYY<sup>d</sup>, and co-founder Company B, 100% service-disabled Army veteran holding a share of 51% and 49% respectively. The license for cannabis will be applied for by XXXX. The founders will be responsible for constructing the greenhouse facilities for growing cannabis and managing the cultivation, production, retail, merchandise, and consumption lounge divisions. While the recreational cannabis industry is continually expanding, qualified staff is needed for the efficient operation of the business. Company A will hire individuals with a proven track record and passion for exceeding customer expectations.

## ROADMAP

Company A will start out initially with two greenhouses and attempt to invest heavily in the rapid expansion of all operations, which will simply create more supply for its simultaneously expanding retail and wholesale channels. The plan is to attain licensing in an attempt to establish its initial cultivation areas/facilities, retail & manufacturing facilities, and to double its production plan in the future.



# BUSINESS MODEL - THE ENTITY



## GROWTH STRATEGY

The company will be perfectly positioned to capture a significant share of the multi-billion-dollar recreational cannabis industry through the founders' extensive experience, expertise, and network. The company is committed to investing in highly qualified & skilled sales personnel, online marketing initiatives, a modern growing & manufacturing facility, and continual research and development initiatives to keep on innovating new products.

With the new adult-use market opening, it will be competitive at first to get the license. Once obtained, the company will focus its efforts on increasing brand awareness to control a niche part of the market.

## FUTURE PROSPECT

Company A envisions becoming a well-known business, with a brand that brings quality cannabis products. The founders are submitting the license application with the state of New York for the micro-growing business. They plan to purchase land and property, commercially zoned for cultivation, manufacturing, consumption lounge operator, retail section, and dispensing. The founders also plan to expand the business by enlarging the cultivation facilities, adding additional commercial locations, widening the manufacturing capacity, and developing additional retail locations.

## OPERATIONAL STRATEGIES

The greenhouse of the company will produce up to 120 pounds of cannabis flowers after every 6 to 7 weeks. Initially, after the receipt of the license, the first harvest of 120 pounds will be generated over the period of three months, due to the time required in getting the business up and running as a startup. Thereafter, the production per year will grow up to 600 pounds per annum.

As a microbusiness, Company A will be vertically integrated with the ability to do everything in-house. This will include the cultivation, processing, distribution, and sale of cannabis. Being vertically integrated will allow the company to maximize ROI and decrease the overall production cost. With a wholesale market price of \$1,242 per pound as of March 2022, the company is expected to generate a revenue of \$149,000 in the wholesale market for the sale of cannabis flowers (120 pounds), which can go up to \$2.4 million if sold in the form of cannabis-infused products to the end customers. In addition to the above-mentioned production strategies, the company has framed the following strategies to get the license and be known as a top cannabis recreational brand:

- ✓ To perfect the social and community outreach programs to increase the chances of getting a license.
- ✓ To focus on brand building in the adult-use space by providing high-quality cannabis-infused products to the customers.
- ✓ To build strong relationships with the customers to increase repeat business.
- ✓ To focus its efforts on enhancing customer experience and creating strong marketing techniques to increase brand awareness and lean into its strengths as a boutique grower.
- ✓ With its microbusiness license, the company can be vertically integrated to a certain point. Thus, the company will be a small business with the probability of being forced out by bigger players. The founders plan to reduce the chances of occurrence of such events by improving their social standing in the community as well as the brand image.
- ✓ New York laws and regulations require cannabis license not to be transferred within the first three years of the business. Regardless of the limit, the founders plan to grow the Company A brand in the long run. The aim of the founders is to be known as a brand of cultivars.





# BUSINESS MODEL - THE ENTITY

BUSINESS NAME: Company A

LOCAL BRAND NAME: Company A

WEBSITE:

PRODUCTS OFFERED: Cannabis flower, cannabis oil, wax, concentrates, edibles, and other consumables

COMPANY INCORPORATION DATE: March 11, 2022

DIVISIONS: Growing & cultivation, manufacturing, cannabis facility tour, retail & merchandise store, and consumption lounge

FOUNDERS: XXXX (51%) and Company B (49%)

INDUSTRY: Recreational cannabis industry (adult-use cannabis)

FOCUS: Build and expand the cannabis growing and processing capacity with the ultimate aim of acquiring a significant share in the recreational cannabis industry in the United States through serving high-quality cannabis products and creating an exceptional customer experience.

BUSINESS LOCATION: XXXXXX

BUSINESS LOCATION USP: The government of New York has recently legalized the recreational usage of cannabis in the state, thereby leaving a lot of opportunities for the first-movers to take advantage of huge demand and create brand presence & market dominance.

GEOGRAPHICAL FOCUS: The company will initially target consumers in New York (starting with Upstate New York, Syracuse, or Rochester). It will expand the business throughout the United States at a later stage by utilizing online marketing channels and obtaining licenses.

FOUNDERS' INVESTMENT: \$25,000

INVESTORS' FUNDS: \$1.75 Million

TARGET CUSTOMERS: The company will target general cannabis consumers, veterans, and tourists initially and then expand the business reach by targeting businesses.

COMPETITORS: Curaleaf Holdings Inc., Acreage Holdings Inc., Cresco Labs Inc., and Columbia Care

OVERALL OBJECTIVE: To capture a significant share in the recreational cannabis industry by offering high-quality products at value-for-money pricing.

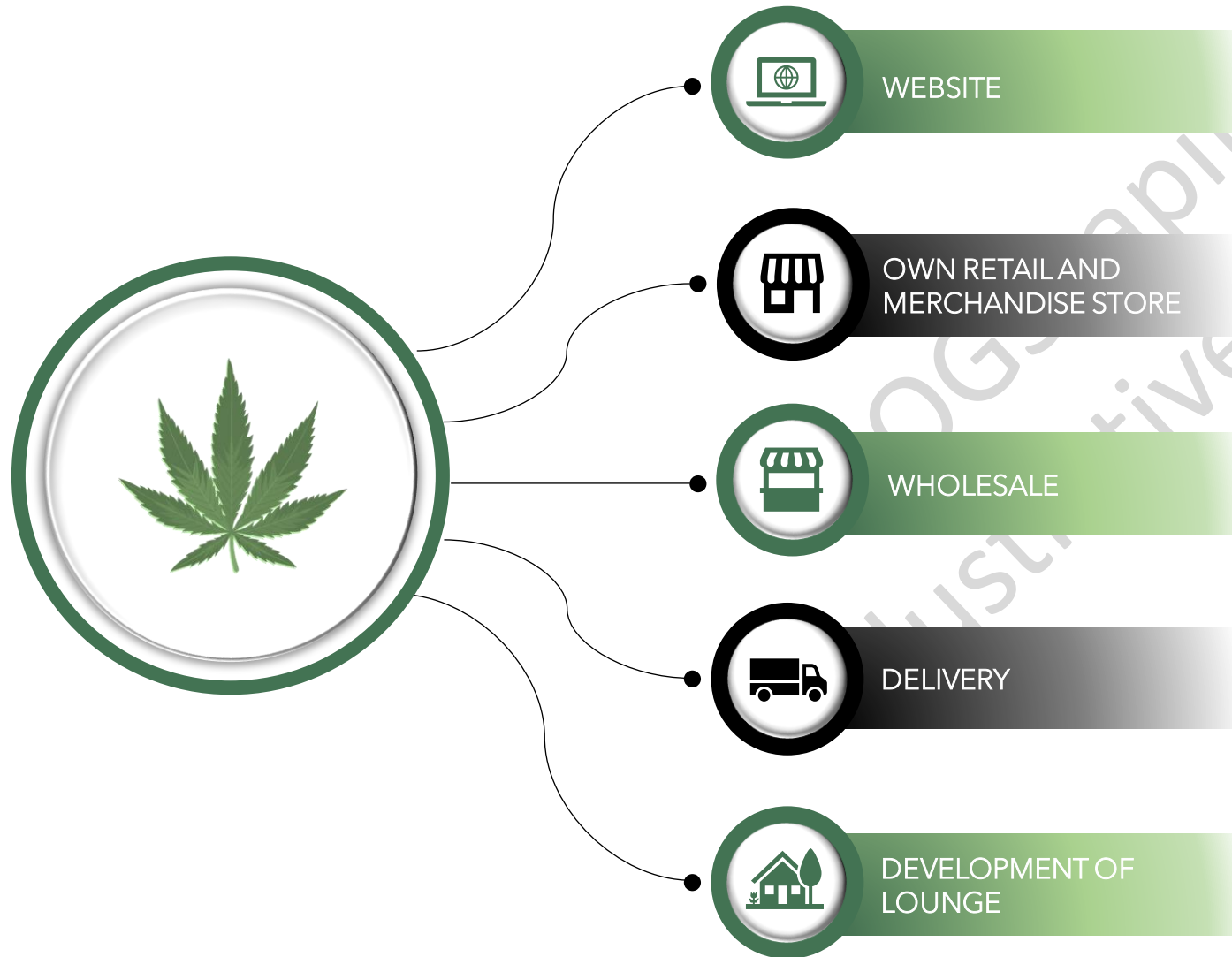


# BUSINESS MODEL - BUSINESS SEGMENTS





# BUSINESS MODEL - DISTRIBUTION CHANNELS



The company will list the cannabis-infused products available for sale on its website along with the pricing of individual items.

The educational tours will conclude in the retail area, where the customers can shop and purchase cannabis-infused products. There will also be a merchandise store from the retail area to the exit allowing customers to purchase Company A and Dank apparel. The company will expand its reach throughout the United States in the future by opening additional stores.

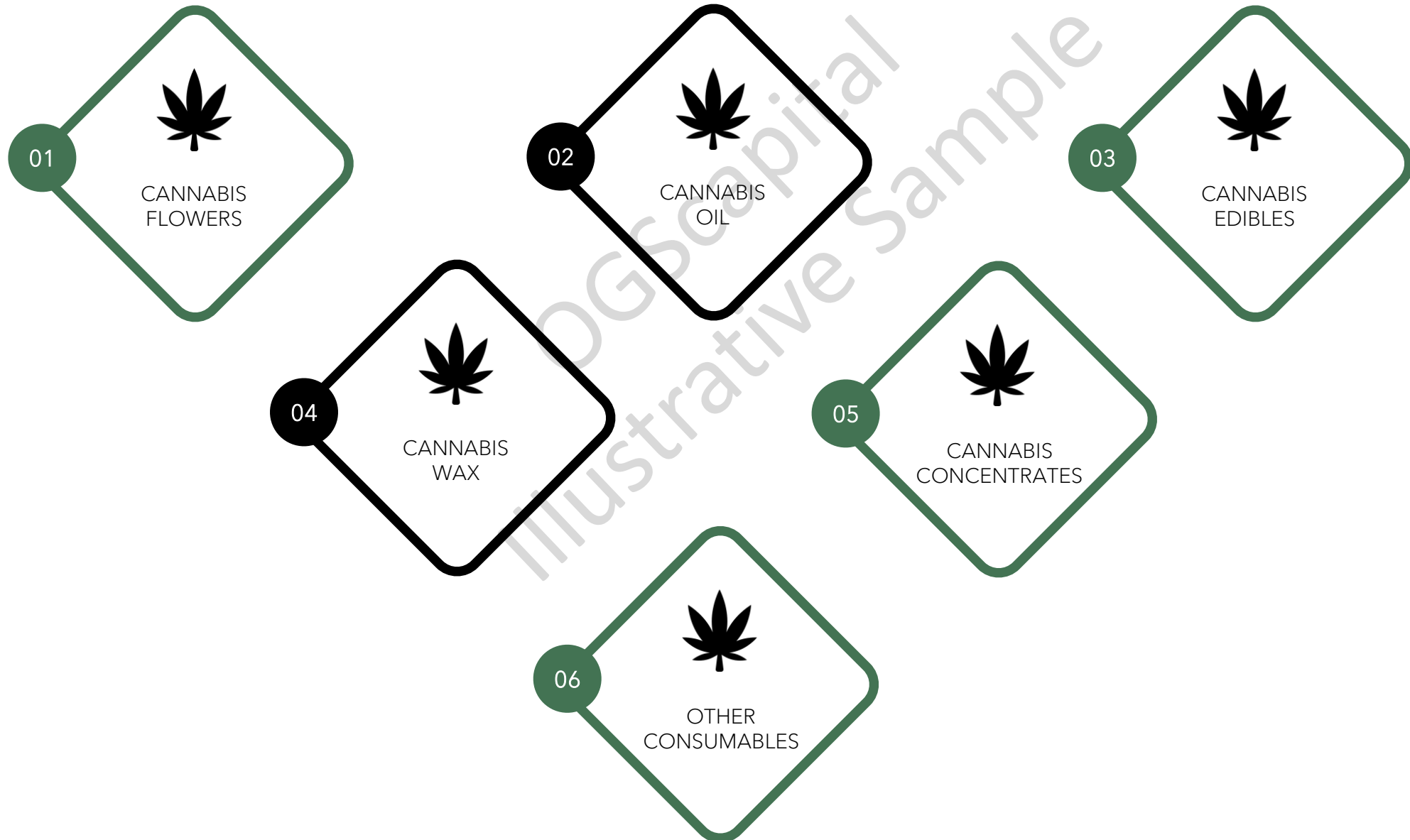
The company will also sell its products in the wholesale market allowing the cannabis businesses to get their white-labeled products produced at its facility.

The company will purchase vehicles to dispense products to the businesses and the end consumers.

To capitalize on the greenhouse aesthetic, Company A will also construct tiny outdoor greenhouses with chairs and tables, where the customers can sit and relax with their friends and family. After the customers are finished touring the facility and purchasing the products, they can enjoy additional products in the consumption lounge. The company will install solar panels on the roof of these greenhouses to help offset its energy consumption. Each greenhouse room will be see-through and will contain assorted potted plants for visual pleasure. There will be a budtender/waitress assigned to the lounge area who will serve cannabis, and (infused and non-infused) food, and drink orders.



# BUSINESS MODEL - PRODUCTS OFFERED





# BUSINESS MODEL – CANNABIS GROWING SPACE

## NURSERY – 500 SQ. FEET

Out of the total space of 3,000 square feet reserved for cultivation, an area measuring 500 square feet will be assigned to the nursery facility.



## VEGETATIVE CANOPY SPACE = 1,250 SQ. FEET

A surface area of 1,250 square feet will be kept for the canopy division, which will be used to produce mature cannabis plants.



Total Greenhouse Space for Cultivation = 3,000 Square Feet



## FLOWERING CANOPY SPACE = 1,250 SQ. FEET

An area measuring 1,250 square feet will be reserved as flowering canopy space, to grow cannabis.



## GROWING SPACE OVERVIEW

The cannabis growing and cultivation will be carried out within the high-level fenced area of 5,000 square feet. The secured cultivation area will consist of 2 commercial greenhouses built with the latest-technology equipment and modern design.

Out of the total available space of 5,000 square feet, an area equivalent to 3,000 square feet will be utilized as the total potential canopy space.

There will also be an office building consisting of a retail section, a merchandise section, and a consumption lounge.

## MISSION

To focus efforts on providing high-quality cannabis-infused products to the customers, while creating a holistic experience through education and comfortable surroundings.

## VISION

To pioneer the future of cannabis research, education, cultivation, processing, and distribution nationwide, and be known as a trusted and exotic cannabis brand focused on people, quality, and innovation.





# BUSINESS MODEL – GOALS

## SHORT-TERM

- To provide a premium craft experience that will inspire loyalty and repeat customers.
- To cultivate and produce high-quality cannabis products for recreational use.
- To create an interactive and immersive experience for the customers.
- To emphasize the brand's focus on veteran wellness allowing it to foster trust with its customers.
- To provide a wide selection of cannabis-infused products.
- To onboard skilled and experienced professionals to carry out operations effectively.
- To establish a completely trustful and engaging relationship with the customers.
- Develop a user-friendly website allowing customers to browse through the available products.
- To inspire and create an exceptional place to work and to do business.
- To frame extensive marketing strategies to target the potential customer base.

## MEDIUM-TERM

- To significantly contribute to the socio-economic development of New York by capitalizing on opportunities in the growing cannabis industry.
- To expand the team based on the expansion of business operations.
- To review and measure the company's growth and performance periodically, aligning business strategies with existing market trends.
- To build organizational capacity and expertise to support the expansion and ensure the highest-quality delivery in all areas of work.
- To achieve a high degree of profitability during the period under projections.
- To expand the business reach throughout New York by opening additional retail locations and stores.
- To promote the company's culture, good values, and business philosophy.
- To provide a more hands-on approach to managing the business effectively.

## LONG-TERM

- To be known as one of the first vertically integrated companies in New York's recreational market.
- To expand the business reach throughout the United States through retail stores and online channels.
- To be a leader in the cannabis industry and evolve with the needs of its consumers.
- To continuously seek new opportunities and frame multiple strategies to capitalize on the same.
- To achieve a significant share in the recreational cannabis industry in the United States.
- To achieve a higher return on equity than peers operating in the industry and reach sustainable and profitable growth.
- To continually explore new ideas to make Company A a preferred choice for people looking to buy high-quality cannabis-infused products.
- To serve the interests of its customers, and employees in a well-balanced manner.
- To continue to innovate new products.



# BUSINESS MODEL – CRITICAL SUCCESS FACTORS

## EXPERIENCED FOUNDERS

The founders of the company have experience and formal education in science and horticulture, which will help them to establish a modern cannabis cultivation & processing facility and manage the business operations of the retail & merchandise store and consumption lounge effectively. They have developed leadership skills while serving the country in the Army Airborne Infantry and are filled with a passion to help people. They will leverage their expertise, strong domain knowledge, and personal networks to create a successful business and establish long-term customer relationships. Effective management of the business will further present opportunities for business expansion beyond New York.

## DEDICATED STAFF

Most of the competitors of the company have no formal education when it comes to growing and processing cannabis. On the other hand, Company A prides itself on having experienced growers who know how to maximize yield, efficiency, and quality of the produce. Company A has employed team members who are educated on cultivation techniques and business management. The team is passionate to stay updated on groundbreaking research on growing techniques. They possess in-depth knowledge of what the targeted demographic desires. All employees working at the company will ensure that they hold themselves accountable to the highest standards by meeting the customer's needs precisely and completely. The policy of the company is to consider each customer as a part of Company A and focus its endeavors on providing the utmost quality products.

## DIVERSE PORTFOLIO AND QUALITY PRODUCTS

Company A's diverse product portfolio has been developed to best serve the recreational markets. The founders' dedication to product excellence, is showcased in the wide range of modern and convenient oil, consumables, and edible products in addition to its high-quality dried flower. The impeccable sanitation processes will also ensure that the production, packaging, labeling, and storage activities involving cannabis are conducted under strictly controlled conditions, thereby assuring adherence to quality.

## EXTENSIVE MARKETING STRATEGIES

Company A will leverage social media and other online & offline marketing strategies as marketing tools to target its potential customer base. It will also invest in becoming a thought leader in its segment, allowing it to be discovered by prospective clients (recreational cannabis consumers and cannabis businesses) across New York initially and then throughout the United States. The company will also use local distribution channels (retail and merchandise shops) and online channels to create a base of initial customers.

## SALES THROUGH MULTIPLE CHANNELS

The company will focus on selling its products through its website and other offline & online channels (own retail and merchandise stores, lounge, social media, and other digital channels). The founders will also leverage their networks to create a brand presence in the local market. Reaching customers through multiple sources will assist the company to target and cater to a wide range of customers. The decision to operate through multiple distribution channels initially is taken to make people aware of the high-quality cannabis-infused products brand. The primary and long-term focus of the company will be to sell the products through its website to save the extra cost in terms of commission or fees to be paid to third-party platforms or distributors to sell the products.

## STRONG RELATIONSHIPS

The company will enter into long-term agreements with the organic fertilizer suppliers, equipment traders, and third-party distribution partners to ensure that customers receive high-quality cannabis-infused products continually at value-for-money pricing. The company's effective distribution channels (delivery, or own retail & merchandise stores) will ensure faster delivery with zero wastage, building a brand name in the market.





# BUSINESS MODEL - Company A

<p><b>KEY PARTNERS</b></p> <ul style="list-style-type: none"> <li>Investors</li> <li>State and city laws</li> <li>Payment gateway</li> <li>Community</li> <li>Machinery and equipment suppliers</li> <li>Security system developers</li> <li>Greenhouse development companies</li> </ul>	<p><b>KEY ACTIVITIES</b></p> <ul style="list-style-type: none"> <li>Develop an informative website containing products and pricing details</li> <li>Develop the greenhouses, manufacturing facility, retail &amp; merchandise store, and consumption lounge</li> <li>Establish long-term relationships with customers, businesses, and suppliers</li> <li>Packaging and delivery of products</li> <li>Sales and marketing</li> <li>Strategy development</li> <li>Pricing</li> <li>Continual research and development</li> <li>Networking</li> </ul>	<p><b>VALUE PROPOSITION</b></p> <ul style="list-style-type: none"> <li>Education, research, and knowledge-sharing</li> <li>Community development through local employment</li> <li>Diversity and inclusion</li> <li>Innovation</li> <li>High-quality products at value-for-money pricing (competitive pricing)</li> <li>Be proactive and quickly learn from mistakes</li> <li>Cultivate memorable experiences that exceed expectations</li> <li>Create a healthy, progressive, and positive relationship between cannabis enthusiasts, new cannabis clients, and cannabis products</li> <li>State-of-the-art facility and greenhouses</li> <li>Industry-leading product development</li> <li>Greater production cycles</li> </ul>	<p><b>CUSTOMER RELATIONSHIPS</b></p> <ul style="list-style-type: none"> <li>Direct interactions</li> <li>Excellent customer service</li> <li>Social media</li> <li>Community</li> <li>Trust</li> <li>Fast and easy delivery</li> <li>Safe and reliable products</li> <li>Online and offline support</li> <li>E-mail newsletters</li> <li>Feedback and customer satisfaction</li> <li>Discount for bulk purchases</li> </ul>	<p><b>CUSTOMER SEGMENTS</b></p> <p><u>Target Geography</u></p> <ul style="list-style-type: none"> <li>New York (starting initially with Upstate New York, Syracuse, or Rochester)</li> <li>The United States</li> </ul> <p><u>Target Demographics</u></p> <ul style="list-style-type: none"> <li>General consumers</li> <li>Veterans</li> <li>Tourists</li> <li>Business Customers</li> </ul>
<p><b>DISTRIBUTION CHANNELS</b></p> <ul style="list-style-type: none"> <li>Website</li> <li>Own retail and merchandise stores</li> <li>Wholesale</li> <li>Delivery</li> <li>Consumption lounge</li> </ul>	<p><b>KEY RESOURCES</b></p> <ul style="list-style-type: none"> <li>Experienced founders (army veterans)</li> <li>Vertical greenhouses</li> <li>Cultivation and manufacturing facility</li> <li>Founders' network</li> <li>Knowledgeable and friendly staff</li> <li>State of the art facility, machinery, and equipment</li> <li>Intellectual property</li> </ul>		<p><b>CHANNELS</b></p> <ul style="list-style-type: none"> <li>Website</li> <li>Word-of-mouth</li> <li>Digital channels</li> <li>Networking</li> <li>Social media channels</li> <li>Email</li> <li>Retail and merchandise stores</li> <li>Consumption lounge</li> </ul>	
<p><b>COST STRUCTURE</b></p> <ul style="list-style-type: none"> <li>Water and lighting</li> <li>Human resources</li> <li>Security</li> <li>Cleaning</li> <li>Marketing and advertising</li> </ul>		<p><b>REVENUE STREAMS</b></p> <ul style="list-style-type: none"> <li>Revenue from sales of cannabis-infused products</li> </ul>		

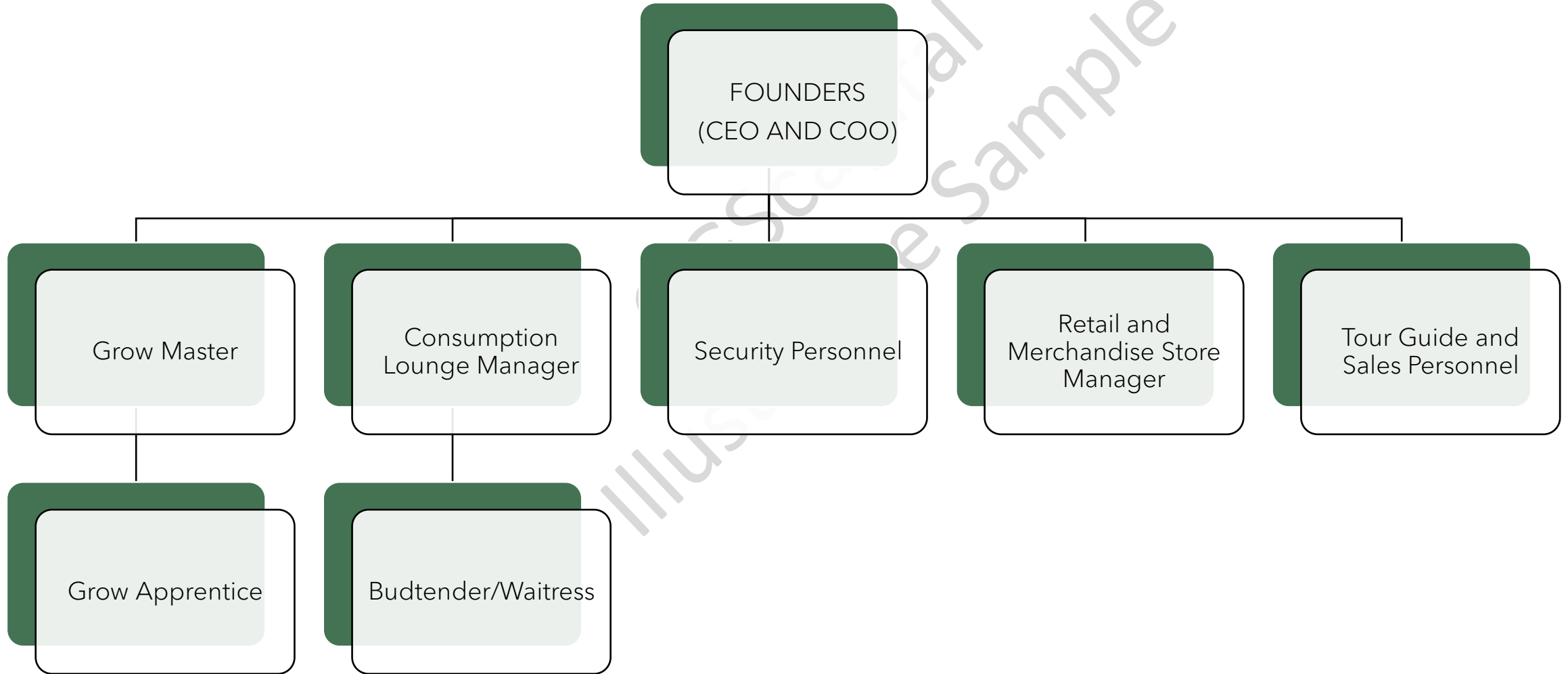


# BUSINESS MODEL – RISK AND MITIGATION

RISK	MITIGATION STRATEGY
COMPETITION	<ul style="list-style-type: none"> <li>▪ Track the performance and strategies of competitors to build a brand name among customers by offering high-quality cannabis products.</li> <li>▪ Devise a competition-based pricing strategy attracting each segment of consumers.</li> <li>▪ Introduce loyalty programs for repeat clients and referral incentives for bringing new leads.</li> <li>▪ Frame new marketing channels or strategies to stand out from the competitors.</li> <li>▪ Establish efficient customer service to resolve the concerns of the customers.</li> </ul>
PRODUCTION RISK	<ul style="list-style-type: none"> <li>▪ Follow planned production processes and mechanisms.</li> <li>▪ Expand production by following more intensive growing practices or planting more.</li> <li>▪ Purchase cannabis insurance policies to cover the risk of loss and stabilize the income.</li> <li>▪ Review produces insurance policies and ensures that these carry sufficient liability coverage.</li> <li>▪ Maintain equipment and keep the greenhouse facilities in good condition.</li> <li>▪ Follow the pre-defined irrigation schedule to grow the plants with heavy produce.</li> <li>▪ Follow organic and green practices.</li> <li>▪ Increase produces health by using top-quality organic fertilizers.</li> </ul>
EMPLOYEE RISKS	<ul style="list-style-type: none"> <li>▪ Develop and practice good skills among employees.</li> <li>▪ Provide adequate training to employees by formalizing programs that may help improve performance.</li> <li>▪ Recognize and reward good performance to encourage better performance.</li> <li>▪ Remain updated with the latest changes in laws and regulations concerning employees to avoid violations of compensation and benefits laws.</li> <li>▪ Employ a sufficient number of people who are familiar with greenhouse cannabis farming techniques.</li> </ul>
FINANCIAL RISKS	<ul style="list-style-type: none"> <li>▪ Use financial statements to benchmark financial and operational performance against industry averages.</li> <li>▪ Establish a proper record-keeping mechanism.</li> <li>▪ Diversify the revenue streams by adding more products to the portfolio of offerings and expanding the market reach throughout the United States.</li> <li>▪ Operate a healthy and positive cash flow throughout the projected period.</li> <li>▪ Purchase insurance policies to mitigate the risk.</li> <li>▪ Evaluate the business operations at regular intervals to cut the excessive cost.</li> </ul>
QUALITY RISK	<ul style="list-style-type: none"> <li>▪ Implement a rigorous mechanism to check the quality of products.</li> <li>▪ Strict policies about the execution of work at the greenhouse and manufacturing site.</li> <li>▪ Partner with vendors supplying quality seeds and organic fertilizers.</li> <li>▪ Follow a proper packaging mechanism to keep the produce fresh.</li> <li>▪ Follow a proper system to manage farming processes with planning, scheduling, and temperature control.</li> </ul>



# BUSINESS MODEL - ORGANIZATIONAL STRUCTURE





# BUSINESS MODEL - STAFFING PLAN

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<u>Grow Master</u>					
Number of Employees	1	1	1	1	1
Salary	\$40,000	\$41,360	\$42,766	\$44,220	\$45,724
<u>Grower Apprentice</u>					
Number of Employees	0	1	1	1	1
Salary	\$0	\$23,782	\$24,591	\$25,427	\$26,291
<u>Security Personnel</u>					
Number of Employees	1	1	1	1	1
Salary	\$33,800	\$34,949	\$36,137	\$37,366	\$38,637
<u>Retail and Merchandize Store Manager</u>					
Number of Employees	1	1	1	1	1
Salary	\$35,000	\$36,190	\$37,420	\$38,693	\$40,008
<u>Consumption Lounge Manager</u>					
Number of Employees	1	1	1	1	1
Salary	\$32,000	\$33,088	\$34,213	\$35,376	\$36,579
<u>Budtender/Waitress</u>					
Number of Employees	1	1	1	1	1
Salary	\$25,000	\$25,850	\$26,729	\$27,638	\$28,577
<u>Tour Guide and Sales Personnel</u>					
Number of Employees	1	1	1	1	1
Salary	\$40,000	\$41,360	\$42,766	\$44,220	\$45,724
<b>Total Salary</b>	<b>\$205,800</b>	<b>\$236,579</b>	<b>\$244,623</b>	<b>\$252,940</b>	<b>\$261,540</b>

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# MARKET RESEARCH

Analysis of the cannabis industry in New York and the United States, including location analysis, number of operators, number of stores, and number of recreational consumers throughout the targeted region.

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# MARKET RESEARCH – CANNABIS GROWING

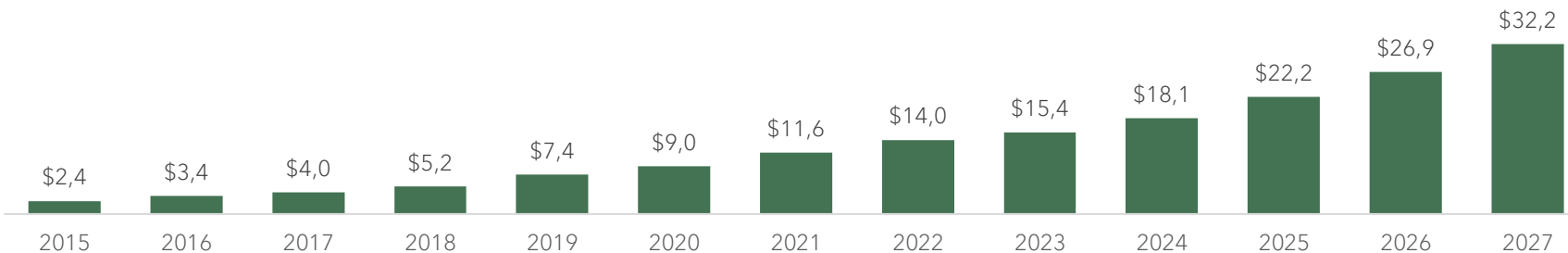
**INDUSTRY OVERVIEW:** The medical and recreational cannabis growing industry, which includes both employer and non-employer establishments that grow cannabis for medical and recreational use, boomed over the five years to 2021. Watershed legalization victories over recent years, most notably during the 2016 and 2020 election cycles, proved that the cannabis industry is one of the fastest-growing industries in the U.S. Consumer attitudes are also accelerating legalization efforts at the state level. Gallup reports that an estimated 80% of U.S. citizens approve of legal access to medical cannabis, while 60% approve of full adult-use legalization. The growing acceptance of medical and recreational cannabis is providing growers and investors with unprecedented opportunities.

**INDUSTRY REVENUE:** The industry revenue has grown at an annualized rate of 28.1% to \$11.6 billion over the five years to 2021. In 2021 alone, the industry grew at 29.5% due to new legalization initiatives and increased demand brought by the COVID-19 pandemic. Over the five years to 2026, industry revenue is expected to increase at an annualized rate of 18.3% to \$26.9 billion.

**GROWTH DRIVERS:** In the 2016 and 2020 elections, more states increasingly passed legalization laws. The licensing of commercial recreational cannabis growers in these states contributed to industry revenue growth of 40.8% in 2016, as new entrants flooded the market. In addition to the favorable regulatory environment in these states, medical cannabis growers have continued to benefit from the steadily aging population. Chronic illnesses and cancer become more prevalent as individuals age, and these ailments drive the demand for medical cannabis products in particular. As recreational cannabis continues to be legalized and accepted by different states, profit for industry operators is anticipated to increase.

**CHANGING ATTITUDES AND RISING INCOMES:** The development of edible cannabis products, commonly referred to as edibles, also generated greater consumer acceptance of medical and recreational cannabis, increasing demand for cannabis growers. Since industry products, both medical and recreational, are paid out of pocket by consumers, growth in per capita disposable income boosts demand and industry revenue. Per capita disposable income increased from \$41,684 in 2015 to \$47,884 in 2020. Rising income levels bolstered spending on medical and recreational cannabis.

INDUSTRY REVENUE IN THE UNITED STATES (IN BILLIONS)



\$11.6  
BILLION

Revenue of industry in the United States in 2021.

\$26.9  
BILLION

Projected industry revenue in the United States by 2026.

92,139

Employment generated by the industry in the U.S. in 2020.

28,714

Number of businesses in the industry in the United States in 2021.

71,076

Number of businesses in the industry in the United States by 2027.

18.3%

Projected growth in the industry revenue between 2022 and 2026.



# MARKET RESEARCH – CANNABIS GROWING

**PRODUCTS AND SERVICES SEGMENTATION:** The product and service segmentation is outlined as follows:

**HYBRID:** Hybrid, a combination of indica and sativa strains, is the most popular category, which accounted for 54.1% of the industry revenue in 2021. Sativa-dominant hybrid tends to be uplifting, while on the opposite, indica-dominant strains tend to be more relaxing.

**INDICA CANNABIS:** Pure indica cannabis can be used to treat anxiety, chronic pain, insomnia, and muscle spasms. In general, indica provides more physical relaxation in comparison with the second strain, sativa. Over the five years to 2021, demand for indica was relatively stable because it treats a wide range of illnesses. In 2021, indica products generated 24% of the total industry revenue.

**SATIVA CANNABIS:** Pure sativa cannabis is used as a stimulant to improve appetite, relieve depression, migraines, pain, and nausea. The demand for sativa was relatively stable over the past five years because it fits a wide range of uses and treats multiple illnesses. In 2021, sativa products generated 21.9% of the total industry revenue.

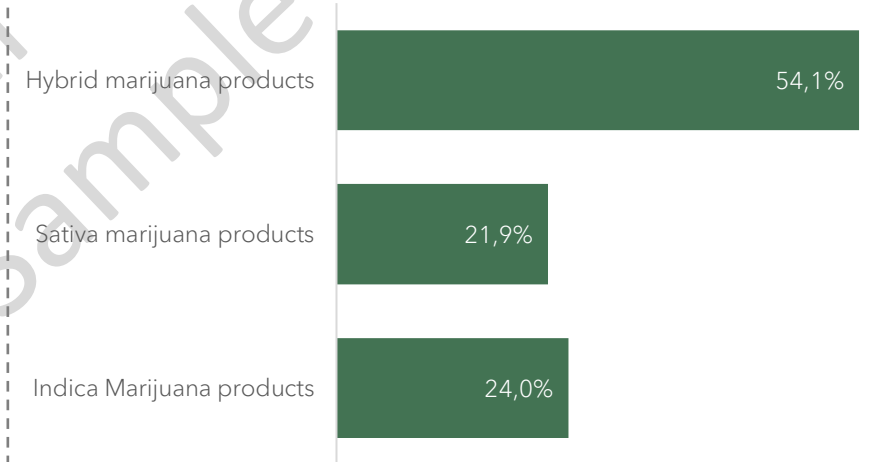
**MAJOR MARKET SEGMENTATION:** Although the sale of recreational cannabis only began in 2014, it has grown to command nearly 40% of the customer market for legal cannabis in 2021.

**MEDICAL DISPENSARIES:** Medical dispensaries accounted for 50.1% of the total industry revenue in 2021. On average, 52.2% of medical cannabis users used medical cannabis because of severe pain. It is estimated that 7% of the industry customers used medical cannabis because of muscle spasms. Medical cannabis can provide relief and muscle relaxation and nearly 5.6% of customers used medical cannabis because of severe nausea.

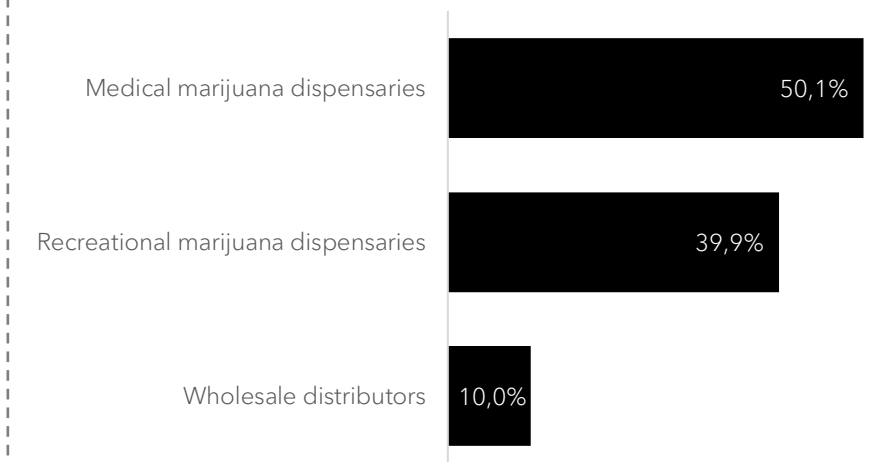
**RECREATIONAL DISPENSARIES:** Recreational cannabis dispensaries accounted for 39.9% of the total industry revenue in 2021. Recreational users' share of the market is set to expand rapidly over the five years to 2026 as additional states permit the purchase of cannabis for recreational use and pass legislation authorizing its sale. Moreover, the expansion of recreational cannabis to the industry's largest market, California, will likely increase this segment of revenue.

**WHOLESALE DISTRIBUTORS:** Cannabis growers sell to wholesalers that distribute cannabis to medical or recreational dispensaries depending on the law governing the state they operate in. In 2021, wholesale distributors generated 10% of the industry revenue. However, this share has been decreasing as laws continue to loosen up for the industry, permitting cultivators to sell directly to the retailers.

PRODUCTS AND SERVICES SEGMENTATION (2021)



MAJOR MARKET SEGMENTATION





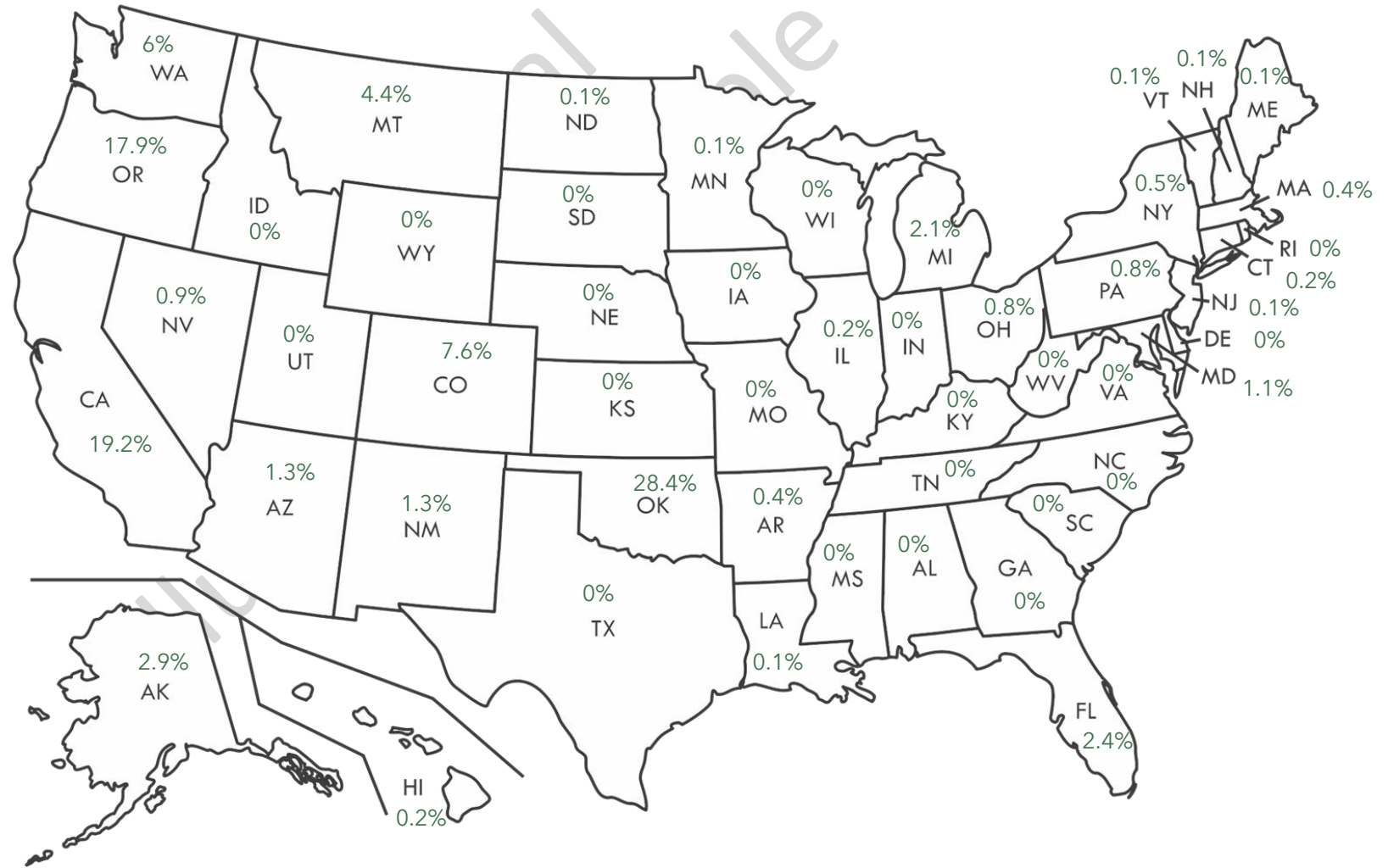


# MARKET RESEARCH - CANNABIS GROWING

## BUSINESS LOCATIONS

Currently, medical cannabis is legal in 34 states and Washington, DC, while 15 states legalized recreational and medical cannabis (Alaska, Arizona, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, South Dakota, Oregon, Vermont, and Washington). Arizona, Montana, New Jersey, and South Dakota are the most recent states to join.

The vast majority of the medical and recreational cannabis growing industry establishments are concentrated in the West and the Rocky Mountains, where there has been extensive cannabis legislation over the past decade. According to the Cannabis Business Times, 44.3% of cannabis is grown in the West, 23.7% is grown in the South, 19.1% in the Midwest, and 13% in the Northeast. Oklahoma in particular has had rapid growth; this is due to the low costs of licenses and the fact that the state does not have a cap on licenses.







# MARKET RESEARCH - MEDICAL AND RECREATIONAL CANNABIS STORES

**INDUSTRY OVERVIEW:** The medical and recreational cannabis stores industry, which includes stores that retail medical cannabis (by prescription only) and recreational cannabis, has expanded dramatically over the five years to 2021. The legalization of cannabis for medical and/or recreational purposes and the growing acceptance of legal cannabis use provided operators and investors with unprecedented opportunities. There has been no shortage of demand over recent years, and the cannabis industry has become one of the fastest-growing in the United States.

**REGIONAL ANALYSIS AND GROWTH DRIVERS:** The legal sale of recreational cannabis is currently limited to the states of Alaska, Arizona, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, Oregon, South Dakota, Washington, and Vermont, along with Washington, DC. The legalization of recreational cannabis sales in several states has fueled revenue growth. Furthermore, the licensing of commercial recreational cannabis retailers has caused new entrants to flood the legalized market. Additionally, the development of edible cannabis products helped attract consumers that were unfamiliar with cannabis products or averse to smoking. Edible products and vaporizer pens are projected to be a growth segment for the industry in the coming years, as they are convenient alternatives to traditional cannabis consumption.

**INDUSTRY REVENUE:** Overall, the industry experienced an annualized growth of 25.1% to reach \$18.6 billion over the five years to 2021, including a growth of 26.7% in 2021 alone. The COVID-19 pandemic had no impact on this industry. In 2020 alone, the industry revenue increased by 19.4%. Over the five years to 2026, industry revenue is projected to increase at an annualized rate of 19.7% to \$45.7 billion. Rising demand is also forecast to widen profit margins, as is the success of for-profit recreational cannabis businesses in states with large consumer markets such as California, Colorado, and Washington.

\$18.6  
BILLION

Revenue of industry in the United States in 2021.

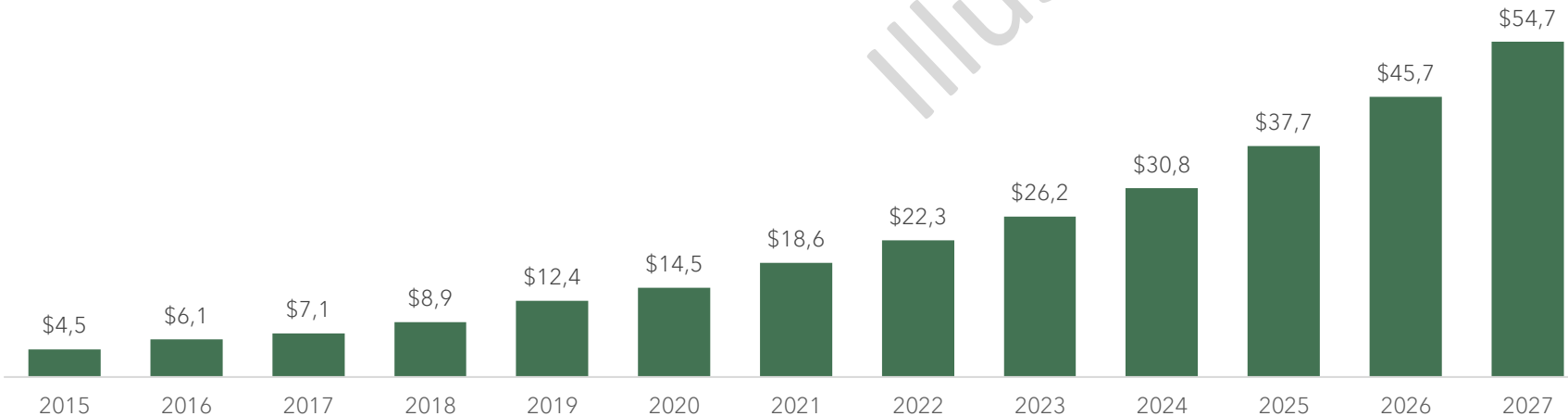
\$45.7  
BILLION

Projected industry revenue in the United States by 2026.

34,160

Employment generated by the industry in the U.S. in 2020.

INDUSTRY REVENUE IN THE UNITED STATES (IN BILLIONS)



17,689

Number of businesses in the industry in the United States in 2020.

72,623

Number of businesses in the industry in the United States by 2027.

19.7%

Projected growth in the industry revenue between 2022 and 2026.



# MARKET RESEARCH – MEDICAL AND RECREATIONAL CANNABIS STORES

**PRODUCTS AND SERVICES SEGMENTATION:** The products and service segmentation has been provided hereunder:

**FLOWER PRODUCTS:** The smokable cannabis products (flower or bud products) comprised 32.2% of the industry's revenue in 2021. This product segment has consistently been the largest in the industry, however, growth has slowed relative to other consumables. Certain Indica products can be used to treat anxiety, chronic pain, insomnia, and muscle spasms. In general, Indica provides more physical relaxation than the Sativa strain and many consumers use Indica as a sleep aid. Popular Indica strains include Purple Punch, Blueberry, and Northern Lights.

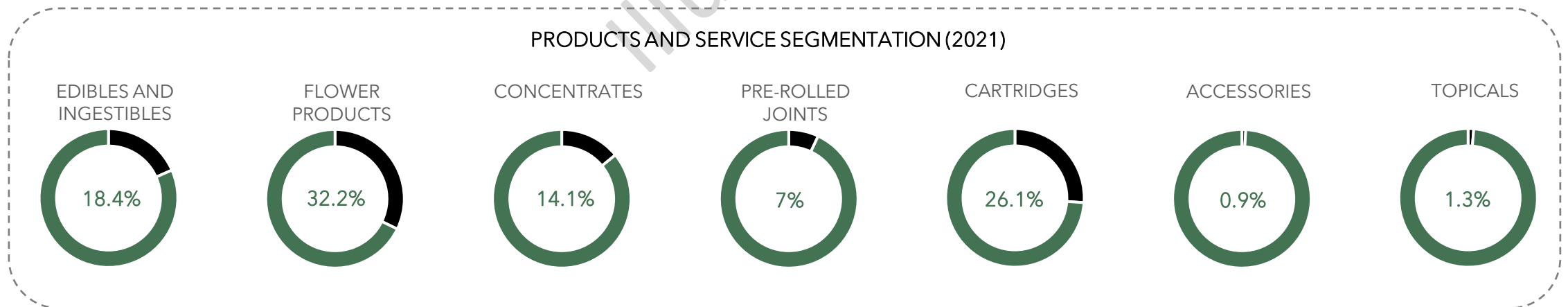
**CARTRIDGES:** Cartridges work through the vape battery which heats up the oil before the consumer inhales. This product segment has gained popularity due to its ease of use and portability. Cartridges, vape cartridges, or vape pens, are glass cartridges that are pre-filled with cannabis oil and are typically high in THC. The cartridges have grown as a product segment during the last five years. In 2021, cartridges comprised 26.1% of the industry revenue.

**EDIBLES AND INGESTIBLES:** Edible cannabis products (edibles), or cannabis-infused products, are goods that contain cannabis that can be consumed orally. Over the five years to 2021, edible cannabis products have grown rapidly as a share of industry revenue. Edibles accounted for nearly 18.4% of total retail sales in 2021 but are expected to consume a larger share of total retail sales over the five years to 2026.

**CONCENTRATES:** Cannabis concentrates include any product created by an extraction process. Concentrates represent a rapidly growing product segment and accounted for 14.1% of the industry revenue in 2021.

**PRE-ROLLED JOINTS:** Pre-rolled joints are especially popular with new cannabis smokers, however, are expected to grow slower compared to other product segments. In 2021, pre-rolled cannabis cigarettes (joints) accounted for 7% of the industry revenue.

**OTHER:** Other industry products include topical cannabis products and accessories. Topicals are cannabis-infused products such as lotion and oils that are absorbed through the skin. These are typically used to relieve pain, soreness, and inflammation. Topicals are non-intoxicating and therefore are generally preferred by consumers who only want the therapeutic benefits of cannabis. In 2021, topicals accounted for nearly 1.3% of the industry revenue.





# MARKET RESEARCH – MEDICAL AND RECREATIONAL CANNABIS STORES

**INDUSTRY LIFE CYCLE:** The medical and recreational cannabis stores industry is in the growth stage of its life cycle. Over the 10 years to 2026, its industry value added (IVA) which measures the industry's contribution to the economy, is expected to grow at an annualized rate of 21.4%. This rate is significantly faster than the 1.9% projected growth for the U.S. GDP, indicating the industry will make up a larger share of the economy in the years ahead. The industry is growing due to the widening acceptance of its safety and legitimacy, causing more people to use its products. IVA growing faster than GDP is indicative of an industry in its growth stage.

**MAJOR MARKET SEGMENTATION:** Demand largely depends on how socially accepted cannabis use is. This often differs between generations, and younger generations tend to be more in support of legalization. Support is also split into those who are in favor of recreational and medical use and those who only support the medical use of cannabis. Medical cannabis has a larger market share than recreational due to being legal in more states than recreational. However, the gap between medical and recreational acceptance has gotten smaller over time as more states continue to legalize recreational use.

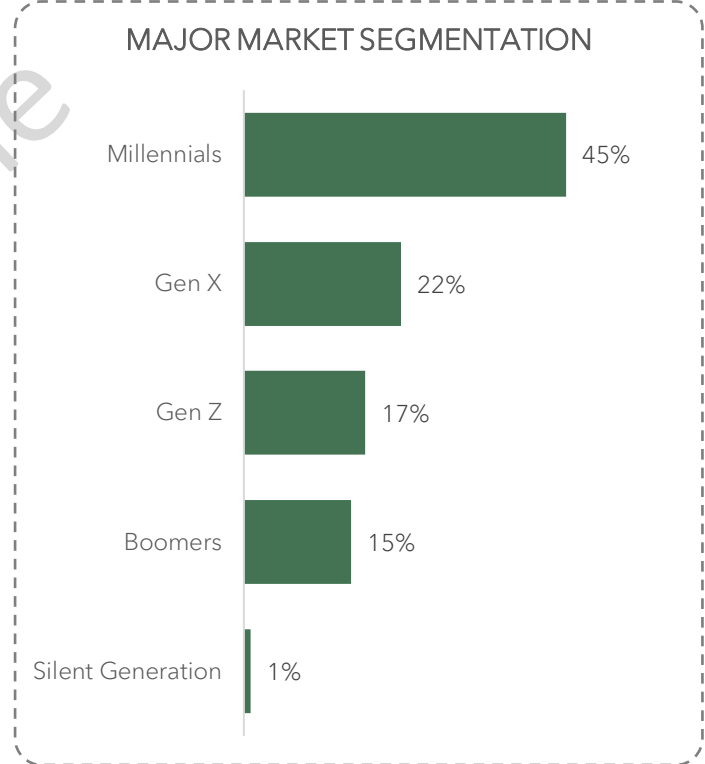
**MILLENNIALS:** In 2021, Millennials accounted for 45% of the total industry revenue. Similar to Gen Z, consumers in this age group are increasingly in support of legalizing medical and recreational cannabis use. In fact, millennials are expected to comprise a larger portion of the recreational cannabis market than the medical cannabis market. In 2021, millennials accounted for 42% of the medical market and 48% of the recreational market. This market segment is expected to continue to grow over the next five years as consumers continue to become more accepting of the industry and legalization.

**GEN X:** In 2021, Gen X accounted for 22% of the total industry revenue. This generation is slightly less accepting of legalizing the use of recreational cannabis, however, has become increasingly in support of it. As a result, Gen X accounted for 23% of the medical cannabis market and 21% of the recreational market in 2021. Their medical use of cannabis will likely grow specifically since consumers in this age bracket will be aging and becoming more likely to have medical ailments.

**GEN Z:** Since this generation is largely accepting of legalizing the medical and recreational use of cannabis, they comprise a significant amount of industry revenue, even though the majority of ages in this segment are below 21. In 2021, Gen Z consumers accounted for 17% of total industry revenue. When breaking out the usage of medical cannabis versus recreational cannabis, Gen Z accounted for 17% in both markets.

**BOOMERS:** In 2021, Boomers accounted for 15% of the total industry revenue. Consumers in this generation are typically less in support of legalizing cannabis use, especially the recreational use of cannabis. Therefore, boomers are expected to account for 17% of the medical market and 13% of the recreational market.

**SILENT GENERATION:** This age group accounts for the smallest portion of industry revenue. In 2021, the silent generation accounted for 1% of the total industry revenue.



**MARKET SHARE CONCENTRATION**

The medical and recreational cannabis stores industry has a low level of market share concentration. In 2021, the four largest operators accounted for less than 20% of the industry revenue.



# MARKET RESEARCH – MEDICAL AND RECREATIONAL CANNABIS STORES

**MEDICAL CANNABIS:** Medical cannabis has led the industry's growth for much of the last decade. Currently, 36 states and Washington, DC, have legalized medical cannabis. In general, the use of medical cannabis is increasing, particularly among people with chronic illnesses and pain. Proponents of medical cannabis have pushed individual states to recognize cannabis as a treatment for a range of diseases.

**INCREASING RECREATIONAL MARKET:** Although the legal sale of recreational cannabis is currently limited to 15 states and Washington, DC, states that have legalized recreational cannabis, medical cannabis sales have fallen year over year as adult-use recreational purchases outpace medical sales, suggesting that the recreational market is disruptive once legalized. The legal sale of recreational cannabis provided operators with unprecedented opportunities for expansion and has even disrupted medical cannabis markets in states such as Colorado.

**GOVERNMENT REGULATIONS:** Regulation from all levels of government presents the greatest challenge to medical and recreational cannabis dispensaries, especially because state and federal governments often have conflicting regulations.

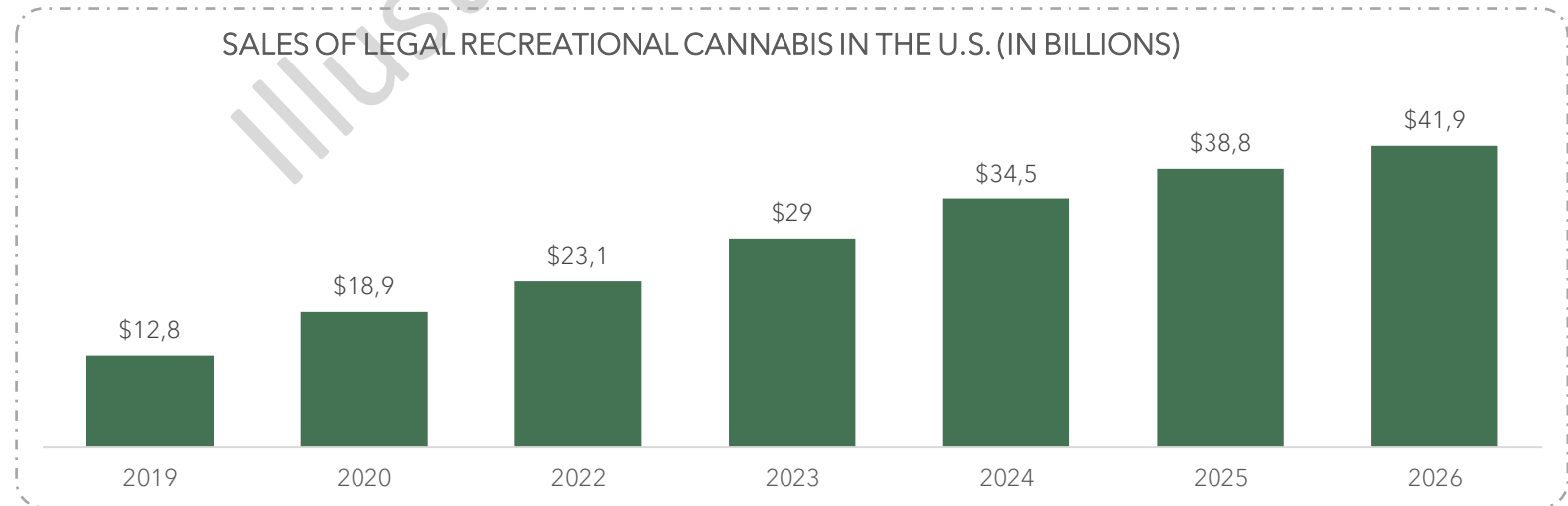
**INCENTIVE TO LEGALIZE FOR-PROFIT CANNABIS:** The continued success observed in states that have legalized recreational cannabis provides an incentive for other states to legalize for-profit cannabis. According to BDS Analytics, in 2016, taxes from the retail sale of cannabis totaled more than \$500 million in Colorado, Washington, and Oregon alone. Therefore, continued success in these states may provide an incentive for other states to legalize for-profit cannabis distribution.

**REGIONAL ANALYSIS:** Sales are expected to continue to explode in the states that have legalized recreational cannabis. This includes one of the industry's largest markets, California, which leads the country in cannabis expenditure. The overwhelming successes of states such as Colorado, Washington, and Oregon will potentially spur more states to legalize recreational cannabis.

In 2020, Colorado's total cannabis sales surpassed \$2 billion, which is the highest amount since legalization, according to the state's Department of Revenue.

**SALES OF LEGAL RECREATIONAL CANNABIS IN THE U.S.:** In the United States, sales of legal recreational cannabis are expected to reach an estimated \$41.9 billion by 2026. Legal cannabis sales are forecast to increase steadily with each consecutive year.

The number of cannabis consumers is likewise expected to grow in the United States: by 2025, the country is projected to have close to 50 million consumers. In 2018, the state of California was by far the leading American state in terms of legal, as well as illicit, cannabis sales.





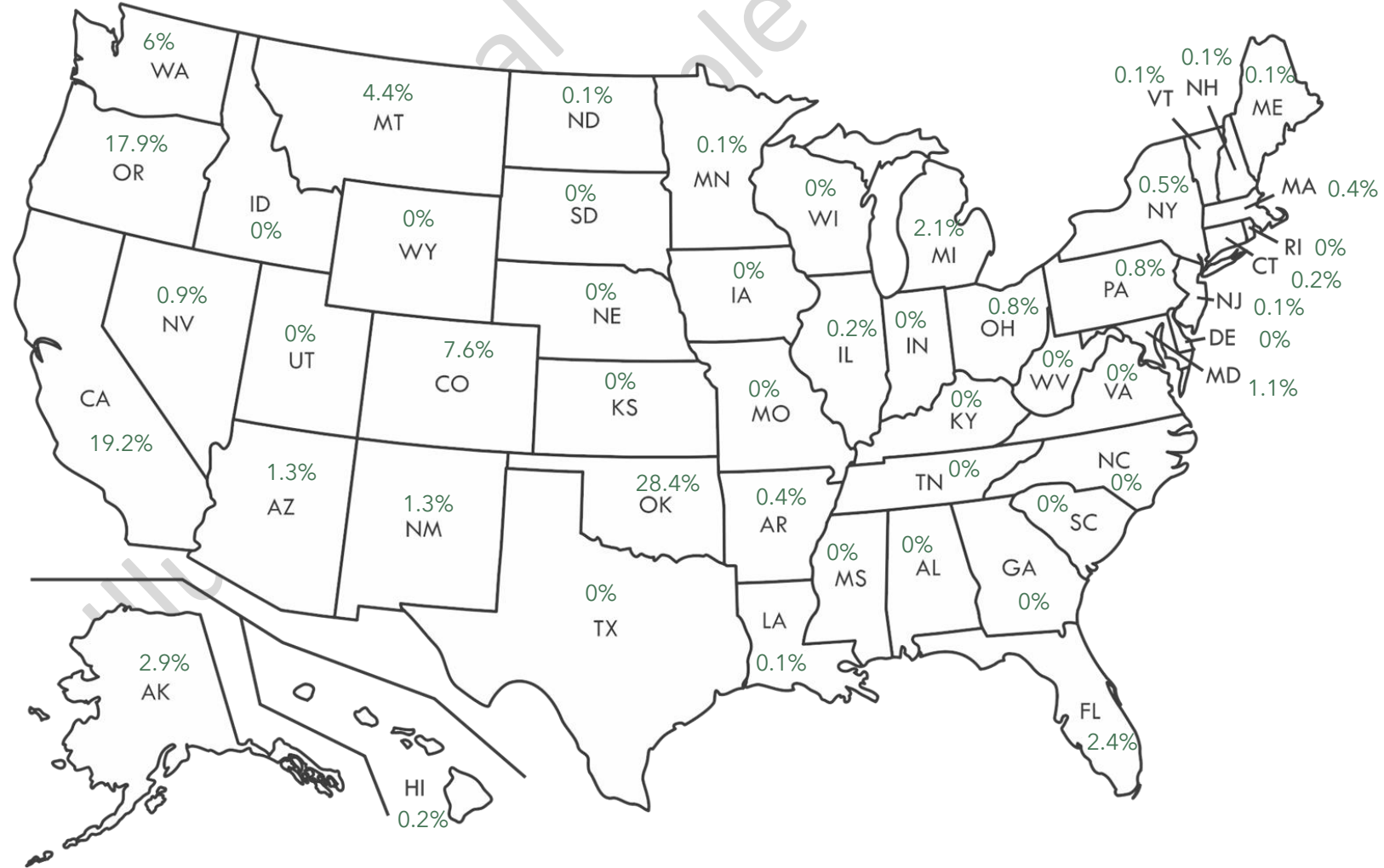
# MARKET RESEARCH - MEDICAL AND RECREATIONAL CANNABIS STORES

## BUSINESS LOCATIONS

The vast majority of industry establishments are concentrated in the West and the Rocky Mountains, where there has been extensive cannabis legislation over the last several years. Together, California, Colorado, Oregon, and Washington alone are home to more than half of industry establishments and the majority of industry revenue. According to 2019 BDS Analytics, California, Colorado, and Washington account for 27%, 20%, and 11% of the legal market respectively. However, Oklahoma has quickly become one of the largest states by establishment since legalizing medical cannabis in 2018. The rapid growth in the state is largely due to the minimal cost of a license in Oklahoma compared with other legal states. Additionally, there is no cap on licenses in the state, driving a large number of dispensaries.

California, which was the first state to enact medical cannabis legislation in 1996, has accounted for a large number of medical dispensaries since legalization. The location of medical cannabis stores is also tied to population; California is the most populous state in the United States.

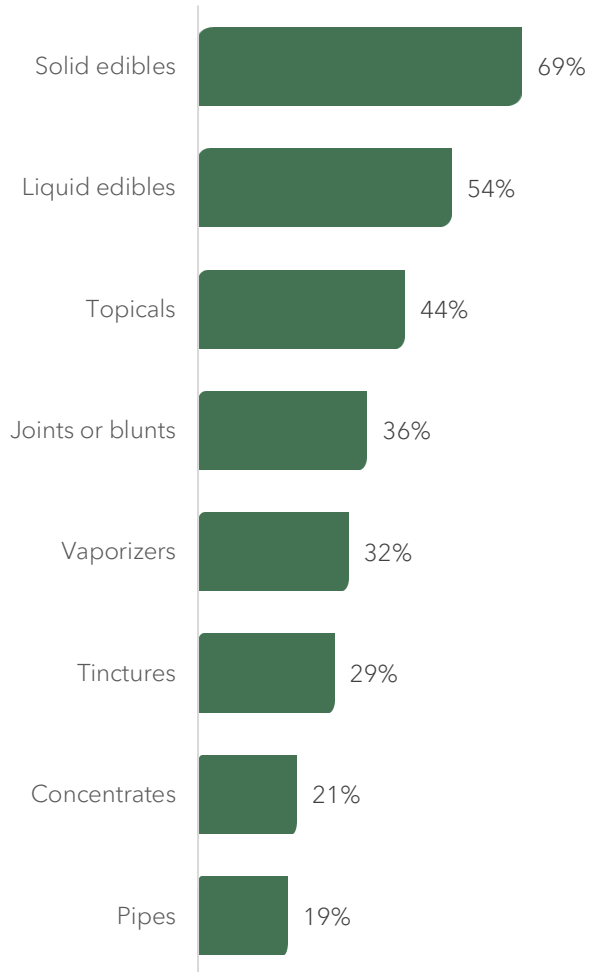
According to the Oregon government website, the number of approved licenses to cannabis retailers has reached more than 1,000, up from only 213 in 2016, becoming a state with a high concentration of industry establishments.





# MARKET RESEARCH - CONSUMER DEMOGRAPHICS

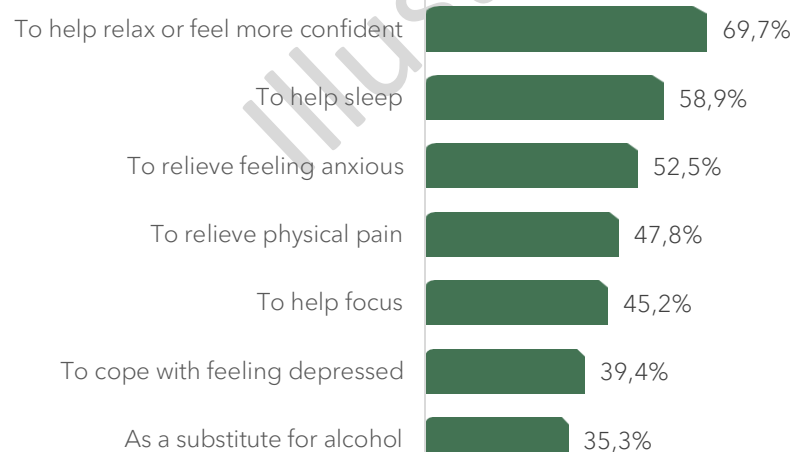
## MOST APPEALING CANNABIS PRODUCTS TO POTENTIAL U.S. CONSUMERS



## TOP RECREATIONAL MOTIVATIONS



## TOP MEDICAL MOTIVATIONS



**\$25 - \$50**

The amount most U.S. consumers spend on each trip to the cannabis store.



**47.7%**

Almost half (47.7%) of cannabis consumers are spending between \$500 and \$2,500 per year.



**\$83.6 Billion**

Estimated total demand for cannabis in the U.S. in 2019, including the legal and black-market sales.



**\$5.8 Billion**

The amount that U.S. consumers spend on cannabis products per month.



**8 Seconds**

U.S. consumers placed a cannabis order every 8 seconds in 2018.



**Gummies**

The most popular edibles followed by bites, chocolate bars, cookies, and mints.



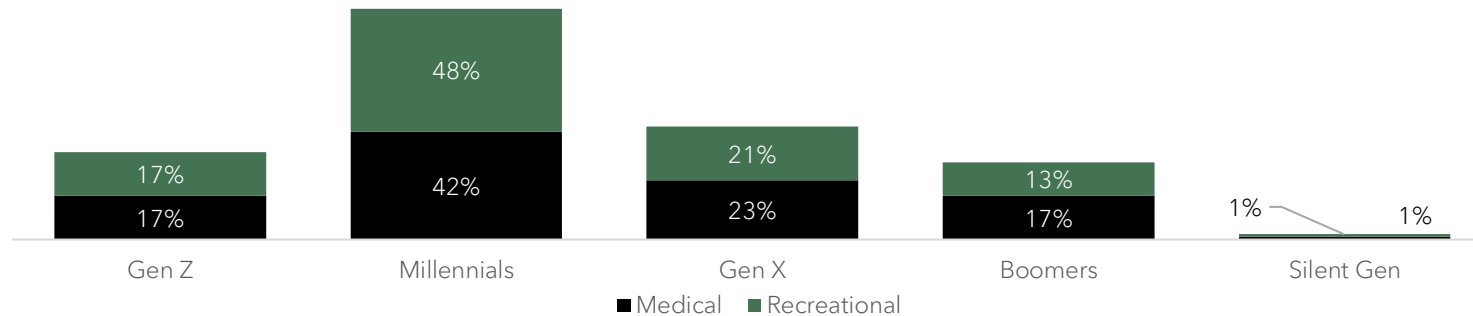


# MARKET RESEARCH - CONSUMER DEMOGRAPHICS

## AMERICAN'S USE OF CBD PRODUCTS

	YES	NO	NOT FAMILIAR	NO OPINION
Total U.S. adults	14%	50%	35%	1%
BY AGE GROUP				
18-29	20%	54%	26%	-
30-49	16%	52%	30%	2%
50-64	11%	52%	36%	1%
65+	8%	42%	49%	1%
BY REGION				
East	11%	50%	39%	-
Midwest	11%	58%	31%	-
South	13%	50%	36%	1%
West	21%	45%	34%	-

## 2020 CANNABIS SALES BY GENERATION



12%

% of Americans that are active cannabis users.



105%

Increase in consumers aged 55+ in 2019 and they also purchased 67% more topicals than in 2018.



127%



Gen Z had 127% sales growth from 2019 to 2020, compared to just 5% for boomers.



14%

% of Americans that use CBD products.

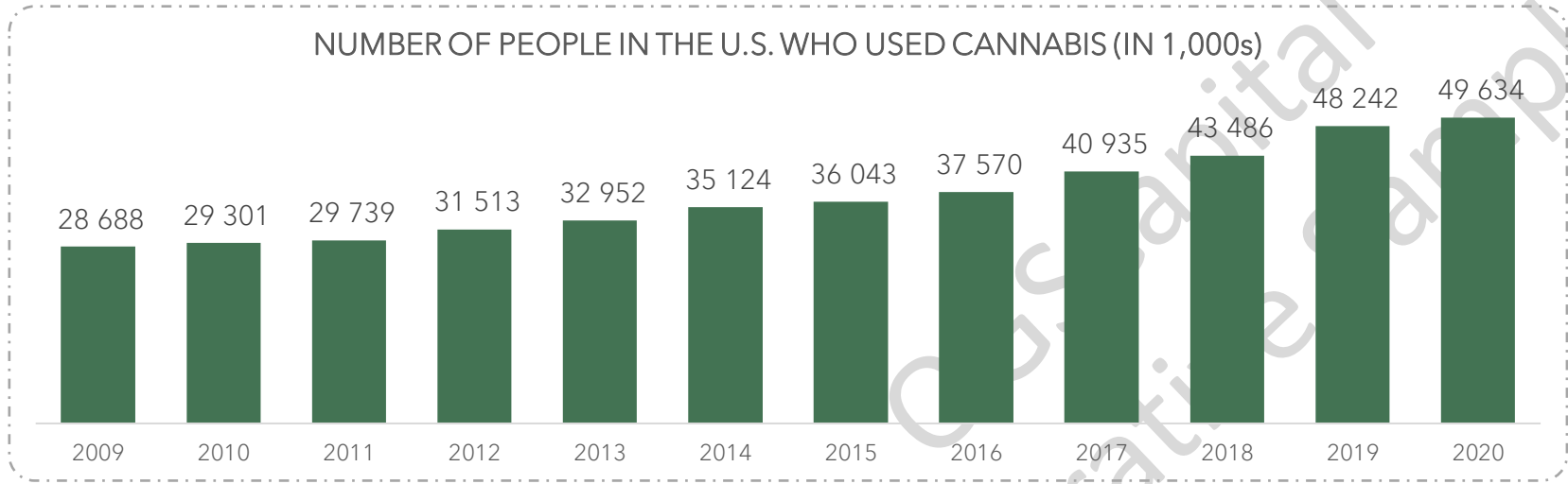
## NEW CUSTOMERS BY GENDER

GENDER	2018	2019	2020
Female 	38%	46%	48%
Male 	62%	54%	52%

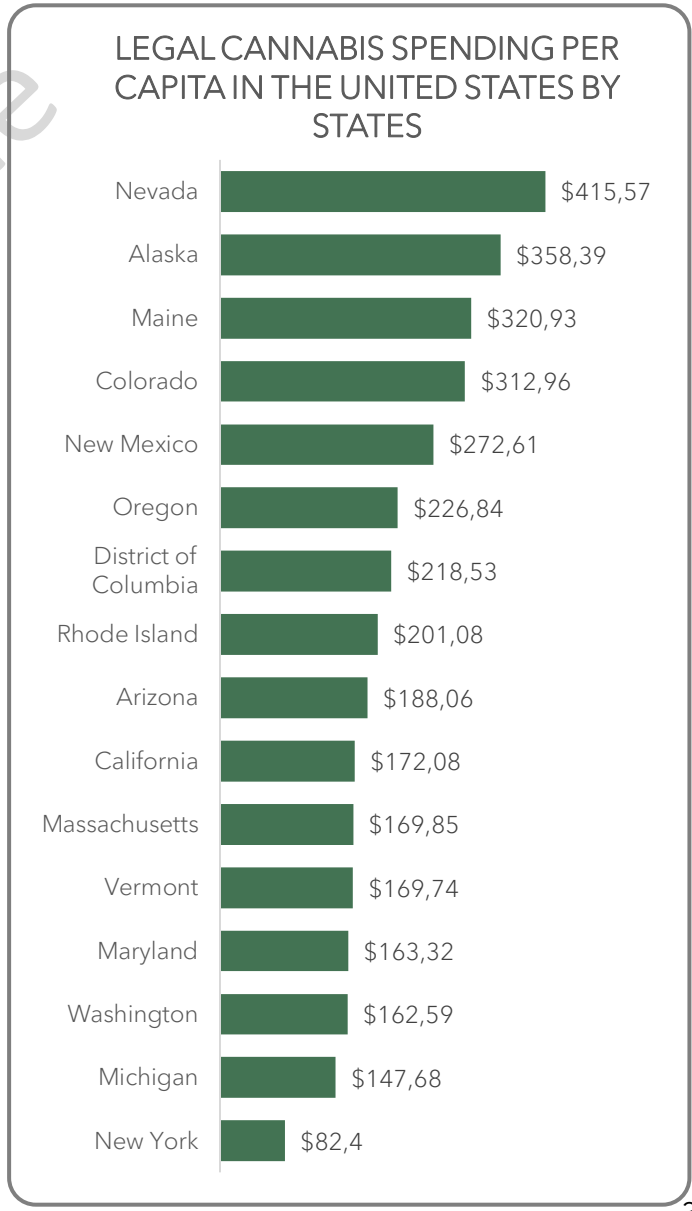
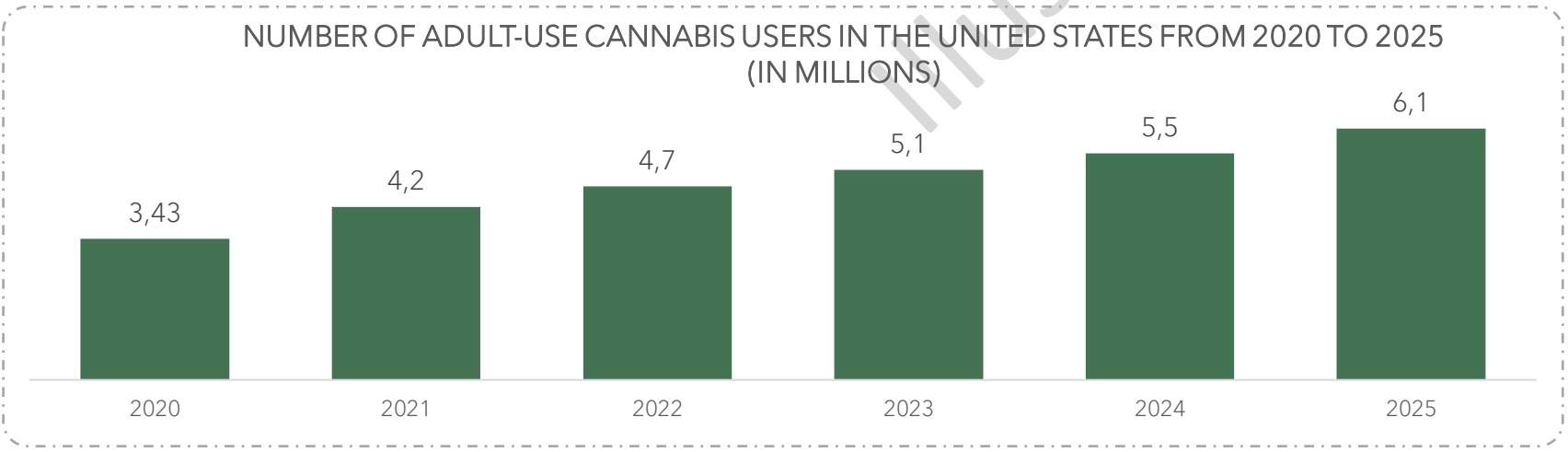


# MARKET RESEARCH - CONSUMER DEMOGRAPHICS

**NUMBER OF PEOPLE USING CANNABIS:** The statistic shows the number of people in the U.S. who have used cannabis in the year 2009 to 2020. It was found that in 2020 approximately 50 million people had used cannabis.



**RECREATIONAL CANNABIS SALES IN THE U.S.:** There were 3.43 million recreational cannabis users in the United States in 2020. By 2025, this number is set to almost double.



SOURCES  
<https://www.statista.com/statistics/611774/marijuana-use-during-past-year-in-the-us/>  
<https://www.statista.com/statistics/1060216/us-total-estimated-cannabis-consumer-population/>





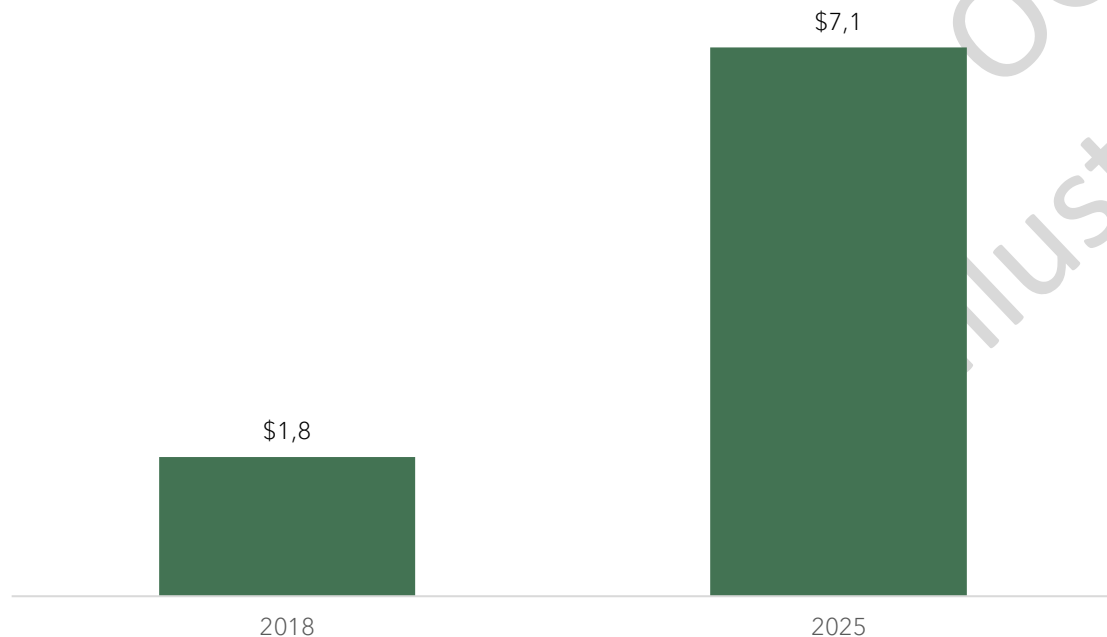
# MARKET RESEARCH – LOCATION ANALYSIS

**RECREATIONAL CANNABIS IN NEW YORK:** The Northeast is poised to transform the U.S. cannabis industry and make New York City the nation’s weed capital. New York, New Jersey, and Connecticut with a combined population of 33 million are scrambling to open recreational markets in the coming months. Millions of other East Coast residents in neighboring states will also find themselves within an easy drive of legal weed. It is expected that New York will become the center of the recreational cannabis industry in the future.

**MARKET SIZE AND DEMAND FOR CANNABIS IN NEW YORK:** The New York cannabis market size was valued at \$1.8 billion in 2018 and is forecast to reach \$7.1 billion by 2025, exhibiting a CAGR of 14.7% over the forecast period. Cannabis sales are increasing due to its medical benefits, especially in the treatment of ailments such as chronic pain, mental disorders, and cancer. Further, the legalization of recreational cannabis in New York is expected to drive strong growth over the next few years surpassing the medical cannabis market.

## NEW YORK CANNABIS MARKET (KEY FACTS)

NEW YORK CANNABIS MARKET REVENUE (IN BILLIONS)



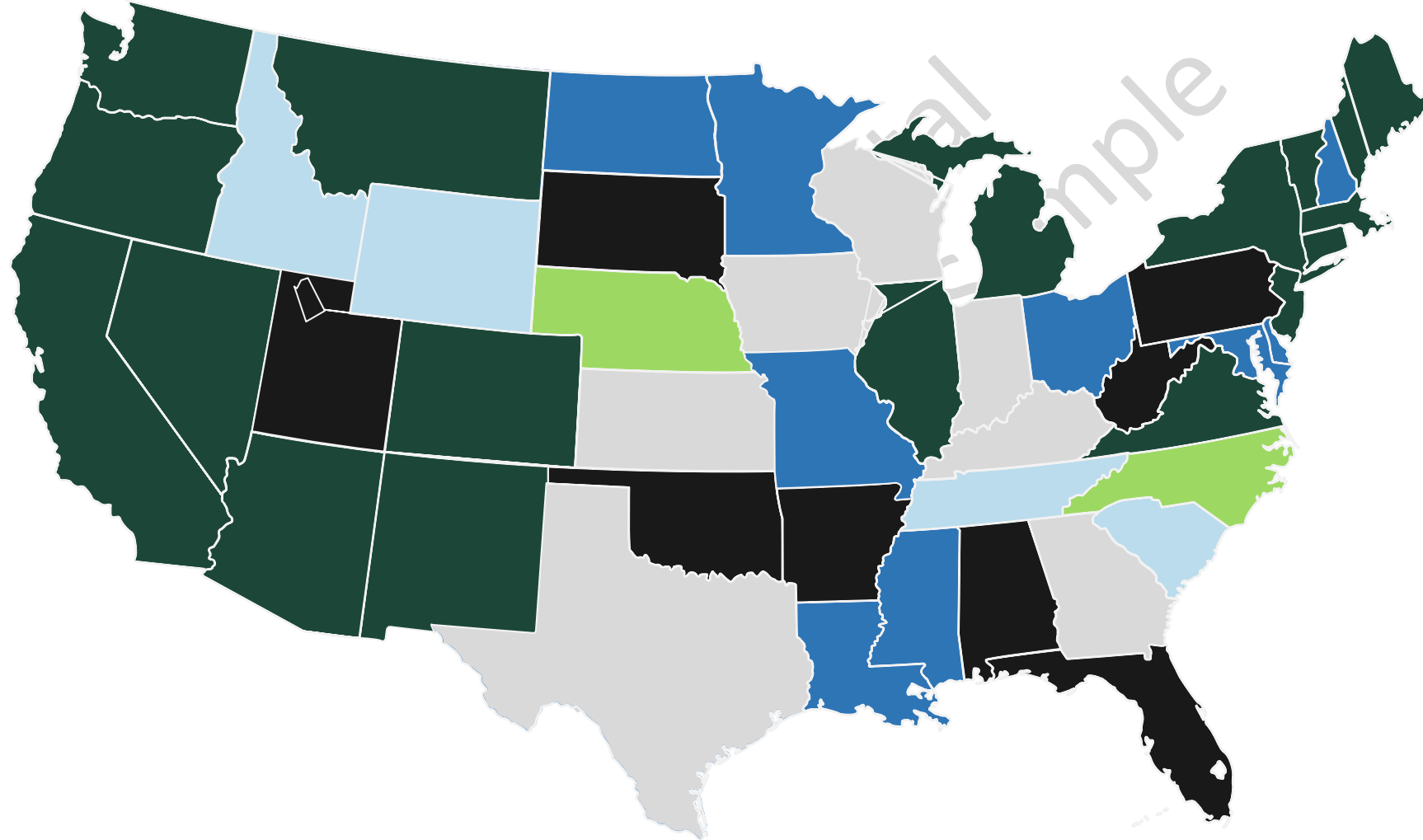
PARTICULARS	2023	2027
Total Economic Impact	\$2.7B	\$10.9B
Total Employment (FTE)	21K	76K
Excise/Retail Tax Revenue	\$362M	\$1.3B
Cultivation Space (Sq. Ft. Canopy)	789K	6M
Retail Licenses	350	900
RO Retail Market Share	9%	4%
RO Cultivation/Wholesale Market Share	77%	40%

SOURCES

<https://www.policym.com/news/2023/02/28/east-coast-weed-race-00010151>  
<https://www.businessinsider.in/politics/world/news/the-ultimate-guide-to-cannabis-legalization-in-new-york-the-key-dates-to-know-and-which-stocks-could-benefit-the-most/articleshow/81916750.cms>



# MARKET RESEARCH - LEGALIZATION STATUS IN THE UNITED STATES



- Legalized
- Mixed - Medical and Decriminalized
- Decriminalized and Not Medical - Fully Illegal
- Fully Illegal - Medical only
- CBD Only
- Fully Illegal



# MARKET RESEARCH – ILLICIT CANNABIS INDUSTRY IN THE U.S.

**OVERVIEW:** While legal cannabis markets are getting stronger every year, most cannabis consumers still live in medical-only markets or states with no legalized cannabis. Cannabis is the most commonly used illegal drug in the United States, with approximately 22.2 million users each month. According to a recent study, 12% to 14% of adult Americans enjoy cannabis and they spend billions of dollars every year on cannabis. However, the major part of that spending goes to the illicit market, due to various forms of cannabis prohibition enforced in various states across the nation. The United States illicit cannabis market encompasses roughly \$60 billion in annual sales.

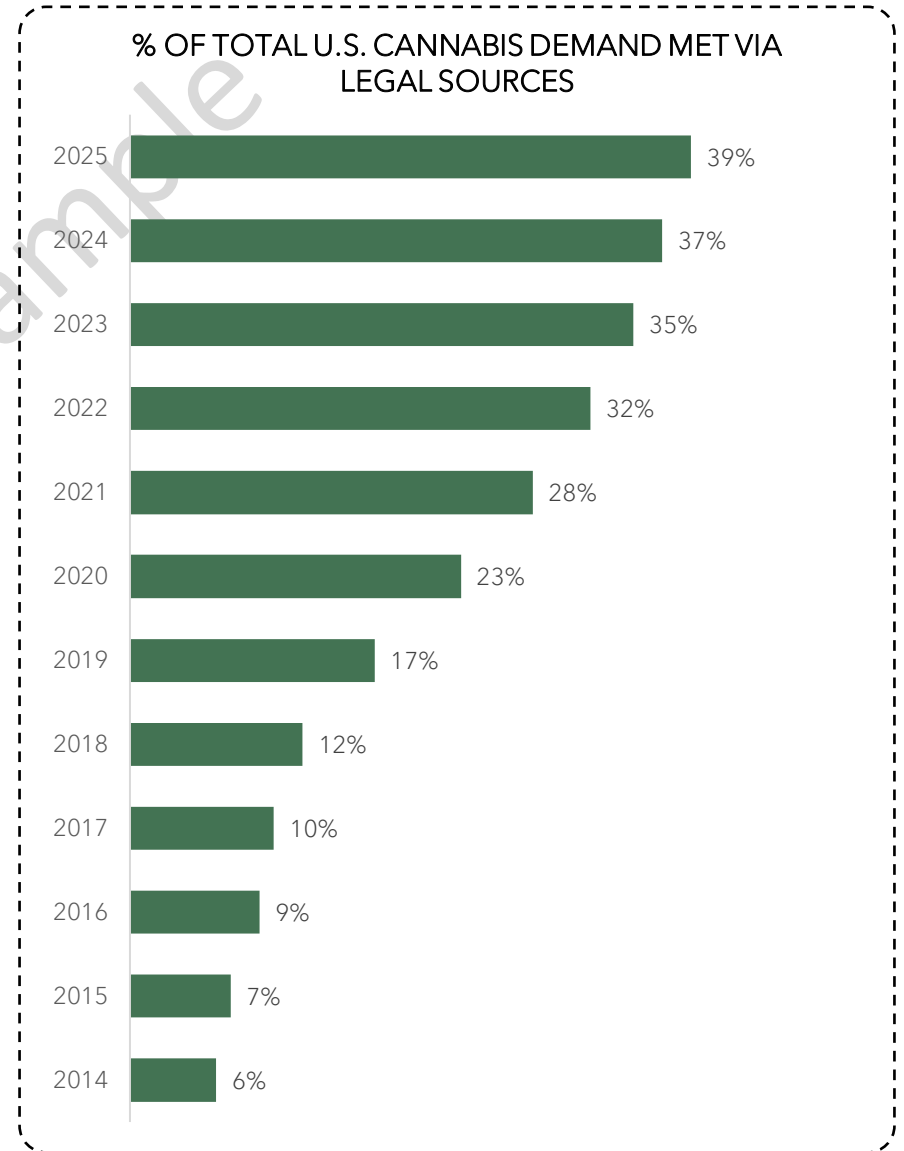
**REGIONAL ANALYSIS:** Texas leads all non-legal states in its purchases. The Lone Star State accounts for 7% of all illicit cannabis sales in the United States. That’s roughly \$4.2 billion, or more than two times the size of Colorado’s legal market. North Carolina, Georgia, Virginia, and Indiana each account for roughly 3% of the nation’s illicit sales.

While California remains the largest cannabis industry in the world, an estimated 80% of the transactions still take place in the underground market. In California, there are more than three times as many illicit cannabis dispensaries as licit ones. The illicit market is even stronger in states that have legalized only medical cannabis sales.

**DEMERITS OF ILLEGAL MARKETPLACE:** The cannabis products sold in the illegal marketplace can pose health risks because the edible products, vaping pens, and flowers on shelves of illicit stores have not been subject to state testing.

**GROWING SHARE OF LEGAL CANNABIS MARKET:** Even with continued growth in the number of cannabis consumers nationally, both legal medical and adult-use markets are projected to increasingly erode the proportion of demand met by illicit sources. In 2019, while an estimated 17% of U.S. cannabis sales were believed legal, it is estimated that by 2025 more than one-third (39%) of total annual cannabis demand across the country will be met by legal purchases in regulated marketplaces.

**INSIGHTS:** As more and more states are legalizing the medical and recreational usage of cannabis, there is a scope for the legal market to outpace the illicit market. As the government of New York has legalized adult-use cannabis, it will convert the illicit market to legalized sales, thereby benefiting the entrepreneurs and the government. Moreover, more than half of Americans are of the view that recreational cannabis should be legalized. Such an increased demand among people will induce the government in other states, where recreational cannabis sales are illegal to reevaluate their decisions concerning the legalization of adult cannabis usage.



**SOURCES**  
<https://www.baltimoresun.com/story/news/politics/economy/2019/09/11/california-marijuana-black-market-dwarfs-legal-pot-industry/5411110002/>  
<https://www.washpost.com/news-politics/cannabis-legalization-will-generate-40-billion-in-illicit-marijuana-this-year-report-says/2019/09/11/>  
<https://www.foxnews.com/legal/illegal-cannabis-sales-2020>  
<https://www.cdc.gov/marijuana/fact-sheets.htm>  
<https://www.baltimoresun.com/news/politics/economy/2019/09/11/california-marijuana-black-market-dwarfs-legal-pot-industry/>  
<https://www.latimes.com/california/story/2019-09-11/california-marijuana-black-market-dwarfs-legal-pot-industry>

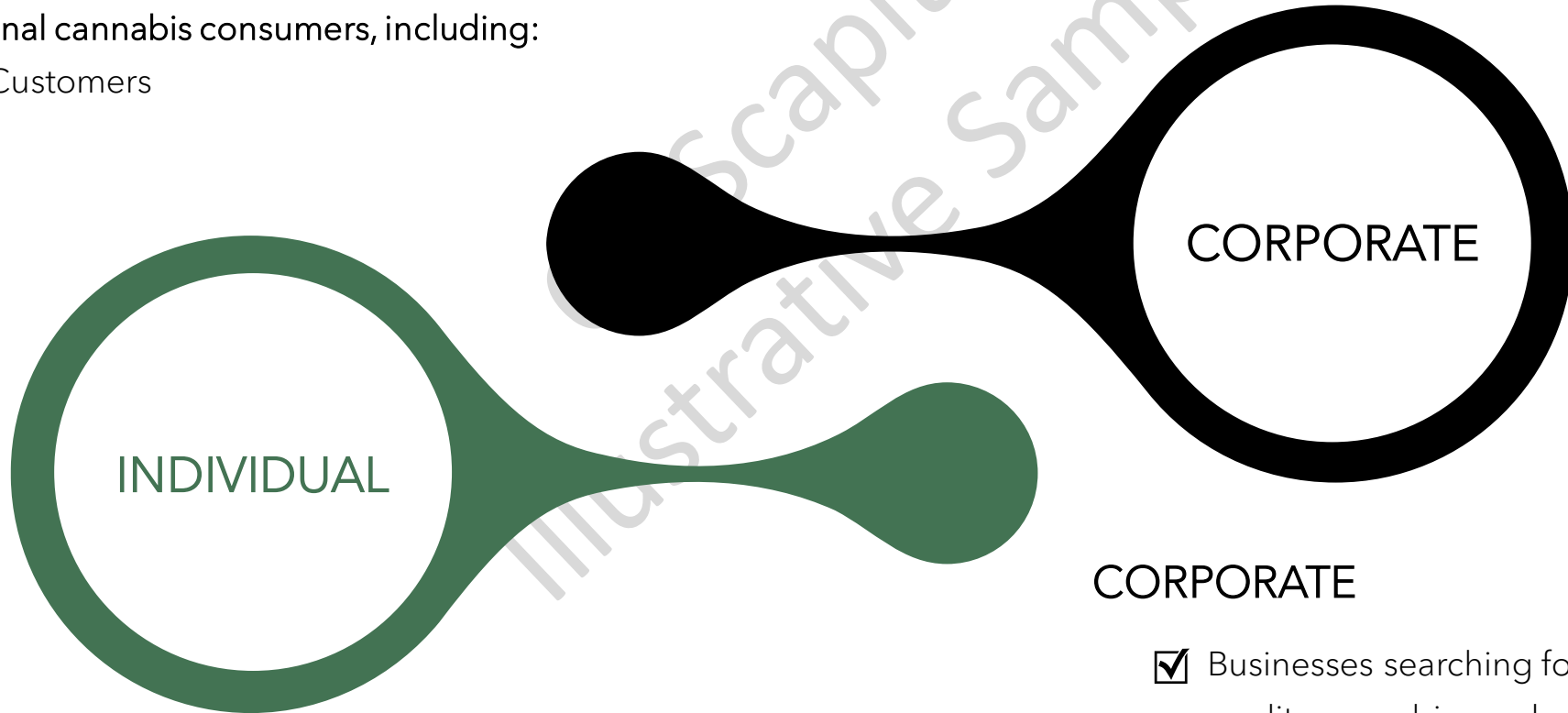


# MARKET ANALYSIS - TARGET MARKET

## INDIVIDUAL CUSTOMERS

Recreational cannabis consumers, including:

- General Customers
- Veterans
- Tourists



## CORPORATE

- Businesses searching for high-quality cannabis products  
manufacturing companies  
producing white labeled products

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# COMPETITOR ANALYSIS

A study of key players in the cannabis industry in the target market.

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# MARKET RESEARCH – COMPETITOR ANALYSIS



**CURALEAF:** Curaleaf Holdings, Inc. is a leading international provider of consumer products in cannabis with a mission to improve lives by providing clarity around cannabis and confidence around consumption. As a high-growth cannabis company known for quality, expertise, and reliability, the XXXXnd its brands, including Curaleaf (for wellness products) and Select (for adult use), provide industry-leading service, product selection, and accessibility across the medical and adult-use markets.

In the United States, Curaleaf currently operates in 23 states with 128 dispensaries, 26 cultivation sites, and over 30 processing sites, and employs over 5,600 team members. Curaleaf International is the largest vertically integrated cannabis company in Europe with a unique supply and distribution network throughout the European market, bringing together pioneering science and research with cutting-edge cultivation, extraction, and production.

## KEY STATISTICS: Other company statistics are as follows:

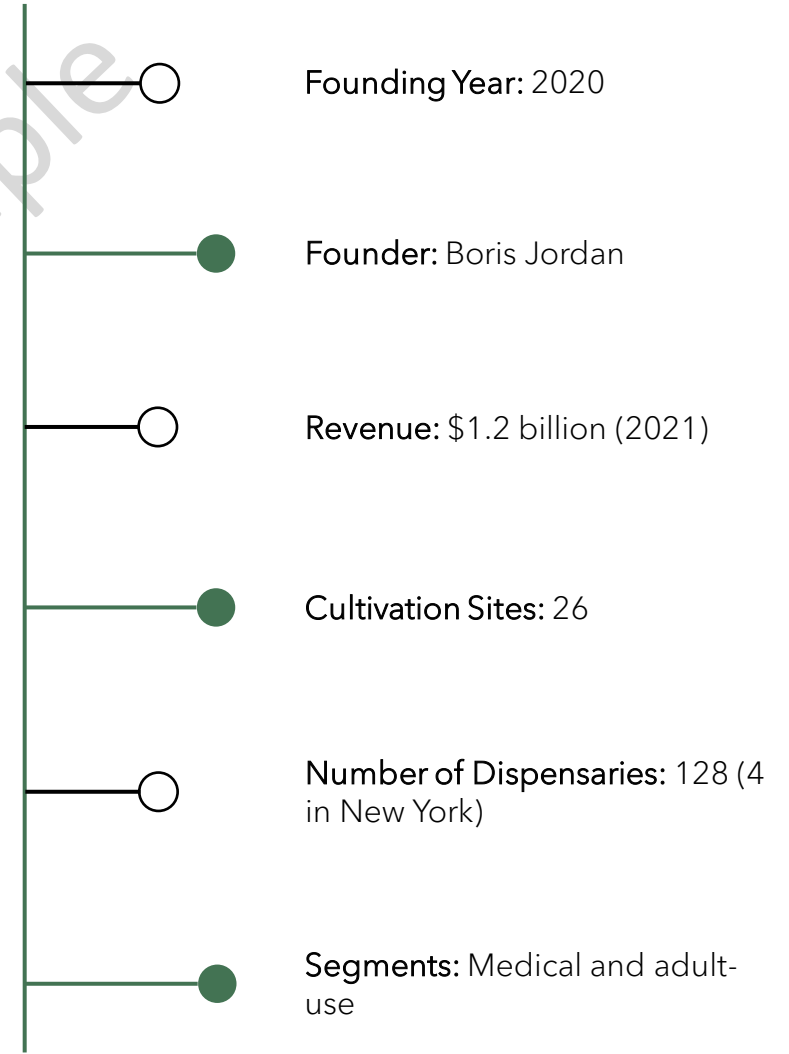
- In the United States, the company focuses on highly populated states including Arizona, Florida, Illinois, Massachusetts, New Jersey, New York, and Pennsylvania.
- In 2021, the company expanded its total cultivation and production capacity by over 2.5 million square feet to nearly 4.4 million square feet of cultivation capacity. The company has around 2,300 active wholesale dispensary accounts.
- In 2021, the company completed the acquisition of Los Sueños Farms, the largest outdoor grower in Colorado.
- It became the first company to register a medicinal cannabis extract API (or active pharmaceutical ingredient) in Italy.
- It has commercialized over 90 individual new products and 60+ more products are in experimental development.

## STRENGTHS:

- Customers are satisfied with the quality of flowers and other cannabis products. It is only because of the products' quality that they are returning to dispensaries otherwise they are not satisfied with the delivery schedule and customer service.

## WEAKNESSES

- Most of the customers are complaining of long waiting times. Customers are also complaining that even in case of advance order, they have to wait for around 30-45 minutes.
- Majority of customers are not satisfied with the customer support and customer service at the dispensaries.
- Customers are complaining that even in case of advance order delivery of products is not guaranteed.



Headquarters: Wakefield, MA



14K Followers



62.2K Followers



15.4K Followers



54.8K Followers



# MARKET RESEARCH – COMPETITOR ANALYSIS



**ACREAGE HOLDINGS:** Acreage Holdings, Inc. is a vertically integrated, multi-state operator (MSO) in the United States cannabis industry. The company's operations include cultivating and processing cannabis plants, manufacturing branded consumer products, distributing cannabis flowers and manufactured products, and retailing high-quality, effective, and dosable cannabis products to the consumers.

Its main focus is on growing the highest-quality medicinal and adult-use cannabis. It therefore currently grows all of its cannabis in indoor and greenhouse facilities, which allows it to grow in organic conditions under ideal climate control and without the use of pesticides or fertilizers.

**KEY STATISTICS:** Other company statistics are as follows:

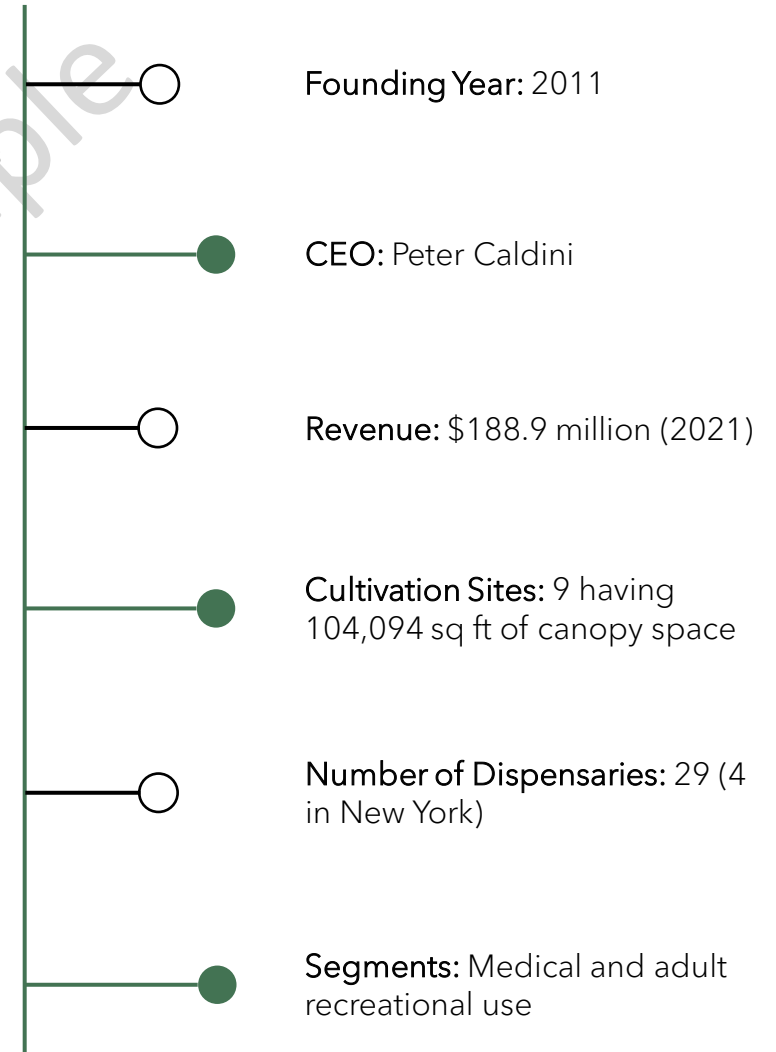
- At present, its focus is to develop operations in nine core states of Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Illinois, and Ohio.
- The company owns and operates 9 cultivation/manufacturing or processing facilities in 8 states. As of December 31, 2021, it had 104,094 square feet of canopy for cannabis cultivation.
- The company's flagship dispensary brand is 'The Botanist', which was first launched in 2018. The Botanist retail concept brings a unique, consistent, and scalable retail design and customer experience to cannabis that appeals to a wide range of adult-use and medicinal cannabis customers nationwide.
- The company has received approval for cultivation expansion in Syracuse, NY, adding over 18,000 sq ft of the canopy.
- It has 13 cultivation and processing licenses and operates nearly 485K sq ft cultivation and processing space.
- It owns Universal Hemp, LLC, a hemp subsidiary dedicated to the distribution, marketing, and sale of CBD products throughout the United States.
- Acreage's wide range of national and regionally available cannabis products include the award-winning the Botanist brand, the premium brand Superflux in Illinois, Massachusetts, and Ohio, the Tweed brand, and the Prime medical brand in Pennsylvania, the Innocent brand in Illinois, and others.

## STRENGTHS:

- Customers are satisfied with customer service and find the staff very friendly and knowledgeable.

## WEAKNESSES

- Employees are complaining of low pay rates and poor upper management.



Headquarters: New York, NY



4K Followers



26.3K Followers



9.2K Followers



7.7K Followers



# MARKET RESEARCH – COMPETITOR ANALYSIS



**CRESCO LABS INC.:** Cresco Labs is one of the largest vertically integrated, multistate cannabis operators in the United States, with a mission to normalize and professionalize the cannabis industry. Its brands are designed to meet the needs of all consumer segments and are comprised of some of the most recognized and trusted national brands including Cresco®, Cresco Reserve®, High Supply®, Mindy's™, Good News®, Remedi™, Wonder Wellness Co.®, and FloraCal®. Sunnyside®.

Cresco Labs' first national retail brand, Sunnyside®, represents a new kind of cannabis shop, designed to help broaden the spectrum of wellness to include cannabis. Bright, welcoming, and convenient, each Sunnyside® serves as a hub for health and wellness for both new and existing cannabis consumers.

**KEY STATISTICS:** Other company statistics are as follows:

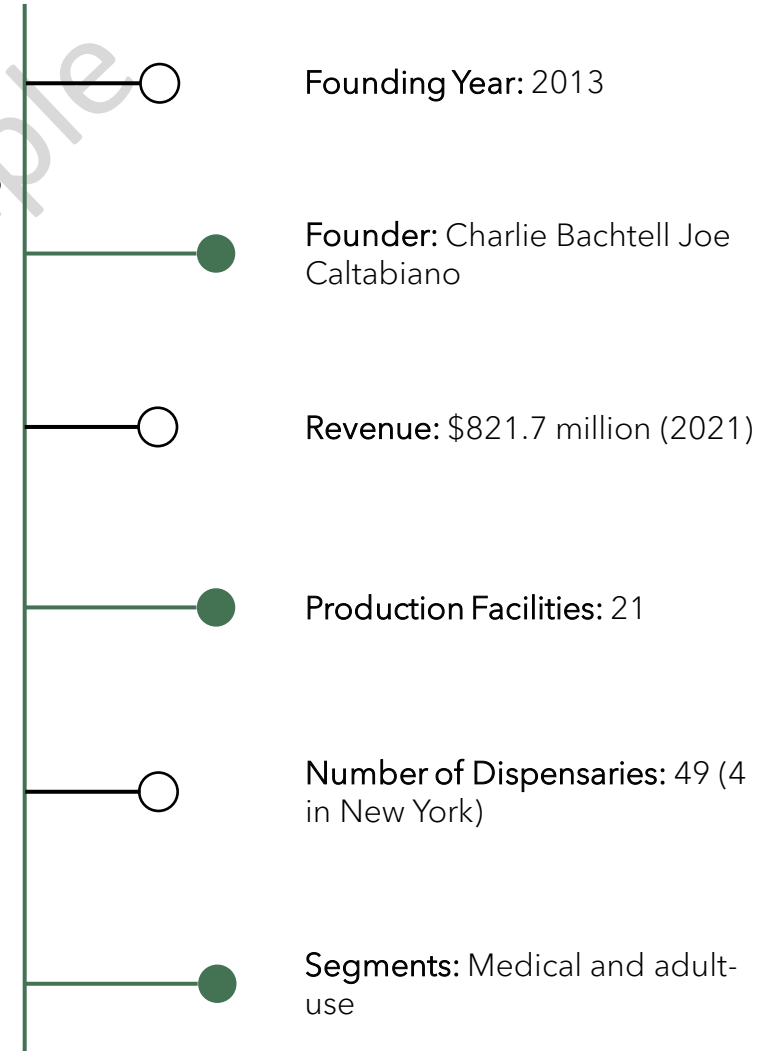
- It has a presence in 10 states across the United States with 21 production facilities, 51 retail licenses, and 49 owned dispensaries.
- With a portfolio consisting of approximately 350 products and over 5,000 SKUs, Cresco Labs' products are sold in over 1,000 dispensaries across the United States.
- It has launched the industry's first national comprehensive Social Equity and Educational Development (SEED) initiative designed to ensure that all members of society have the skills, knowledge, and opportunity to work and own businesses in the cannabis industry.
- Cresco Labs' Sunnyside® retail stores have average annualized revenue per store of over \$11 million, the highest of any scaled national operator in the industry.
- The company has recently entered into a definitive arrangement agreement with Columbia Care Inc. to acquire all of the issued and outstanding shares of Columbia Care. The transaction is expected to be closed in the fourth quarter of 2022. Columbia Care operates 131 facilities including 99 dispensaries and 32 cultivation & manufacturing facilities, including those under development. The combined company is expected to cover all 10 of BDSA's top-10 largest and fastest-growing markets by 2025, representing approximately 55% of the U.S. population and over 70% of the addressable cannabis market.

## STRENGTHS:

- The staff is friendly, cooperative, and knowledgeable.

## WEAKNESSES

- Customers are not satisfied with the flower quality and are also complaining about the long waiting periods.



Headquarters: Chicago, IL



20.2K Followers



47.5K Followers



15.9K Followers



41.5K Followers



# MARKET RESEARCH – COMPETITOR ANALYSIS



**COLUMBIA CARE:** Columbia Care is one of the largest and most experienced cultivators, manufacturers, and providers of cannabis products and related services, with licenses in 18 U.S. jurisdictions and the EU. It is one of the original multi-state providers of medical cannabis in the U.S. and now delivers industry-leading products and services to both the medical and adult-use markets.

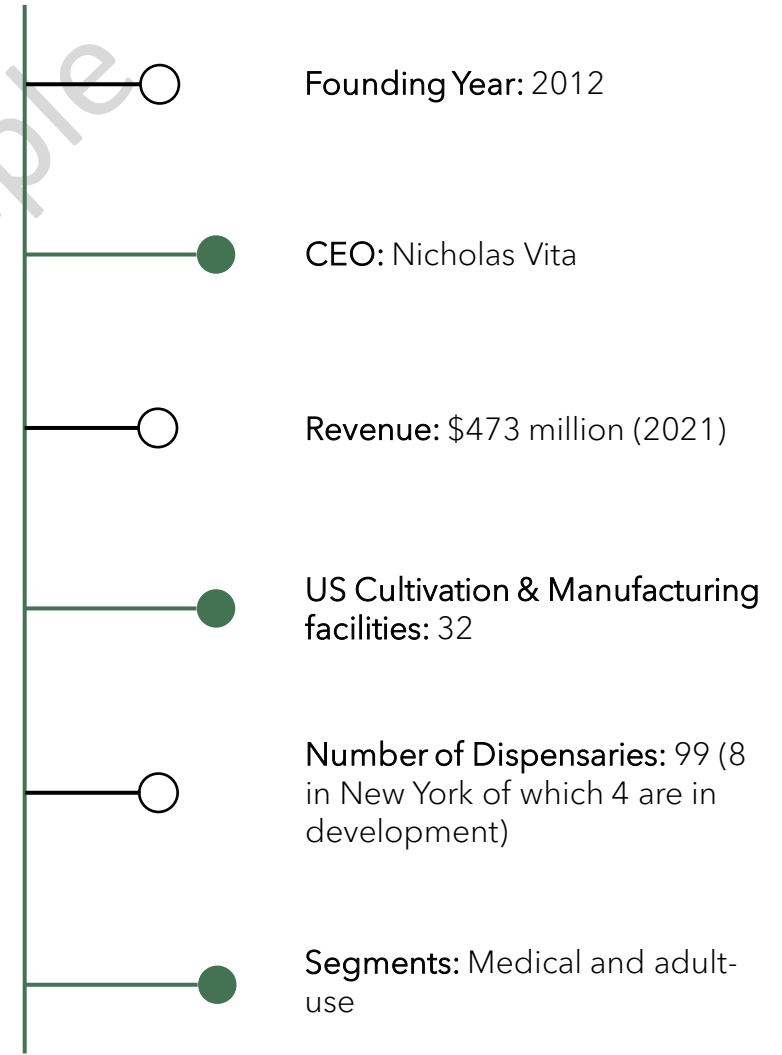
The company offers products, including flowers, edibles, oils, and tablets, and manufactures popular brands including Seed & Strain, Triple Seven, gLeaf, Classix, Press, Amber, and Platinum Label CBD.

## KEY STATISTICS: Other company statistics are as follows:

- It operates 131 facilities, including 99 dispensaries and 32 cultivation & manufacturing facilities, including those under development.
- In 2021, the company launched Cannabist, its new retail brand, creating a national dispensary network that leverages proprietary technology platforms.
- The company has 32 cultivation and manufacturing facilities with over 2 million square feet of cultivation and manufacturing capacity. In New York, it has 2 cultivation facilities with 88,346 square feet of operational cultivation capacity and 710,000 square feet of cultivation capacity under development.
- In New York, the company began the sale of the whole flowers in 2H 2021 and ramp up cultivation of the Riverhead cultivation facility, the first harvest has been completed in December 2021.
- Columbia Care house brands are currently available in 14 markets and are expected to reach all operational markets by Q3 2022. It currently has 49 different product categories across its house brands. In 2021, in-house brands accounted for 67% of all flowers sold at Columbia Care-owned dispensaries.
- It added 12 retail locations in 2021 and opened in new markets of Missouri, Utah, and West Virginia.
- The Brooklyn Heights dispensary in February 2022 completed the transition to Cannabist, the company's new retail experience. Cannabist Brooklyn features a product assortment that includes 41 whole and ground flower options, edibles, tinctures, topicals, vapes, and a curated selection of hemp CBD products.

## STRENGTHS:

- The company's products are available on more than 85% of retail shelves in New York. Further, the Riverhead greenhouse facility is one of the largest cultivation and production sites on the east coast.



Headquarters: New York, NY



1.3K Followers



9.7K Followers



4.9K Followers



7.2K Followers



# MARKET RESEARCH – COMPETITIVE ADVANTAGE

## CREATE A UNIQUE CUSTOMER EXPERIENCE

Company A will focus its efforts on not only manufacturing high-quality cannabis products but also on creating a unique and memorable experience for the customers each time they visit the store. The company's consumption lounge built with modern infrastructure & design and surrounded by vertical greenhouses will provide a relaxing environment for people to let them enjoy food and drinks after having a tour of the facility. This will help to ensure that the customers do not feel as if they are walking through an assembly line. This will also encourage legacy shoppers to purchase legal cannabis to get the full connoisseur experience. The customers' experience will also be enhanced by installing touchscreen readers to showcase its products.

## USE OF NATURAL INPUTS AND THE LATEST EQUIPMENT

All Company A products will be created on-site with the best horticultural practices in mind. From seeding to cutting, all cannabis plants will be grown with sustainable and organic nutrients & fertilizers. The company will also use the latest technology equipment with greater efficiency to increase productivity, reduce production losses, and eliminate the adverse impact on the environment. It will inspect the equipment at regular intervals and conduct periodic repair and maintenance activities to ensure a steady flow of operations and reduce the chances of a breakdown.

## RESEARCH AND DEVELOPMENT

Research and development initiatives will play a vital role in developing the business and brand by creating cultivars that will be tailored to the customers' preferences. The professionals at the company will do this by crossing and breeding the most popular strains. The team will continually conduct market analysis to keep themselves updated with the newly developed strains to keep their customers engaged. The company will compile the data concerning best selling products of the competitors and its own product offerings to establish market trends that will allow it to improve its craft.

## EXPERIENCED GROWERS

Unlike most of the competitors, Company A will be bringing experienced growers with extensive knowledge of advanced cultivation techniques, which will help it to achieve optimum production levels and cultivate high-quality and exotic cannabis products. Moreover, having an experienced team will allow it to control the expenditure and suggest innovative ways to maximize productivity.

## FOCUS ON CUSTOMER EXPERIENCE

Company A aims to position itself as an exotic cannabis brand and provide an exceptional customer experience. This will be achieved through a combination of founders' knowledge, the team's ability & experience, and the use of high-quality inputs. The combination of right and premium resources will allow it to produce high-quality cannabis, which will ultimately generate more business.



# MARKET RESEARCH - COMPETITIVE ADVANTAGE

Branding, location, and reputation

Empowered by U.S. Army veterans

Use of optimal equipment for environmental control to create perfect growing conditions

Focused on promoting green initiatives by following reduce, recycle, and reuse techniques

Strict enforcement of regulatory environmental compliance

Development of facility tours to disseminate cannabis education

All-in-one location (cultivation, manufacturing, retail, merchandise, and lounge) from seed to consumer

Hosting local community events to increase brand awareness

The show-stopping Green Garden commercial consumption lounge area

Strategic planning by the founders, and adherence to completely transparent business practices

Focus on teamwork to build strong and compatible relationships within the industry

Organic cultivation supported by high-quality and natural nutrients and fertilizers

Manufacture products using local ingredients, nutrients, and other supportive efforts to promote local homegrown businesses

Social and community outreach programs to increase brand awareness

Recruitment of educated, experienced, and responsive staff to offer world-class customer experiences,



# MARKET RESEARCH - SWOT ANALYSIS

## STRENGTHS

- Veteran-owned business with the backup of knowledge in science and horticulture.
- A knowledgeable cultivator and an experienced sales team.
- Possession of the necessary social equity to qualify for a license.
- Ability to serve the vast open market with the backup of horticulture knowledge helping to develop new strains.
- Wide range of cannabis-infused products for recreational purposes at an affordable pricing
- Excellent customer service.
- Highly successful go-to-market strategies.
- Strong distribution network.
- Focus on high volume sales to increase profitability.
- Capable of supplying products throughout the year to buyers, making a considerable profit.
- Use of top-quality organic fertilizers and other inputs.
- Reliable suppliers for sustainable and organic nutrients and fertilizers.

## WEAKNESSES

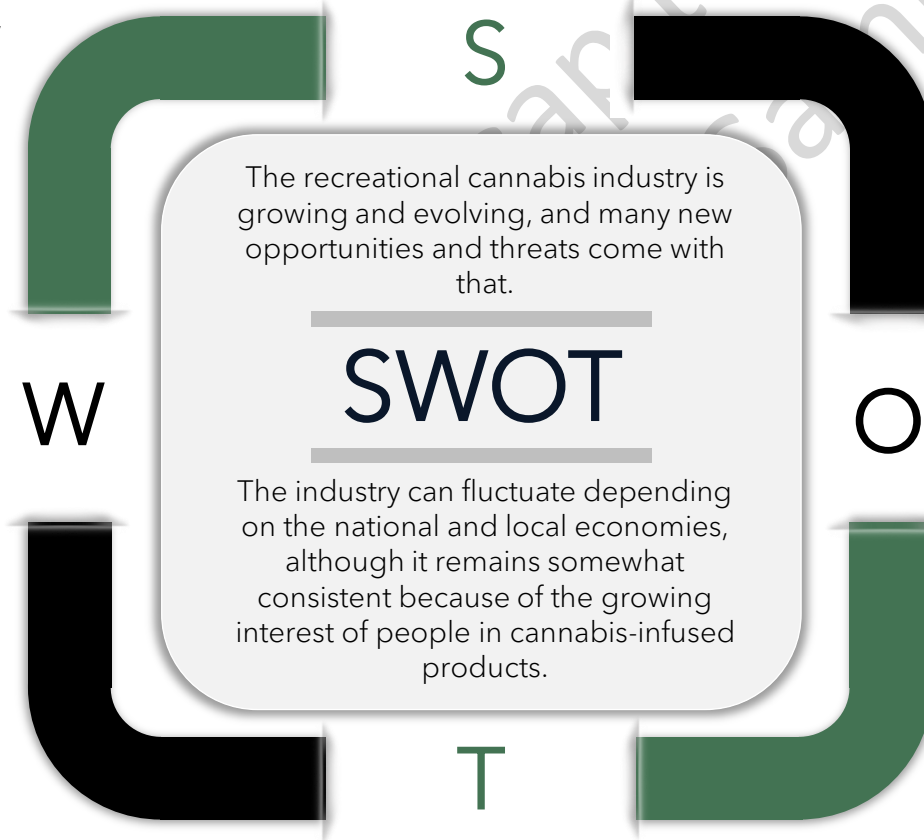
- Difficulty in securing correctly zoned real estate.
- Lack of funds to establish the facility and manage operational aspects.
- Lack of professional workforce for the cannabis industry.
- Getting started up and finding customers may be difficult initially.
- New to the industry with no brand recognition in the market.

## OPPORTUNITIES

- Opportunity to capitalize on the untapped recreational market in New York that is positioned to become a multi-billion-dollar industry.
  - Opportunity to expand the business reach throughout the United States via its website and opening additional retail & merchandise stores.
- Growing disposable income is expected to drive the demand for cannabis-infused products in the future.
- The growing adult population in the United States will increase the demand for recreational cannabis-infused products.
- The demand for cannabis products has grown in the wake of COVID-19 due to the increased levels of stress among people.
- Opportunity to improve upon its distribution and sourcing activities.
- At present, there are a few players in the cannabis industry in New York and that too in the medical segment, however, the legalization of recreational usage will create more demand, which cannot be fulfilled by current players in the market.

## THREATS

- Changes in cannabis regulations can impact business performance in the future.
  - Economic downturn or slowdown can hamper sales.
  - Large companies or players entering the recreational market.
  - Lack of funding due to cannabis being a capital-intensive industry.



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# MARKETING STRATEGY

A list of marketing strategies to be followed by the company to attract the target clients and grow the business beyond boundaries.

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# MARKET ANALYSIS – MARKETING STRATEGIES

## INTERACTIVE WEBSITE

Having a website is equivalent to having a physical facility in every part of the world. According to research, 88% of customers search for products online before purchasing the same. The company will create a user-friendly website listing basic information regarding the cannabis-infused products & pricing, greenhouse facility overview, contact details, and links to social media pages to inform clients of the latest offers. The company will engage with customers through its website by posting relevant content in the form of informative blogs and posting photos of the greenhouse facility & products and give them more reasons to stay connected with the business. The website and regularly updated blog will serve as useful tools to share knowledgeable information regarding cannabis-infused products that can be consumed to lead a healthy life. The company will regularly update its website content and features to keep itself at the top of search engine results.

## SIGNAGE AND BROCHURES

The company will get materials printed (signage, brochures, flyers, banners, etc.) with the company's name, logo, products offered, contact information, and description. These print materials will be distributed to potential customers through their e-mails. Distribution and placement of materials at strategic points (supermarkets, hotels, resorts, retail consumer stores) will further establish business authority and credibility, increase brand awareness, improve brand popularity, expand business visibility, build trust, and grow website traffic. These promotional materials will also be circulated through social media & other digital marketing channels and will be embedded on the website of the XXXXs well.

## WORD OF MOUTH

Word of mouth marketing is one of the oldest yet most effective organic marketing techniques. The founders will use their existing network to build an initial customer base. The company will approach potential buyers including local consumers, businesses, etc. over the phone, through e-mail, or in-person to spread the word regarding the company's products. The sales personnel at the company will also talk to the business managers of cannabis companies explaining the usage of products offered by the XXXXnd how entering into a long-term relationship with the company can create a good source of income for them. The founders will also capitalize on their network to create a solid base of initial customers.

## CONTENT MARKETING

Capturing the attention of readers and encouraging them to take action is one of the most effective ways of finding new customers online. Blogging is one of the best ways to grow a business and reach out to new people. The company will establish itself as an industry leader by posting valuable content on its website. Posting informative content regarding the health benefits of cannabis-infused products and the number of products to be consumed will help to boost the company's online reputation. Promotion of this content online will result in an improvement in ranking on search engines and more people will stumble upon the articles and bookmark them, share them with friends, and get in touch to ask about the company's products. Content marketing also reduces the overall marketing cost by a massive 62%, compared to other age-old techniques, so will be beneficial to the company.



# MARKET ANALYSIS – MARKETING STRATEGIES

## SOCIAL MEDIA

Social media is one of the easiest ways to promote and market in the modern era. More than one billion people are active on Facebook. According to Statista, the average internet user spends 2 hours and 23 minutes on social media every day. Although this varies per country, this presents an unmissable opportunity for the recreational cannabis businesses. Considering the usage statistics, the company will use different social media networks like Facebook, LinkedIn, and other groups to reach out to its potential customers. These social media channels will be used to get closer to the potential customers, build a community, and spread awareness of the company's greenhouse facility and the consumption lounge. The company will also target potential customers by sharing previous customer testimonials (happy customers sharing their experiences) and making new product addition announcements through these social media platforms. The detailed strategy to market through social media channels is as follows:

Facebook: It is one of the largest networks in the world, with over 2.4 billion users worldwide. The number of active Facebook users in the United States is estimated to be 223 million. The company will engage with prospective customers by posting updates about their favorite topics and the company's most recent activities. It will also post photos and videos of Company A's products offered, farming procedures, event highlights, and the latest trends in the industry that might interest potential customers. Additionally, the company will engage with customers by liking images that have been uploaded by them and writing comments about them.

LinkedIn: Having a LinkedIn presence will help the company to connect with potential customers and create a brand presence among them. It will also help the company to build a great network with suppliers and distributors to procure the agricultural tools, organic fertilizers, equipment & machinery, and sell the products. The LinkedIn audience wants a deeper understanding of businesses and platforms, and this drives the appetite for many different types of content. The company will display its complete information on its LinkedIn page and use its brand colors to highlight the relevant information to engage more customers on the platform.

YouTube: Social media video achieves 1200% more shares than text and image combined. The company will create its YouTube channel and post relevant videos concerning a tour of the greenhouse facility, retail & merchandise area, & consumption lounge, introducing potential customers to the key employees working within the farm and showing the cannabis grown at the facility to encourage users to try the company's products.

Twitter: As of 2022, Twitter had approximately 76.9 million users in the United States. The company will share information regarding new product additions, pricing updates, and attractive offers with its existing customers and prospects to continue growing its network.





# MARKET ANALYSIS – MARKETING STRATEGIES

## SEO

Google's search engine results pages (SERPs) have become extremely important for businesses. According to Google, 28% of searches for something nearby result in a purchase or action. Potential customers researching cannabis-infused products are most likely to use search engines. Search engine optimization (SEO) involves optimizing website pages to rank higher in search results for specific keywords and phrases. The company will develop a well-crafted SEO strategy to drive more traffic to its website, as it will push the platform to the top of search engine rankings. It will develop appropriate keywords, including 'best cannabis-infused products', 'top cannabis manufacturers around me', 'cannabis edibles or beverages brands', etc., to rank its platform higher in search engine results, enabling it to drive more traffic. The company's SEO-friendly website will leave a lot of potential traffic and revenue on the table.

The detailed strategy to target customers in New York and its surrounding states through Google Ads is outlined as follows:

- Run responsive search ads and responsive display ads with various keyword groups to help maximize exposure when being searched.
- Target the nearby regions' customers to the website by showing them targeted ads.
- Research competitors and their keywords.
- Include site link extensions, physical greenhouse facility location, and contact information extensions.

## GOOGLE ADS

## REFERRALS

71% of consumers who've had a positive experience with a brand on social media are likely to recommend the brand to their friends and family. Company A understands that the best promotion comes from satisfied customers. The company will encourage its existing customers to refer their friends and neighbors by providing discounts for new customers introduced. This strategy will increase effectiveness after the business has already been established. Moreover, when an existing customer refers someone from his/her network, the company will not have to go through the expensive lead generation process, which will ultimately save the biggest part of marketing costs. The company will regularly add new referral incentives to encourage and remind its present customers to provide valuable leads. The high-quality products and excellent customer service at the company's end will automatically encourage its present clients to spread the word about it.

## DISCOUNTS AND OFFERS

Providing coupons and discounts is always a surefire way to bring customers to a business. The company will offer coupons or discount vouchers to new e-mail newsletter subscribers or users placing online orders for the first time through their website. In addition to offering direct coupons, the company will also offer discounts to its present customers, encouraging others to try out the company's present or newly introduced products. People participating in online or offline contests will also be offered enticing deals to encourage them to generate referral business.



# MARKET ANALYSIS – MARKETING STRATEGIES

## E-MAIL MARKETING

E-mail marketing has proven to be an effective tool among other successful marketing strategies for directly communicating with targeted clients. According to Statista, 49% of consumers like to receive weekly promotional emails from their favorite brands. The company will collect customers' email addresses through various online and offline channels. It will create monthly newsletters including various sections such as the types of cannabis-infused products available at the company's website, retail & merchandize store & at the consumption lounge, additions to the portfolio of products, information regarding the latest updates in the industry, as well as coupons or discount offers on various occasions, which will be distributed to existing and potential customers in their e-mail. It will create a loyal customer base for the XXXXnd generate more valuable leads.

## RETARGETING

Retargeting is the practice of sending targeted ads to specific users who have already interacted with the company's website. More than 90% of web traffic does not take action on their first website visit. Remarketing will allow the company to encourage interested customers to purchase the company's products. The retargeting ads will recapture that traffic by showing ultra-targeted ads to people who have already visited or performed a specific action on the website.

## SALES PERSONNEL

The company will employ a sufficient number of employees in the position of sales personnel who will assist with lead generation. These sales personnel will also provide social media and online marketing support to the company. They will approach the cannabis retail stores and businesses, demonstrate the products, and educate them regarding the benefits that they will receive after becoming associated with the company. These sales personnel will also attend the local business events and conferences to spread the word about the company's products.

## EFFICIENT CUSTOMER ENGAGEMENT

The company will develop multiple channels through which customers can connect to the XXXXnd it can answer the queries they may have about any products. This will support the brand reputation and confirm long-term success for the company. Also, targeting potential customers through different marketing channels will assist the company in targeting a wide range of customers. Moreover, satisfied customers will further encourage people in their network to purchase the company's products.



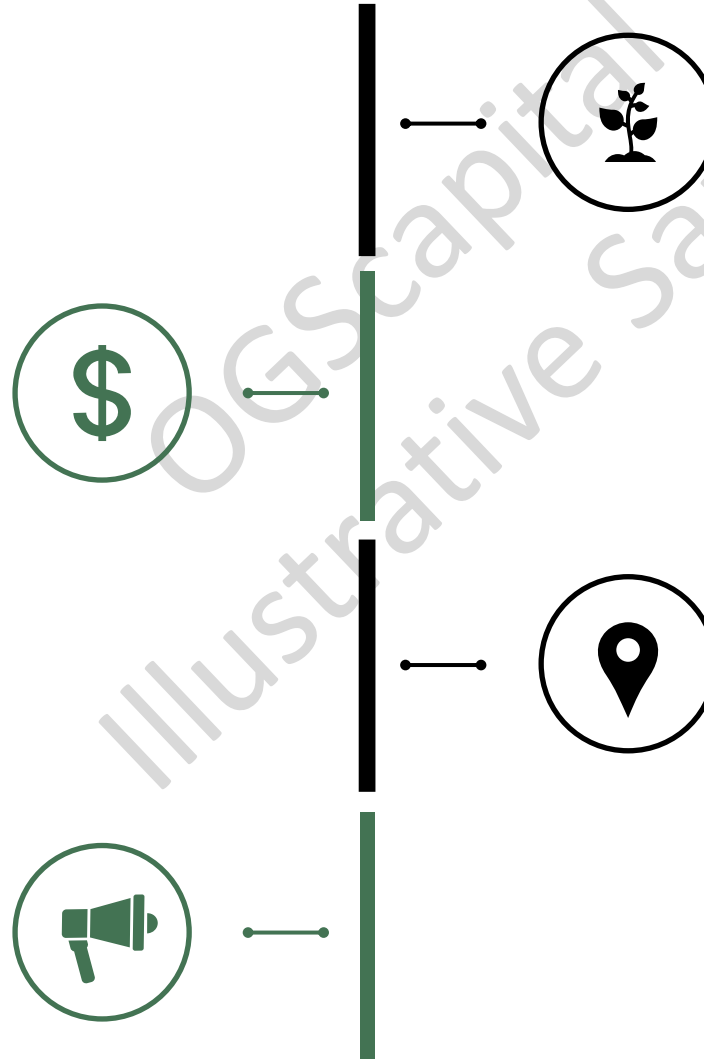
# MARKET ANALYSIS – MARKETING MIX

## PRICE

Company A will follow a value for money pricing strategy to stay ahead of the competition and gain a substantial market share in the recreational cannabis industry. The company will follow a rigorous mechanism to check the quality of products by following sampling techniques to assure high-quality delivery in all segments. The company will charge a price of \$1,242 per pound for wholesale or business customers and approximately \$1,683 per pound (\$3.71 per gram) for retail or individual customers. Following a differentiation pricing strategy for retail and wholesale customers will allow the company to sell its products speedily and expand the business operations depending on growing demand.

## PROMOTION

The company's promotional strategy will revolve around various online and offline marketing channels. Satisfied customers will be the first marketing tool of the company. In addition to that, the company will distribute brochures to supermarkets, hotels, resorts, consumer goods retail stores, etc. to build a customer base. The company will also promote its products through additional channels, including social media, website, word-of-mouth, e-mail marketing, referral incentives, etc. The company will attend business events and exhibitions to promote its products, gain valuable leads and build a brand presence in the target market.



## PRODUCT

Company A has been incorporated in Watertown, New York as of March 2022 by the founders, XXXX, and Company B. They are looking to purchase land measuring 5,000 square feet to develop greenhouse facilities and construct the office building, retail section, & consumption lounge on the remaining area. The founders will grow, cultivate, and produce cannabis-infused products on this farmland, including flowers, concentrates, edibles, wax, cannabis oil, and other consumables to provide high-quality pure products to its customers. The founders will also add additional products in the future depending upon the market demand.

## PLACE

The company will establish its business location in Watertown, New York, and will initially target retail consumers and businesses across Watertown and its surrounding cities (Upstate New York, Syracuse, or Rochester). After having established a brand presence in the local market, it will expand the business operations throughout other cities in New York and then other states in the United States. Having studied the demographics of the area, the place is considered an ideal location to set up a cannabis business, as the state has recently permitted the usage of recreational cannabis, which has created a huge demand for the industry players. Moreover, the number of adults demanding recreational cannabis products has increased over the past years, depicting a growth potential for the cannabis business.

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# MANAGEMENT SUMMARY

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# MANAGEMENT SUMMARY – FOUNDERS’ DETAILS

XXXX

CO-FOUNDER AND CEO

**OVERVIEW:**

- XXXX

**EXPERIENCE AND EXPERTISE:**

- XXXXX

**EDUCATION:**

- XXXXX

**CERTIFICATIONS:**

- XXXXX

**RESPONSIBILITIES:**

- XXXXX

## WORK EXPERIENCE

- Organization: XXXXX  
Position: XXXX  
Period: XXXXX  
Responsibilities: XXXXX

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Illustrative S

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# SOURCES AND USAGE

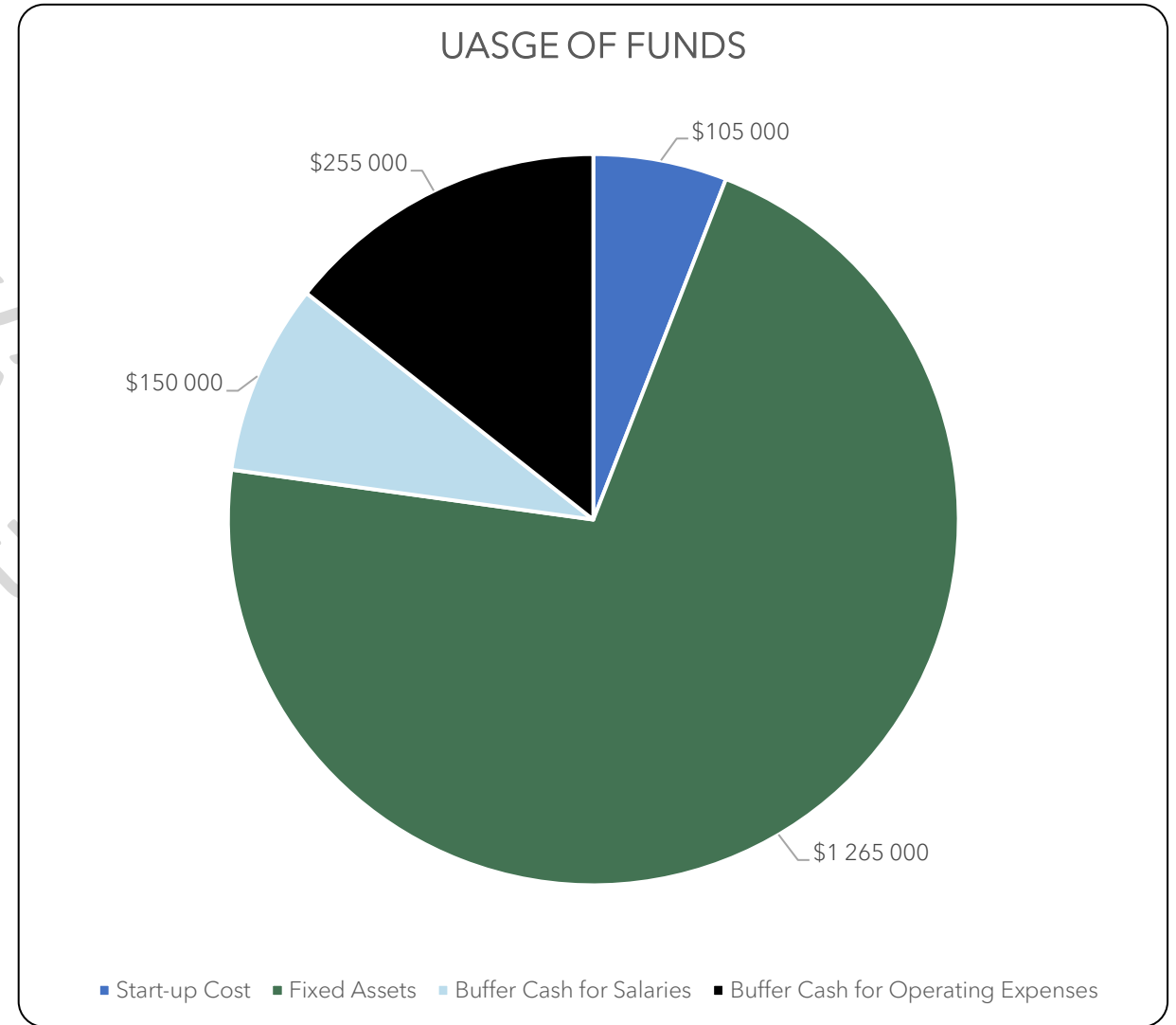
The founders will invest funds in the form of equity and will satisfy additional funding requirements from the investors' funds.

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# SOURCES AND USAGE OF FUNDS

SOURCES AND USAGE OF FUNDS	SOURCES	USAGE
Equity	\$25,000	
Investors' Funds	\$1,750,000	
Start-up Cost		\$105,000
Fixed Assets		\$1,265,000
Buffer Cash for Salaries		\$150,000
Buffer Cash for Operating Expenses		\$255,000
<b>Total</b>	<b>\$1,775,000</b>	<b>\$1,775,000</b>

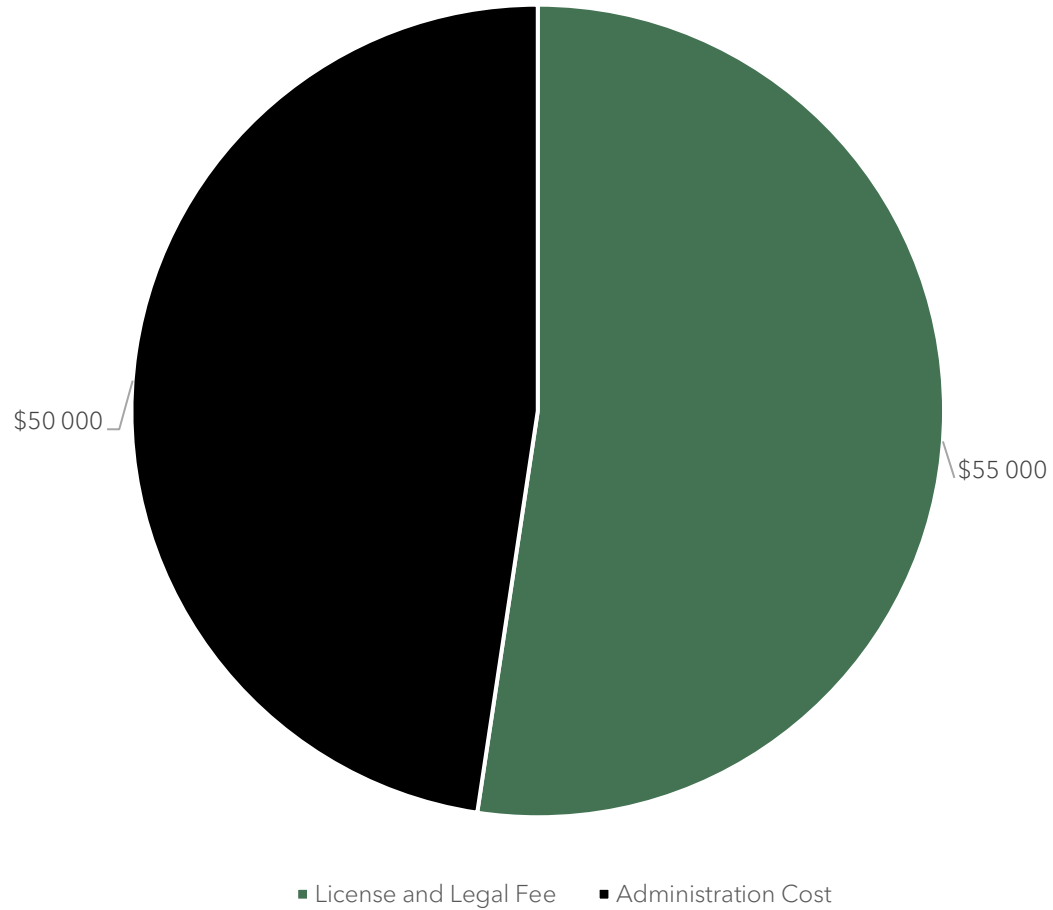




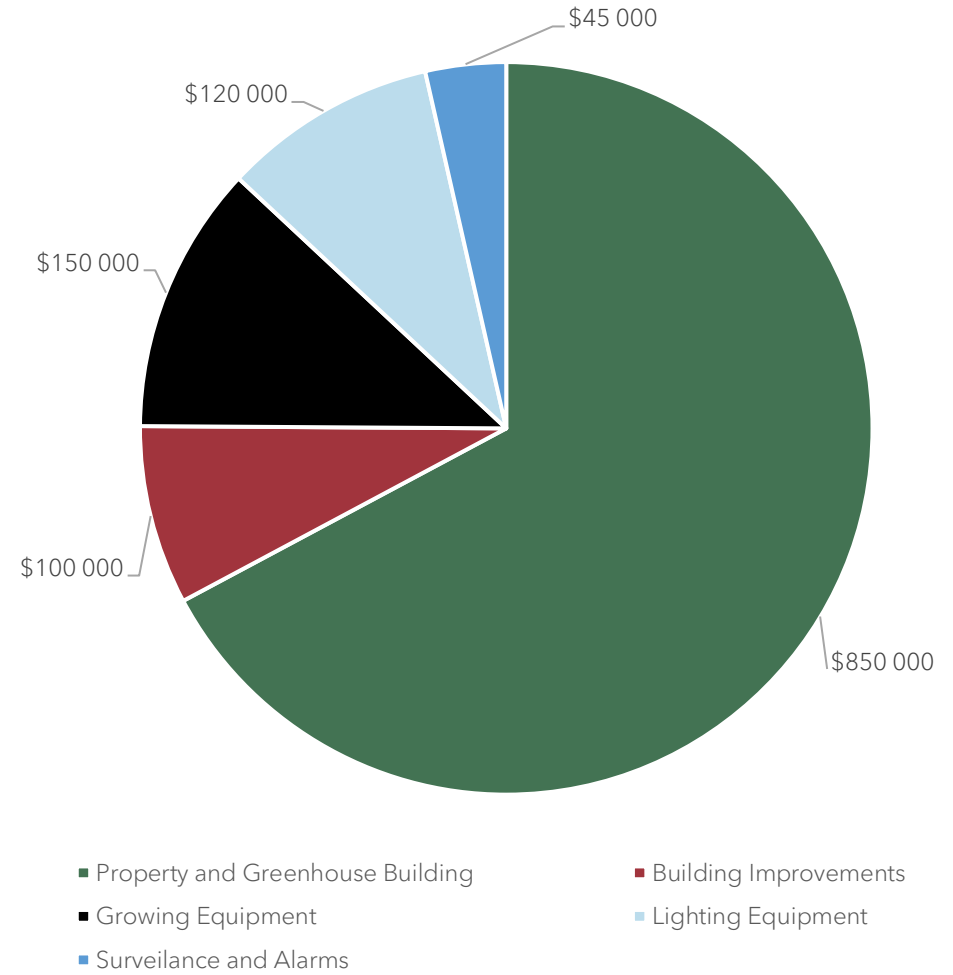


# SOURCES AND USAGE OF FUNDS

## START-UP COST



## FIXED ASSETS



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# FINANCIAL PLAN

These are our financial projections for the first five years of operations, depending upon market conditions.

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# FINANCIAL PLAN – INCOME STATEMENT

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<u>Revenue</u>					
Revenue from Retail Sales	\$605,882	\$1,102,703	\$1,246,903	\$1,402,766	\$1,571,098
Revenue from Wholesale Sales	\$298,081	\$438,178	\$394,360	\$345,065	\$289,855
<b>Total Revenue</b>	<b>\$903,963</b>	<b>\$1,540,882</b>	<b>\$1,641,263</b>	<b>\$1,747,831</b>	<b>\$1,860,953</b>
<u>Direct Cost</u>					
Cost of Cannabis Extraction or Production	\$6,532	\$10,451	\$10,451	\$10,451	\$10,451
Nutrients	\$5,000	\$8,000	\$8,000	\$8,000	\$8,000
Electricity Cost	\$94,286	\$150,857	\$150,857	\$150,857	\$150,857
Growing Solutions and Cloning	\$14,571	\$23,314	\$23,314	\$23,314	\$23,314
Testing, Packing, Lighting, supplies, and Storage Cost	\$19,714	\$31,543	\$31,543	\$31,543	\$31,543
Logistics Cost	\$81,357	\$138,679	\$147,714	\$157,305	\$167,486
Payment Processing Fee	\$15,729	\$29,046	\$33,318	\$38,015	\$43,174
Salary to Grow Master	\$40,000	\$41,360	\$42,766	\$44,220	\$45,724
Salary to Grower Apprentice	\$0	\$23,782	\$24,591	\$25,427	\$26,291
<b>Total Direct Cost</b>	<b>\$277,189</b>	<b>\$457,032</b>	<b>\$472,554</b>	<b>\$489,132</b>	<b>\$506,840</b>
<b>Gross Profit</b>	<b>\$626,774</b>	<b>\$1,083,849</b>	<b>\$1,168,710</b>	<b>\$1,258,699</b>	<b>\$1,354,113</b>
<b>Gross Profit %</b>	<b>69%</b>	<b>70%</b>	<b>71%</b>	<b>72%</b>	<b>73%</b>
<u>Operating Expenses</u>					
Salary to CEO	\$70,000	\$72,380	\$74,841	\$77,386	\$80,017
Salary to COO	\$70,000	\$72,380	\$74,841	\$77,386	\$80,017
Salary to Security Personnel	\$33,800	\$34,949	\$36,137	\$37,366	\$38,637
Salary to Retail and Merchandize Store Manager	\$35,000	\$36,190	\$37,420	\$38,693	\$40,008
Salary to Consumption Lounge Manager	\$32,000	\$33,088	\$34,213	\$35,376	\$36,579



# FINANCIAL PLAN – INCOME STATEMENT

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Salary to Budtender/Waitress	\$25,000	\$25,850	\$26,729	\$27,638	\$28,577
Salary to Tour Guide and Sales Personnel	\$40,000	\$41,360	\$42,766	\$44,220	\$45,724
Sales and Marketing Cost	\$45,198	\$77,044	\$82,063	\$87,392	\$93,048
Produce Insurance Cost	\$26,400	\$26,991	\$27,596	\$28,214	\$28,846
Commercial Property Insurance	\$600	\$613	\$627	\$641	\$656
Office Expenses	\$750	\$767	\$784	\$802	\$819
Greenhouse Repair and Maintenance Cost	\$85,000	\$86,904	\$88,851	\$90,841	\$92,876
Website Maintenance Cost	\$5,400	\$5,521	\$5,645	\$5,771	\$5,900
Accounting Cost	\$5,000	\$5,112	\$5,227	\$5,344	\$5,463
<b>Total Operating Expenses</b>	<b>\$474,148</b>	<b>\$519,150</b>	<b>\$537,740</b>	<b>\$557,068</b>	<b>\$577,167</b>
Earnings before Interest, Tax, Depreciation, and Amortization	\$152,625	\$564,699	\$630,970	\$701,631	\$776,946
Depreciation on Fixed Assets	\$92,500	\$92,500	\$92,500	\$92,500	\$92,500
Amortization of Start-up Cost	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500
<b>Earnings before Interest and Tax</b>	<b>\$49,625</b>	<b>\$461,699</b>	<b>\$527,970</b>	<b>\$598,631</b>	<b>\$673,946</b>
Tax Expense	\$3,226	\$30,010	\$34,318	\$38,911	\$43,806
<b>Profit after Tax</b>	<b>\$46,400</b>	<b>\$431,689</b>	<b>\$493,652</b>	<b>\$559,720</b>	<b>\$630,140</b>
<b>Profit after Tax %</b>	<b>5%</b>	<b>28%</b>	<b>30%</b>	<b>32%</b>	<b>34%</b>



# FINANCIAL PLAN – CASH FLOW STATEMENT

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<u>Cash Flow from Operating Activities</u>					
<u>Inflows</u>					
Revenue	\$903,963	\$1,540,882	\$1,641,263	\$1,747,831	\$1,860,953
<b>Total Inflows</b>	<b>\$903,963</b>	<b>\$1,540,882</b>	<b>\$1,641,263</b>	<b>\$1,747,831</b>	<b>\$1,860,953</b>
<u>Outflows</u>					
Direct Cost	\$277,189	\$457,032	\$472,554	\$489,132	\$506,840
Salary to CEO	\$70,000	\$72,380	\$74,841	\$77,386	\$80,017
Salary to COO	\$70,000	\$72,380	\$74,841	\$77,386	\$80,017
Salary to Security Personnel	\$33,800	\$34,949	\$36,137	\$37,366	\$38,637
Salary to Retail and Merchandize Store Manager	\$35,000	\$36,190	\$37,420	\$38,693	\$40,008
Salary to Consumption Lounge Manager	\$32,000	\$33,088	\$34,213	\$35,376	\$36,579
Salary to Budtender/Waitress	\$25,000	\$25,850	\$26,729	\$27,638	\$28,577
Salary to Tour Guide and Sales Personnel	\$40,000	\$41,360	\$42,766	\$44,220	\$45,724
Sales and Marketing Cost	\$45,198	\$77,044	\$82,063	\$87,392	\$93,048
Produce Insurance Cost	\$26,400	\$26,991	\$27,596	\$28,214	\$28,846
Commercial Property Insurance	\$600	\$613	\$627	\$641	\$656
Office Expenses	\$750	\$767	\$784	\$802	\$819
Greenhouse Repair and Maintenance Cost	\$85,000	\$86,904	\$88,851	\$90,841	\$92,876
Website Maintenance Cost	\$5,400	\$5,521	\$5,645	\$5,771	\$5,900
Accounting Cost	\$5,000	\$5,112	\$5,227	\$5,344	\$5,463
Start-up Expenditure	\$105,000	\$0	\$0	\$0	\$0
Tax Expense	\$3,226	\$30,010	\$34,318	\$38,911	\$43,806
<b>Total Outflows</b>	<b>\$859,563</b>	<b>\$1,006,193</b>	<b>\$1,044,612</b>	<b>\$1,085,112</b>	<b>\$1,127,813</b>
<b>Net Cash Flow from Operating Activities</b>	<b>\$44,400</b>	<b>\$534,689</b>	<b>\$596,652</b>	<b>\$662,720</b>	<b>\$733,140</b>



# FINANCIAL PLAN – CASH FLOW STATEMENT

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<u>Cash Flow from Investing Activities</u>					
Property and Greenhouse Building	\$950,000	\$0	\$0	\$0	\$0
Growing Equipment	\$150,000	\$0	\$0	\$0	\$0
Lighting Equipment	\$120,000	\$0	\$0	\$0	\$0
Surveillance and Alarms	\$45,000	\$0	\$0	\$0	\$0
<b>Net Cash Flow Used in Investing Activities</b>	<b>\$1,265,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<u>Cash Flow from Financing Activities</u>					
Equity	\$25,000	\$0	\$0	\$0	\$0
Investors' Funds	\$1,750,000	\$0	\$0	\$0	\$0
<b>Net Cash Flow from Financing Activities</b>	<b>\$1,775,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Opening Cash Balance	\$0	\$554,400	\$1,089,089	\$1,685,741	\$2,348,460
Changes in Cash during the Year	\$554,400	\$534,689	\$596,652	\$662,720	\$733,140
<b>Closing Cash Balance</b>	<b>\$554,400</b>	<b>\$1,089,089</b>	<b>\$1,685,741</b>	<b>\$2,348,460</b>	<b>\$3,081,600</b>



# FINANCIAL PLAN – BALANCE SHEET

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>ASSETS</b>					
<u>Fixed Assets</u>					
Property and Greenhouse Building	\$0	\$902,500	\$855,000	\$807,500	\$760,000
Additions	\$950,000	\$0	\$0	\$0	\$0
Depreciation	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500
Closing Balance	\$902,500	\$855,000	\$807,500	\$760,000	\$712,500
Growing Equipment	\$0	\$128,571	\$107,143	\$85,714	\$64,286
Additions	\$150,000	\$0	\$0	\$0	\$0
Depreciation	\$21,429	\$21,429	\$21,429	\$21,429	\$21,429
Closing Balance	\$128,571	\$107,143	\$85,714	\$64,286	\$42,857
Lighting Equipment	\$0	\$102,857	\$85,714	\$68,571	\$51,429
Additions	\$120,000	\$0	\$0	\$0	\$0
Depreciation	\$17,143	\$17,143	\$17,143	\$17,143	\$17,143
Closing Balance	\$102,857	\$85,714	\$68,571	\$51,429	\$34,286
Surveillance and Alarms	\$0	\$38,571	\$32,143	\$25,714	\$19,286
Additions	\$45,000	\$0	\$0	\$0	\$0
Depreciation	\$6,429	\$6,429	\$6,429	\$6,429	\$6,429
Closing Balance	\$38,571	\$32,143	\$25,714	\$19,286	\$12,857
<b>Total Fixed Assets</b>	<b>\$1,172,500</b>	<b>\$1,080,000</b>	<b>\$987,500</b>	<b>\$895,000</b>	<b>\$802,500</b>
<u>Current Assets</u>					
Cash Balance	\$554,400	\$1,089,089	\$1,685,741	\$2,348,460	\$3,081,600
<b>Total Current Assets</b>	<b>\$554,400</b>	<b>\$1,089,089</b>	<b>\$1,685,741</b>	<b>\$2,348,460</b>	<b>\$3,081,600</b>





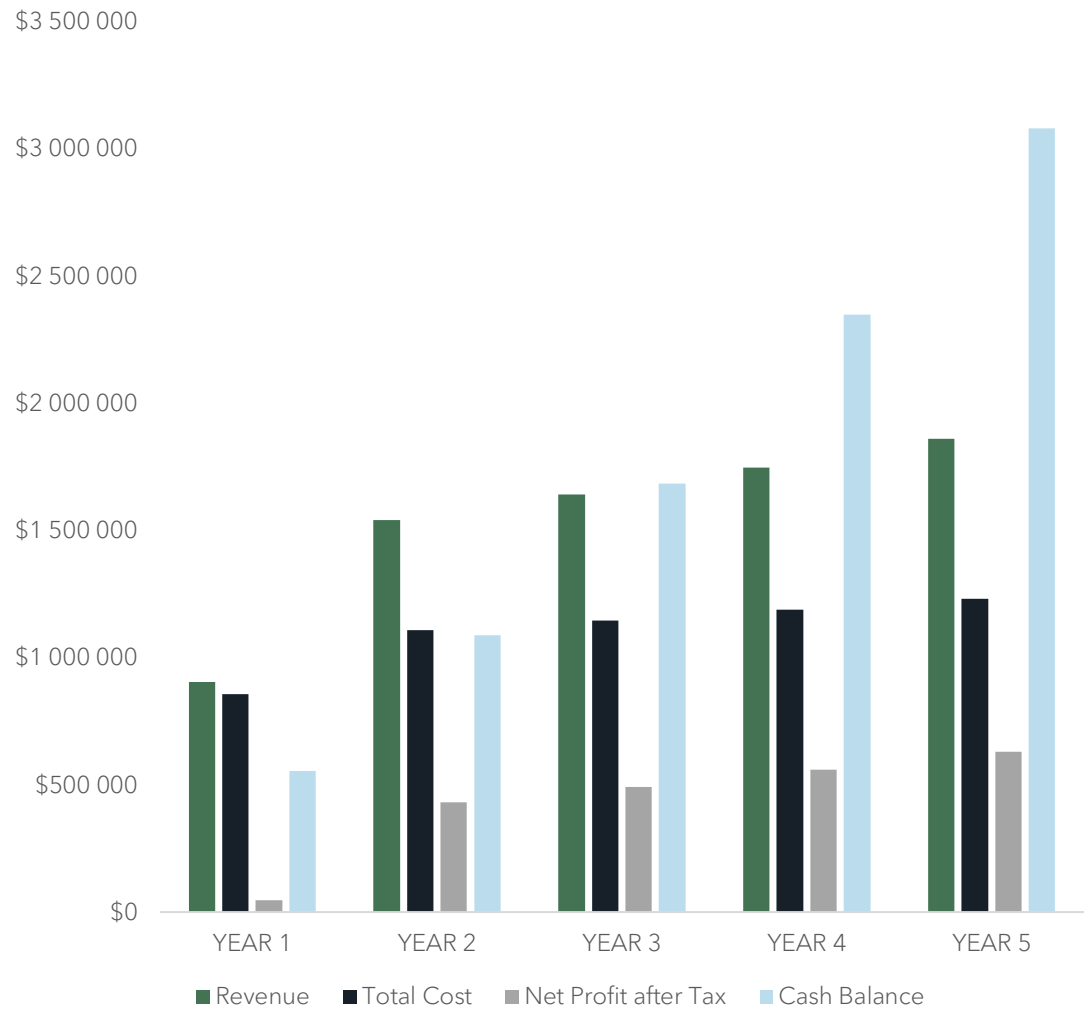
# FINANCIAL PLAN – BALANCE SHEET

PARTICULARS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Start-up Cost	\$105,000	\$94,500	\$84,000	\$73,500	\$63,000
Amortization of Start-up Cost	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500
Balance	\$94,500	\$84,000	\$73,500	\$63,000	\$52,500
<b>Total Assets</b>	<b>\$1,821,400</b>	<b>\$2,253,089</b>	<b>\$2,746,741</b>	<b>\$3,306,460</b>	<b>\$3,936,600</b>
<b>LIABILITIES</b>					
Equity	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Reserves and Surplus	\$0	\$46,400	\$478,089	\$971,741	\$1,531,460
Profit/Loss for the Year	\$46,400	\$431,689	\$493,652	\$559,720	\$630,140
Closing Balance	\$71,400	\$503,089	\$996,741	\$1,556,460	\$2,186,600
Investors' Funds	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000
<b>Total Liabilities</b>	<b>\$1,821,400</b>	<b>\$2,253,089</b>	<b>\$2,746,741</b>	<b>\$3,306,460</b>	<b>\$3,936,600</b>



# FINANCIAL PLAN – FINANCIAL CHARTS

### REVENUE, COST, AND PROFITABILITY



### STRUCTURE OF EXPENSES

