



Lucky Cannabis Store & Lounge

Sample Cannabis Plan

CONTACT INFORMATION

Wise Business Plans
[Email address]

Wise Business Plans

Confidentiality Statement

This document (the “Business Plan”) contains confidential information proprietary to Lucky Cannabis Store & Lounge, from now on referred to as the “Company” (the “Company”). This information and related conversations are submitted solely to introduce selected parties to the Company’s Business Plan. The Company’s disclosure of information contained herein and in associated conversations does not constitute authorization for the recipient of the Business Plan to use the information, ideas, or concepts contained herein for any purpose other than the company’s evaluation or to disclose any information to any other parties. The Company retains ownership of this Business Plan, including any concepts and ideas described herein.

Each recipient of this document agrees to treat the information in a strictly confidential manner. The recipient may not disclose, directly or indirectly, or permit any agent or affiliate to disclose any information contained herein or reproduce this document in whole or part without the Company’s prior written consent, unless otherwise required by applicable law.

Any party who accepts delivery of this Business Plan, or any other document(s) or verbal communication(s) of confidential information from the Company agrees to be bound by the terms of this Confidentiality Statement and further agrees to promptly return any such documents and materials to the Company upon request.

Security Statement

This Business Plan does not constitute an offer to sell or the solicitation of an offer to buy any securities, or an offer to sell or the solicitation of an offer to purchase such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Business Plan nor any sale of the Company’s securities shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof, or that information contained herein is correct as of any time after its date.

Disclaimer Statement

The market analysis and financial projections presented herein represent the Company’s best judgment and reasonable assumptions of future events and circumstances; all other information contained herein has been obtained from sources deemed reliable. However, no warranty or representation, expressed or implied, is made as to the accuracy or completeness of any information contained herein, and the same is submitted subject to errors and omissions. No representations or warranties of future company performance or market trends are intended, and such are expressly disclaimed.



Mission Statement

To normalize, professionalize, and revolutionize cannabis products through creativity and focus on giving society access to consistent, high-quality cannabis can help improve people's everyday lives. We want to change the aesthetic narrative of Cannabis. We are going to seek and elevate women and minority-owned ancillary products, services, and vendors. We are trying to represent and empower the same communities marginalized, criminalized, and excluded from Cannabis.

According to a survey by Marijuana Business Daily, only 19% of respondents who launched a cannabis business and have an ownership stake in a marijuana company are racial minorities, while White people own 81% of marijuana businesses.

Table Of Contents

Confidentiality Statement.....	2
Security Statement	2
Disclaimer Statement	2
Mission Statement	3
Executive Summary	5
Objectives.....	6
Financial Objectives.....	6
Start-Up Summary.....	7
Lucky Cannabis Store & Lounge	8
Cannabis Lounge.....	8
Products By Lucky Cannabis Store & Lounge.....	8
Market Analysis Summary: New Jersey Cannabis.....	9
Medical Cannabis Market	9
Recreational Cannabis Legalization	10
Recreational License Requirements.....	10
Application Fees.....	10
Macro Overview: Medical & Recreational Cannabis In The USA.....	11
Demand Determinants.....	12
Major Market Segmentation.....	12
Operational Strategy	13
Company Structure.....	13
Location: Jersey City, NJ	13
Target Market.....	14
Medical Cannabis Customers	14
Recreational Cannabis Customers.....	15
Lucky Cannabis Store & Lounge Tentative Milestones.....	15
Branding And Marketing.....	16
Competitive Analysis.....	18
Competitive Advantages	19
Barriers To Entry.....	20
Swot Analysis.....	21
Risk Analysis	22
Exit Strategy	23
Buyout & Merger	23
Return On Investment (ROI)	24
Management.....	25
Personnel Forecast.....	27
Revenue Forecast.....	28
Break-Even Analysis	30
Projected Income Statement	31
Projected Cash Flow	32
Projected Balance Sheet	33
Sensitivity Analysis	34
Appendix: Year One Financials	35

Executive Summary

Lucky Cannabis Store & Lounge (also referred to as “the Company”) will be a medical and recreational cannabis dispensary with a stylish and soothing consumption lounge in Jersey City, New Jersey. The Company will create an upscale environment that appeals to adults. The signage and messaging at the dispensary will emphasize the beneficial effects of cannabis in an atmosphere of professionalism. There will be easy access to the check-in window, ample seating, and a standing room for customers. Also, the Company will have unique aesthetics of artwork, collateral, and music at its consumption lounge. The consumption lounge will also have a stage set-up where the General Manager will podcast the famous “High Budtender.” Dispensary staff will strive to educate customers, showcasing their cannabis expertise to help customers find exactly what they need.

Funding & Utilization: The management believes in the bright future of the cannabis industry in New Jersey and seeks \$850,000 as equity financing to make this venture a success. The funding will be utilized to set up a dispensary and consumption lounge, acquiring long-term assets, inventory, and other operational-related expenses.

Business Model: The Company will sell its products from the retail location and website. The Company will earn its revenue from the sale of cannabis extracts, pre-rolled joints, edibles, packaged flower, and accessories. The company’s major operational expenses comprise rent, remuneration of personnel, utility expenses, insurance, and marketing. Lucky Cannabis Store & Lounge will also offer delivery to those jurisdictions where retail sale is banned, for the purpose the Company will collaborate with eligible delivery operators.

The Opportunity: The Cannabis Stores industry’s outlook is largely positive, with the industry expected to achieve new highs in future years. An increase in per capita disposable income is projected to drive demand for industry products since consumers pay for industry products out-of-pocket. There are only 15 medical marijuana dispensaries across the state, tasked with serving over 100,000 registered patients. The New Jersey ratio of 7,400 patients per dispensary is among the highest of the 34 states with active medical marijuana programs. New York is among the top cannabis retail market in the USA, it is expected to generate more than \$2 billion in sales in 2021, according to research.

Market Size: The state has around 100,000 medical cannabis patients, 13 open dispensaries, 3,600 caregivers, and 1,250 physicians enrolled. New Jersey’s cannabis market rose roughly 70% and 50% in 2016 and 2017 to hit an estimated \$30 million in 2018, up from a revised estimate of \$20 million in 2017, and over 200% to reach almost \$100 million in 2019. New Frontier Data, a company that analyzes the cannabis industry, predicts New Jersey cannabis market sales would top \$1 billion in the year 2023 and reach \$1.2 billion by 2025 due to the legalization of recreational cannabis in the state.

Marketing: Marketing for Lucky Cannabis Store & Lounge’ will be done through various channels, with the Internet being the primary driver. Presence in Cannabis Directories, Apps, Ad Platforms, and Print advertising will round out the marketing model, with printed material being placed in the customers’ subscription boxes. The Company will also have an authentic social media presence at Weedmaps, Leafly, Wikileaf, and Yelp.

Target Market: The primary target customers for the products offered by Lucky Cannabis Store & Lounge will be medical cannabis patients. According to the Department of Health, State of New Jersey, as of November 23, 2020, there were 97,500 registered patients in New Jersey¹. The Secondary target for Lucky Cannabis Store & Lounge will be the population of recreational cannabis customers comprising Millennials, Generation X, and Boomers around Jersey City.

¹ <https://www.nj.gov/health/news/2020/approved/20201123a.shtml>

Objectives

The purpose of this plan is to provide investors with the information necessary to evaluate the scope and future growth of Lucky Cannabis Store & Lounge in the marketplace. In addition to serving as a roadmap for management, the plan will show that:

- 1) A significant market opportunity exists when analyzing the current market demands and competitive landscape;
- 2) The management team set in place is qualified to execute on a well-thought-out operational, marketing, and sales strategy, and
- 3) The correct capital structure will allow for a long-lasting, profitable business.

To achieve the Company's objectives, Lucky Cannabis Store & Lounge is seeking \$850,000 in total funding. The funding will be utilized in acquiring assets, staffing, operations, and marketing initiatives. Lucky Cannabis Store & Lounge's financial model shows consistent growth for the brand over the next five years. By year five, plans call for the Company to achieve \$4.7 million in annual gross revenue, with a net profit of \$1.3 million or approximately 28.73%.

Financial Objectives

The following table and graphs illustrate the financial goals of Lucky Cannabis Store & Lounge during the next five years. The financials are explained in detail throughout the duration of the plan.

Financial Highlights (\$1,000's)																	
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3	Y4	Y5
Revenue	59	98	117	156	176	176	176	176	195	195	215	215	1,950	2,438	3,047	4,113	4,730
Gross Margin	36	45	61	82	92	92	92	92	102	102	112	112	1,020	1,275	1,604	2,165	2,490
Operating Expenses	249	70	70	70	70	70	70	70	70	70	70	70	1,014	882	975	1,034	1,131
EBITDA	-208	-20	-4	16	26	26	26	26	37	37	47	47	56	669	963	1,567	1,855
Net Profit	-213	-24	-8	12	22	22	22	22	32	32	43	43	6	394	629	1,131	1,359
Gross Margin/Revenue	62%	47%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	53%	53%	53%
EBITDA/Revenue	-356%	-21%	-4%	10%	15%	15%	15%	15%	19%	19%	22%	22%	3%	27%	32%	38%	39%
Net Profit/Revenue	-363%	-25%	-7%	8%	13%	13%	13%	13%	17%	17%	20%	20%	0%	16%	21%	28%	29%
Net Cash Flow	203	-5	3	31	34	26	26	26	44	37	54	47	527	423	652	1,127	1,303
Cash Balance - Ending	203	198	201	232	266	293	319	345	390	426	481	527	527	950	1,602	2,729	4,032

Start-Up Summary

The following tables and graphs detail the funding the business will need to bring the vision to reality.

Use of Start-up Funding	
Expenses	
Grand Opening Advertising	\$25,000
Application & Support Fee	\$15,000
Legal expenses	\$85,000
Professional Fee	\$35,000
Community Reach out Activation	\$7,000
Lease Placeholder	\$12,000
Total Start-up Expenses	\$179,000

Long-term Assets	
Furniture and Fixtures	\$30,000
Dispensary Buildout/Renovation	\$395,000
Safes, Security & Surveillance	\$25,000
Computers, Camera & Security	\$10,000
POS System	\$5,000
Lounge Installation Systems	\$15,000
Contingent Assets	\$25,000
Total Long-Term Assets	\$505,000

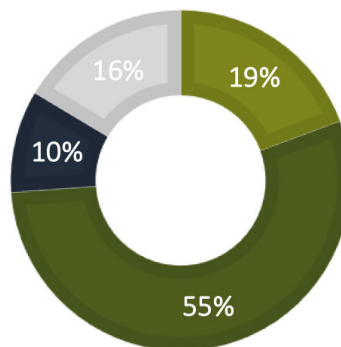
Short-Term Assets	
Working Capital	\$152,000
Inventory	\$90,000
Security Deposit	\$24,000
Total Short-Term Assets	\$266,000

Total Expenses & Assets	
Total Start-up Expenses	\$179,000
Total Start-up Assets	\$771,000
Total Funding Requirements	\$950,000

Source of Funding	
Loan amount being requested	\$850,000
Owner Contribution	\$100,000
Total Funding	\$950,000

ALLOCATION OF FUNDING

■ Expense ■ Long-Term Assets ■ Inventory ■ Working Capital



Lucky Cannabis Store & Lounge

Lucky Cannabis Store & Lounge will offer one of the largest selections of cannabis on the New Jersey market, including premium flower, vapes, edibles, concentrates, and medicinal products from the most trusted brands in the New Jersey cannabis industry. The Company will carry products from trusted labs dedicated to supplying the customers with the best products from the best cultivators. The Company will work with other women and minority license holders to secure inventory. Ancillary products will be curated and mostly be woman, minority, veteran, and differently-abled owned.

Cannabis Lounge

Lucky Cannabis Store & Lounge will also provide a members-only cannabis lounge that will offer on-site consumption of the Company’s offerings to its eligible customers. The Company will provide a relaxing and creative environment to its customers. There will be a staging area where Ms. Hernandez’s “High Budtender” podcast will be recorded. Lucky Cannabis Store & Lounge will have guest educational speakers, performers, smoke & paints, and speakers. Cannabis lounges were added to retail licenses to be more competitive with vertically integrated ATC’s. The idea is to gain maximum benefits from recent regulations in New Jersey and allow users to develop a positive perception of Lucky Cannabis Store & Lounge.

Products By Lucky Cannabis Store & Lounge

The following is a listing of the types of products that are available through Lucky Cannabis Store & Lounge.

Product/Service	Benefits	Description & Frequency
Edible Cannabis Products	Relaxation and anxiety relief, pain management, Muscle spasm control, and Anti-seizure effects	Edibles can take the form of food, extracts, and oils, ranging from cannabis-infused mints and candies to baked goods and beverages, along with many other products.
Flower Products	Used to treat anxiety, chronic pain, insomnia, and muscle spasms.	Popular for patients during the day or at parties because it can increase alertness. Popular strains include Haze and Trainwreck.
Concentrates	Concentrates have a high bioavailability and the rate of absorption into the body. The effects of a cannabis concentrate can last from 1 to 3 hours, depending on the person.	Shatter, Crumble, Wax, Oil, Water Hash, and Rosin. Products made from the cannabis plant have been processed to keep only the most desirable plant compounds, primarily the cannabinoids and terpenes, while removing excess plant material and other impurities. Cannabis concentrates have a more significant proportion of cannabinoids and terpenes when compared to natural cannabis flowers.
Pre-Rolled Joints	Ready to go right out of the package. Their convenience offers a significant benefit to medical cannabis users whose condition might make it difficult for them to roll joints themselves.	Consumer-ready and eliminate the hassle of grinding, rolling, and sealing cannabis flower into a joint. Available in strain-specific flavors and vary in weight and potency.
Accessories	Specifically developed for the cannabis	Lighters, Rolling Papers, Grinder, Containers, Ashtray, Apron, Apparel, Hats, Hoodies, Clever Tees.

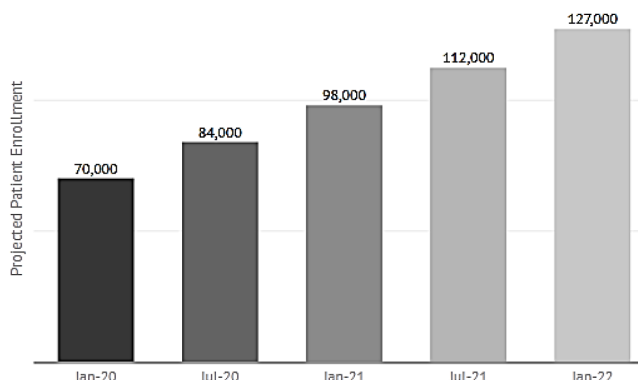
Market Analysis Summary

New Jersey Cannabis

Medical Cannabis Market

New Jersey legalized medical cannabis in 2010. Since New Jersey's medical cannabis program was launched, only patients with a limited number of conditions could enroll. Those conditions were mostly chronic and debilitating, including epilepsy, glaucoma, ALS, severe vomiting from AIDS or cancer treatment, multiple sclerosis, Crohn's disease, and other terminal illnesses.

Registered patients are legally allowed to purchase and possess up to 3 ounces per month and can be authorized for medical cannabis for up to 12 months based on a physician's clinical judgment; there are no purchase limits for terminal patients. Currently, cannabis edible forms are only available for qualifying medical patients under the age of 18. The requirement that all products contain no more than 10% THC is considered overly restrictive and onerous.



The New Jersey Department of Health has reduced the registration fee from \$200 to \$100, added senior citizens and military veterans to the list of those that are eligible for the reduced fee of \$20, and has added seven "debilitating medical conditions," including PTSD, by statutory enactment; and six new conditions (anxiety, chronic pain of visceral origin, chronic pain related to musculoskeletal disorders, migraines, Tourette syndrome, and Opioid Use Disorder), by the State Health Commissioner's March 22, 2018, petition decision, and January 23, 2019 revision. Additionally, the rule created a separate permitting system for cultivation, manufacturing, and dispensing cannabis for medical purposes.

The expansion has added more than 20,000 medical cannabis patients in 2019, bringing the total to over 63,000 in New Jersey. In 2019, the state-approved 54 new dispensaries, 24 cultivation facilities, and 30 manufacturing hubs. In the retail part, the New Jersey cannabis market rose roughly 70% and 50% in 2016 and 2017 to hit an estimated \$30 million in 2018 (up from a revised estimate of \$20 million in 2017) and over 200% to reach almost \$100 million in 2019.

New Jersey Medical Cannabis Timeline

- January 18, 2010- CUMMA: Enactment of Compassionate Use Medical Marijuana Act.
- The law allowed New Jersey residents to suffer from certain debilitating and life-threatening illnesses and possess medical marijuana with a doctor's recommendation.
January 23, 2018 - Executive Order 6: New Jersey Governor Phil Murphy signed Executive Order expanding access to medical marijuana
- July 18, 2018 - 2018 Request for Applications ("RFA"): 146 total applications for 6 vertical licenses.

- July 1, 2019 – 2019 RFA: 196 total applications for 24 total licenses. 4 vertical licenses, 5 cultivation licenses, and 15 dispensary licenses.
- July 2, 2019 – Enactment of Jake Honig Law: The Act is named for Jake Honig, a resident of Howell, New Jersey, who died at seven due to brain cancer.
- December 2019- 2019 RFA Litigation: Appellate Division stops the DOH from taking any action on the 2019 RFA.

According to research by Foley Hoag LLP, it was estimated that by the start of 2021, there will be more than 100K patients and will require 50-70 dispensaries and 337,914 SF of cultivation space, whereas as of November 15, 2020, there are about 100K of patients, only 12 dispensaries and 210,000 SF of cultivation space. There are 24 licenses in the pipeline, and the state still needs at least 25 dispensaries and 100,000 SF of cultivation.

Recreational Cannabis Legalization

On November 3, 2020, voters approved recreational cannabis legalization, with the effective date of January 1, 2021. The Amendment legalizes the possession and personal use of small amounts of cannabis for individuals age 21 and over. Individuals will be allowed to consume up to 1 ounce of cannabis, 16 ounces of infused solid products, or 72 ounces in liquid form. The bill also legalizes the manufacture, distribution, and sale of cannabis. Adult-use products will face a 6.625% sales tax, and municipalities could pass ordinances to charge local taxes up to 2%.

New Frontier Data, a company that analyzes the cannabis industry, predicts New Jersey cannabis market sales would top \$1 billion in the year 2023 and reach \$1.2 billion by 2025.

Recreational License Requirements

According to the current recreational marijuana bill that is likely to become law:

“Each license application shall be scored and reviewed based upon a point scale with the commission determining the number of points, the point categories, and the system of point distribution by regulation. The commission shall assign points and rank [all] applicants [, from the most to the least points,] according to the point system.”

This approach of a “point system” does fall in line with what we have seen in other states that have most recently legalized. An application will be graded on a point system that will consider the applicant and his team’s experience, expertise, and credentials on various topics. Below is a potential list:

- Environmental impact plan
- Safety and security procedures
- Cybersecurity plan
- Emergency management plan
- Diversion prevention
- Sanitation practices plan
- Procedures reporting adverse events
- Proof of financial competence to carry out plans

Application Fees

All applications require a \$20,000 application fee in the form of two payments, one \$18,000 check and one \$2,000 check. If an application is unsuccessful, the Department will keep the \$2,000 check and destroy the \$18,000 check.

Macro Overview: Medical & Recreational Cannabis In The USA²

More recently, the legalization of recreational cannabis sales in several states fueled revenue growth. Commercial recreational cannabis retailers' licensing contributed to industry revenue growth during the period as new entrants flooded the recently legalized market. Meanwhile, medical cannabis dispensaries continued to benefit from the steadily aging population and growing acceptance of the medical applications of cannabis. Overall, the industry experienced an annualized 28.6% and reached \$13.6 billion over the five years to 2019, including the growth of 26.7% in 2019 alone. Over the five years to 2024, industry revenue is projected to increase at an annualized rate of 13.8% to \$25.9 billion.

Products And Services Segmentation

Flower products

IBISWorld estimates that smokable cannabis products (flower or bud products) will comprise 47.7% of Medical and Recreational Cannabis Stores industry revenue, though flower sales have slowed relative to other consumables.

Edible cannabis products

Edible cannabis products (edibles), or cannabis-infused products, contain cannabis that can be consumed orally. Over the past five years, edible cannabis products have multiplied as a share of industry revenue. Edibles account for an estimated 12.7% of total retail sales but are expected to consume a more significant percentage of total retail sales over the next five years.

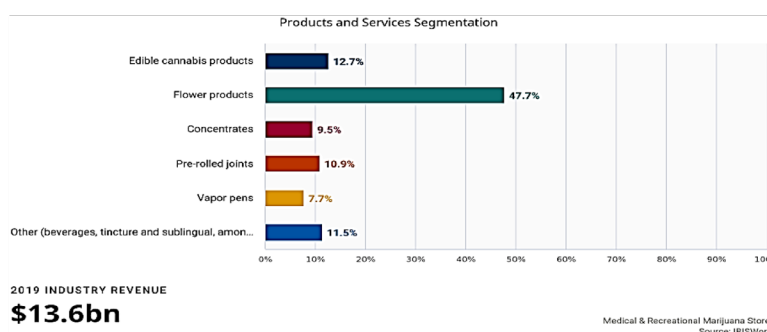
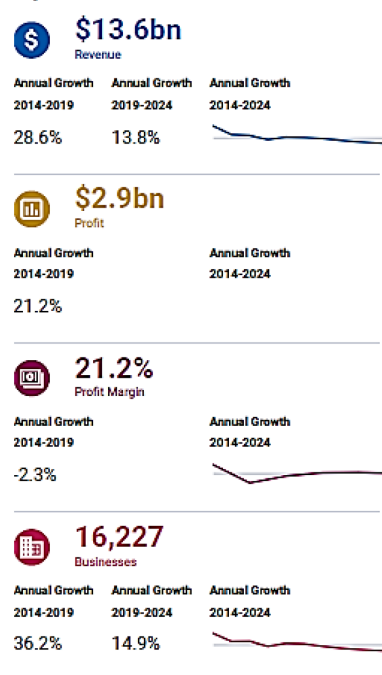
Pre-rolled cigarettes

In 2019, pre-rolled cannabis cigarettes ("joints") accounted for 10.9% of revenue. Pre-rolled joints are especially popular with new cannabis smokers and are expected to increase as a share of revenue over the coming years.

Concentrates

Cannabis concentrates include any product created by an extraction process. Concentrates include: kief, a dry sift or pollen of the cannabis flower; hash, a concentrate made from compressing cannabis plant resin; butane hash oil (BHO), or a potent concentrate consumed for dabbing and other vaporization methods; CO2 oil, used in portable vaporizer pens; Rick Simpson Oil (RSO) or Phoenix Tears, which is orally administered or applied directly to the skin; and tinctures, a liquid form of concentrate.

Key Statistics



² "Medical & Recreational Marijuana Stores in the U.S." IBISWorld 2019 - Obtained at www.ibisworld.com

Demand Determinants

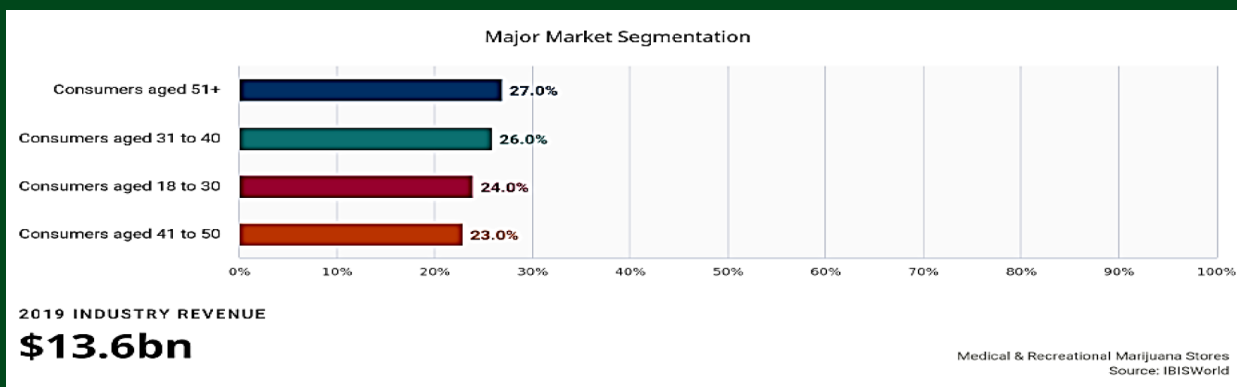
Government regulation

Demand for Medical and Recreational Cannabis Stores industry products is primarily determined by government regulation. The federal government regulates cannabis as a Schedule I controlled substance and considers all cannabis cultivation, sale, and consumption illegal. However, a total of 35 states have some level of legalization of medical cannabis. Following legislative victories, 15 states have legalized recreational and medical cannabis.

Income and demographics

Population demographics, particularly age, also dictate demand trends for medical cannabis. Although adults aged 50 and older are more likely to develop health conditions such as cancer, Alzheimer's, chronic pain, glaucoma, and other diseases that can be treated with medical cannabis, obtaining a medical cannabis card is not difficult in many states. As a result, the average age of a medical cannabis patient is 41.5 years of age. Changing societal norms have made cannabis use much more acceptable today. According to a poll conducted by Gallup, an estimated 80.0% of Americans approve of legal access to medical cannabis, while 60.0% approve of full adult-use legalization.

Major Market Segmentation



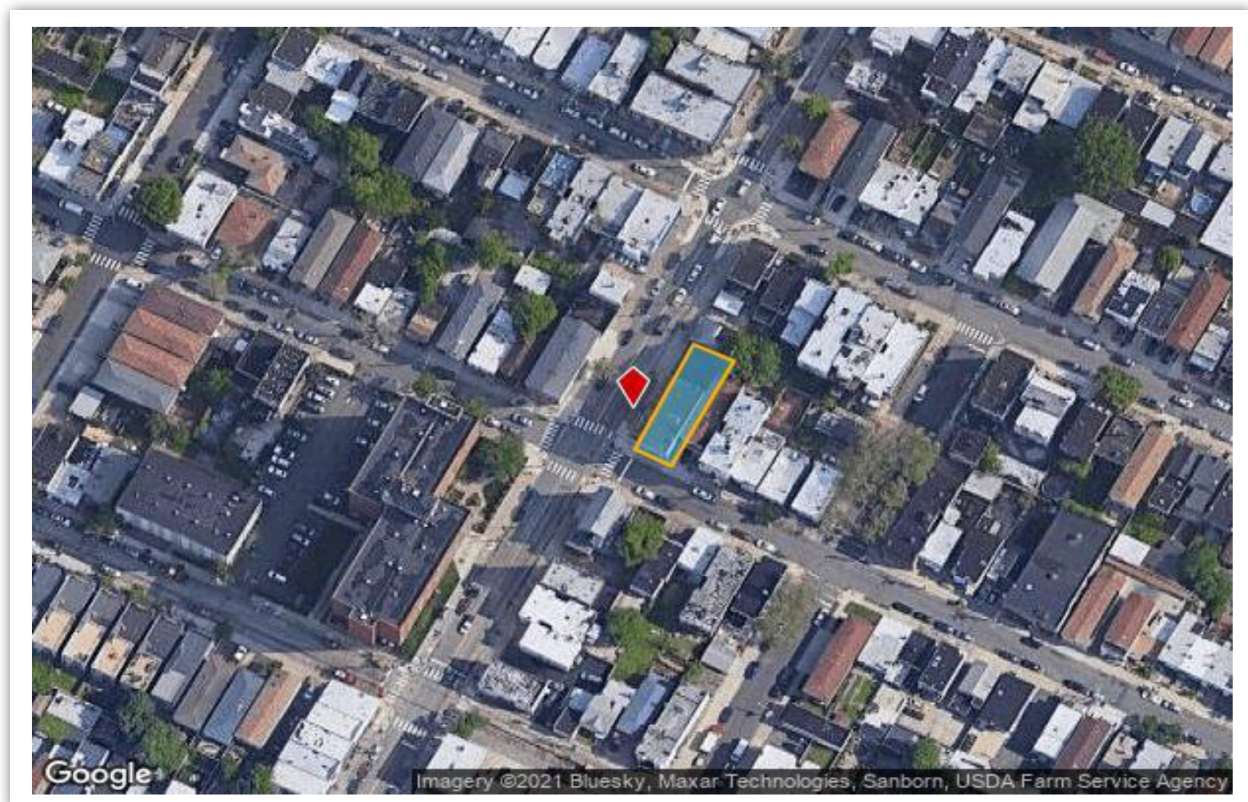
Operational Strategy

Company Structure

Lucky Cannabis Store & Lounge is registered as a Limited Liability Company in New Jersey and headquartered in Jersey City. Ownership of the Company is held privately.

Location: Jersey City, NJ

Jersey City is the second-most populous city in the U.S. state of New Jersey, after Newark. It is the seat of Hudson County as well as the county's largest city. The U.S. Census Bureau's Population Estimates Program calculated that the city's population was 262,075 in 2019, ranking as the 80th-most-populous incorporated place in the nation. The 2019 estimate represented about 5.8% of the 2010 United States Census when the city's population was at 247,597. The business has a 2,730 sq. ft. facility at 1074-1080 Summit Avenue Jersey City, NJ 07307. The facility is situated in Impact Zone (IZ), thus the Company will be given priority in awarding the license.



Demographics near 1074-1080 Summit Avenue.			
	1 MILE	3 MILE	5 MILE
2020 Total Population	95,339	536,239	1,506,876
2025 Population	96,432	548,933	1,522,948
Pop Growth 2020-2025	+ 1.15%	+ 2.37%	+ 1.07%
Average Age	35	37	39
2020 Total Households	36,885	240,555	718,292
HH Growth 2020-2025	+ 0.88%	+ 2.13%	+ 0.86%
Median Household Income	\$79,393	\$97,041	\$100,252
Average Household Size	2.50	2.10	2.00
2020 Average HH Vehicles	1.00	1.00	.00
Median Home Value	\$476,049	\$664,686	\$827,272
Median Year Built	1952	1959	1956

Target Market

Medical cannabis is used to treat many ailments, but it is most commonly used to relieve pain. The industry's customer markets can be segmented across various factors, including sex, age, and ailments for which medical cannabis is prescribed.

- The median age of a medical cannabis customer is 41.5 years of age.
- 24.0% of customers are between the ages of 18-30;
- 26.0% of customers are between the ages of 31-40;
- 23.0% of customers are between the ages of 41-50; and
- 27.0% of customers are more than 50 years old.
- The customer market is heavily skewed toward males, which account for 66.0% of all medical cannabis sales, while females account for the remaining 44.0% of industry revenue.

Medical cannabis customers

Medical cannabis is expected to account for 51.4% of total industry revenue. Severe pain is the most commonly cited reason for medical cannabis use. Severe pain can result from a variety of chronic diseases and injuries. Medical cannabis can help alleviate severe pain and help patients relax and rest.

- Patients with Severe Pain – On average, more than half of medical cannabis users used medical cannabis because of severe pain. Over the past five years, this market has remained relatively stable, as many health problems can cause severe pain.
- Patients with Muscle Spasms – Muscle spasms can be caused by multiple sclerosis, Lou Gehrig's disease, cerebral palsy, quadriplegia, cranial and spinal nerve injuries Tourette's syndrome. Since medical cannabis is purported to help patients relax and sleep better, it is estimated that 7.0% of industry customers used medical cannabis because of muscle spasms.
- Patients with Nausea – A variety of diseases can cause nausea and migraines, including digestive disorders. Medical cannabis can provide relief and muscle relaxation, which helps alleviate nausea. IBISWorld estimates that 5.6% of industry customers used medical cannabis because of severe nausea. This market has not significantly changed over the past five years.

¹³ <https://learn.roofstock.com/blog/little-rock-real-estate-market>

¹⁴ [nmhc.org/research-insight/quick-facts-figures/quick-facts-resident-demographics/renters-and-owners/](https://www.nmhc.org/research-insight/quick-facts-figures/quick-facts-resident-demographics/renters-and-owners/)

- Other medical conditions - Medical cannabis is used to help provide pain relief in various more specific diseases and conditions, such as patients suffering from cancer and seizures. Cancer treatment can be painful, and medical cannabis can help patients relax and rest to accelerate the recovery process. Over the past five years, demand from other patients has remained stable, as these diseases' incidence has not significantly changed.

Recreational cannabis customers

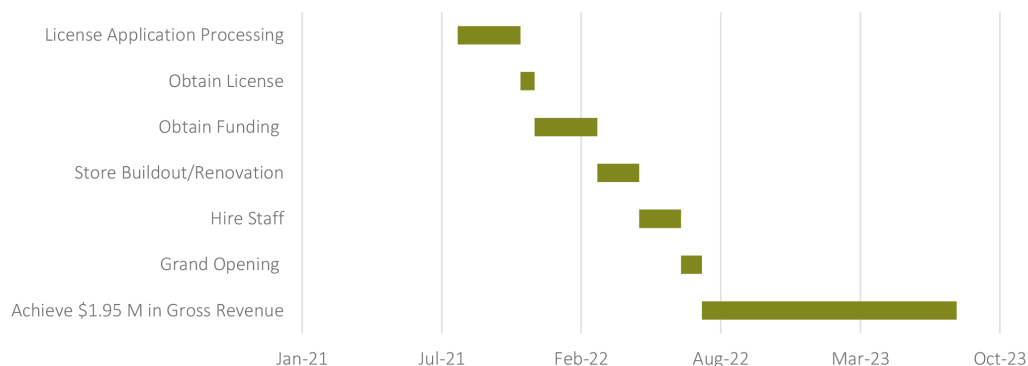
Recreational cannabis accounts for 48.6% of total industry revenue in terms of cannabis sales. Recreational cannabis users typically smoke in hand-rolled joints or pipes or water pipes ("bongs"). They also smoke cannabis in "blunts," which are cigars that have been emptied of tobacco and refilled with a mixture of cannabis and tobacco. Recreational cannabis users typically smoke to obtain a high, which affects the part of the brain that influences pleasure, memory, thinking, concentration, sensory and time perception, and coordinated movement.

Recreational users' share of the market is set to expand rapidly over the next five years as New Jersey permits the purchase of cannabis for recreational use and passes legislation authorizing its sale.

Lucky Cannabis Store & Lounge Tentative Milestones

The tentative milestones are shown below. Management reserves the right to make changes to this schedule as needed.

Tentative Milestones for Lucky Cannabis Store & Lounge		
	Start Date	Duration (days)
License Application Processing	8/15/2021	90.00
Obtain License	11/13/2021	20.00
Obtain Funding	12/3/2021	90.00
Store Buildout/Renovation	3/3/2022	60.00
Hire Staff	5/2/2022	60.00
Grand Opening	7/1/2022	30.00
Achieve \$1.95 M in Gross Revenue	7/31/2022	365.00



Branding And Marketing

Lucky Cannabis Store & Lounge will strive to meet the following objectives as it accomplishes specific keys to success:

Goals

- Become a recognized market leader in the Medical & Recreational Cannabis Stores industry
- To differentiate products to win new customers
- Educate and tailor cannabis experiences to users and make them long-term and returning customers
- Help educate and uplift The Heights community
- Create an artist-forward wellness space at the consumption lounge
- Remain attuned to the marketplace and integrate products into the business mix that meet the needs of the targeted audience

Keys To Success

- **Strong relationships with local leadership:** Lucky Cannabis Store & Lounge has established strong relationships with the local councilman. The Company will also engage local businesses and community leaders to garner local support in The Heights.
- **Understanding government policies and their implications:** Cannabis legislation is complicated at all levels of the government. Successful operators must be able to navigate the regulatory landscape at both the state and federal levels. By the guidance of renowned law firm “Bressler, Amery & Ross” - Company’s counsel and advocate, Lucky Cannabis Store & Lounge will ensure that the Company is compliant and agile in navigating through this quick-changing legal landscape.
- **Fast adjustments to changing regulations:** Regulations are constantly changing. Companies must comply with the latest legislation or endure fines, and they must be able to adjust to the evolving rules quickly and smoothly.
- **Marketing of differentiated products:** Dispensaries must adequately promote their products given the differentiated nature of edible cannabis products. Promotional efforts are essential to attracting new customers. Cannabis products and businesses must be encouraged and marketed within legal parameters. Lucky Cannabis Store & Lounge will depend on “Jessica Gonzalez & Bressler” to ensure all of the marketing and promotional avenues are compliant.
- **Industry-Specific Advisors:** The company will hire industry-specific advisors and professionals to help Company maintain compliance with 280E, marketing compliance, site compliance, and other relevant compliances.

Marketing Campaign

Networking

- Networking at industry events such as the Annual New Jersey Cannabis Convention.
- Registration with associations such as New Jersey CannaBusiness Association and New Jersey Cannabis Industry Association.
- Promotional connections with growers and distributors for reciprocal marketing and referral opportunities.

Cannabis Directories, Apps, and Ad Platforms

Lucky Cannabis Store & Lounge will market through cannabis-friendly platforms, publications, and directories where the target audience actively looks for legal cannabis products.

- The Company will make sure to list dispensary on popular cannabis apps and directory listings such as Leafly, Weedmaps, MassRoots, Where's Weed, Cannabis Central, Dispensaries.com, Yelp, and Google My Business.
- Digital publications and ad networks: Mantis, Traffic Roots, Kush Clicks, and RevOffers.
- Publications: Cannabis Magazine, CBD is Now, High Times, Ganjapreneur, Lady Bud, and DOPE Magazine.

Dynamic Web Presence

The website serves as the most effective channel for marketing. The Company's website will feature all the information about the products, order information, and contact info. Lucky Cannabis Store & Lounge will take services of renowned web advertising and digital marketing company Traffic Junky (TJ). Here are a few pointers the Company will follow to get the most out of the website traffic:

- Search Engine Optimization (SEO) of the website
- Blog posting about the Company's products, store, and team, the industry at large, and to fulfill the search intent on valuable cannabis-related keywords
- Optimization for mobile
- Help people find the dispensary by linking to Google Maps
- Collecting contact information of customers
- Links to social media

Online Engagement

- The Company will also ensure its presence and positive consumer reviews at:
 - Weedmaps
 - Leafly
 - Stickyguide.com
 - cannasaver.com
 - cannabiscouponcodes.com
 - weeddealio.com
 - Wikileaf
 - Yelp

Competitive Analysis

The identified competitors are described below:

Harmony Dispensary

Address: 600 Meadowlands Pkwy #15, Secaucus, NJ 07094

Phone: 201-356-7268

Website: <https://www.harmonydispensary.org/>

CEO: Shaya Brodchandel

Contact: info@harmonydispensary.org

Reviews: Weedmaps 4/5, Leafly 4.7/5, Potguide 5/5

Product: Large & Small Buds, Shake, Pre-Rolls, Vape Carts

Price: \$60-\$70 per 1/8 oz. – \$119-\$140 per 1/4 oz.



Harmony Dispensary's mission is to bring the best agricultural technologies to the cultivation of medical cannabis. They claim their cultivation members have more than 50 years of collective cannabis growing experience. They use that expertise to produce the best possible products for their patients.

Ascend Formerly: Greenleaf Compassion Center

Address: Bloomfield Ave, Montclair, NJ 07042

Phone: (973) 337-5670

Website: greenleafcompassion.com

Reviews: Potguide 5/5

Product: Large & Small Buds, Shake, Pre-Rolls

Price: 1/8th – \$50 – \$60 | 1/4 oz. \$100 – \$120



Ascend is a multi-state cannabis store serving both medical patients and adult-use customers. They believe in offering a wide selection of products at the best prices with a consistent and convenient shopping experience.

Garden State Dispensary

Location: 950 US-1, Woodbridge, NJ 07095

Phone: (848) 999-2005

Website: www.gardenstatedispensary.com

Product: Large & Small Buds, Shake, Pre-Rolls

Price: \$119-\$140 per 1/4 oz. – \$60-\$70 per 1/8 oz

Reviews: Google 4.1/5, Potguide 5/5



Competitive Advantages

The following is a listing of the primary competitive advantages of the Company upon entering the market.

- Attractive and appealing brand name and logo
- Direct involvement of management in marketing and selling
- Management's commitment to the community and social equity
- Strong ties with local leadership and local police department - they determine licensing
- Location - much more densely populated and proximity to Hoboken and downtown Jersey City
- The State may allow licensing for consumption lounges
- The curation of space and product buys will be more diverse because the Company is buying wholesale from as many NJ cultivators as possible with an art-forward aesthetic.
- Aggressive and ubiquitous marketing campaign
- The cannabis industry has excellent expansion potential throughout the USA and internationally.
- Upscale environment appealing to adults
- Portfolio of products exposing the Company to the broader target market
- Competitive pricing



Barriers To Entry

Capital requirements

Although cannabis stores incur limited capital costs because of their low-tech nature, operators are impeded by their relative inability to obtain financing from traditional sources. To open a dispensary, operators must acquire a location, hire employees, purchase inventory and buy advertising, among other things. However, since the cultivation, distribution, and use of cannabis remain illegal at the federal level, traditional financial institutions have been hesitant to provide financing to new entrants. As a result, new operators have been forced to rely on personal savings and loans from family members and friends to enter the industry, limiting entry. However, in 2014, the Obama administration effectively gave the green light to financial institutions to provide access to industry operators' capital in states where medical and recreational cannabis are legal. Consequently, obtaining access to capital is anticipated to become somewhat more accessible for potential operators over the next five years.

Barriers to entry checklist		
Competition	High	⚠️
Concentration	Low	✅
Life Cycle Stage	Growth	✅
Technology Change	Medium	⚠️
Regulation & Policy	Heavy	⚠️
Industry Assistance	High	✅

State regulation

State regulations have mixed effects. In general, the passage of new legislation has largely benefited industry operators by legalizing medical cannabis. During the current five-year period, entry barriers have decreased as 35 states have passed legislation legalizing some level of medical cannabis sales, with 15 states having legalized recreational cannabis. While states provide a legal avenue for operators to open dispensaries, regulations are extensive and costly for prospective operators. Although the law varies by state, operators must obtain the required licenses and permits.

Real Estate

The primary barrier to entry in the cannabis space is real estate because the company cannot get licensed locally without having a piece of real estate that's zoned correctly in the right area. This property will need to meet specific guidelines and restrictions based on whatever community it resides in. Consequently, cannabis real estate values continue to rise, encouraging the growth of offshoot markets such as brokerages dedicated to the buying and selling of cannabis licenses, businesses, and real estate, compliance platforms, and so on.

Federal regulation

Prospective Medical Cannabis Stores industry operators must navigate a variety of legal issues before beginning operation. The classification of marijuana as a Schedule I controlled substance, and the possibility of federal prosecution poses a significant barrier to entry, as the Drug Enforcement Administration has the requisite power to close dispensaries and seize their cannabis products. Recent favorable policy stances from the federal government caused many operators to enter the industry during the current period. The omnibus spending bill signed by President Obama in December 2014 included historic provisions for medical cannabis. The bill included a rider to defund Department of Justice operations against medical cannabis, prohibiting federal agencies from using the funding to "prevent [medical cannabis states] from implementing their State laws that authorize the use, distribution, possession or cultivation of medical cannabis."

Swot Analysis

The following is a listing of Lucky Cannabis Store & Lounge' key strengths and weaknesses, as well as the opportunities and threats that exist within the marketplace.



S

Strengths

- Owners adequate experience and direct involvement in the Company's operations
- Growing market potential in New Jersey
- High-quality products
- Business product uniqueness
- Own branded products
- Competitive Pricing



W

Weaknesses

- The company needs funding and working capital for a successful launch
- As a new business, the Company must build its credibility



O

Opportunities

- The increasing popularity of the industry
- Growing demand is the most significant opportunity in the cannabis market
- The recent legalization of recreational cannabis in the state



T

Threats

- Instability of the U.S. economy leads to unpredictable market activity
- Larger companies that have more resources and the ability to reach deeper into the market
- The effect of Covid-19 is still unknown

Risk Analysis

The U.S. legal cannabis industry has been booming as more states legalize medical and recreational use. In its U.S. Cannabis Report 2019 Industry Outlook, cannabis research firm New Frontier Data found that total legal sales will have a compound annual growth rate of 14% in the next six years, totaling almost \$30 billion in 2025.

But with this growth comes severe operational risks throughout the industry. Cannabis businesses need to ensure that they comply with relevant regulations and that consumers are getting a safe product and accurate information when making a purchase. However, the complex regulatory landscape and relatively uncharted territory of legal cannabis make compliance significantly more difficult than in other industries.

Regulations and Violations

Cannabis industry regulations address every aspect of the “seed-to-sale” process, including growing, dispensing, lab testing, and marketing. Falling afoul of regulators can have significant consequences for legal cannabis producers and the businesses that depend on them, including supply chain disruption and reputation damage. Violations can mean hefty fines as well as the risk of losing licenses, a significant sunk cost totaling tens of thousands of dollars in some states.

Dispensaries are routinely fined for violations. In 2019, Massachusetts cannabis company, Cultivate agreed to pay a \$75,000 fine after a surprise inspection showed 3,000 improperly labeled products. The products examined reportedly did not include required labels stating that they contained THC, that they were not safe for children, or showing serving size, identification numbers, and directions for use.

Quality control also poses risks for cannabis businesses. In November, Colorado warned consumers that several batches of medical and recreational cannabis were contaminated. The state’s Department of Public Health and Environment blamed the “microbial contamination” on a computerized tracking system called Metrc, which a dozen states use to track legal cannabis. Similarly, in February, Nevada’s Department of Taxation warned the public about 20 cannabis products it said were contaminated with various types of mold or bacteria. In this case, the state blamed a Las Vegas lab for failing to catch the contaminations and advised consumers not to purchase the affected products.

Managing the Risks

Testing products can significantly help manage operational risks. Ensure that facilities do not have mice, mildew, and mold and that product is not tainted. Addressing these risks can include general risk management practices, like providing adequate training and institutional knowledge to staff, implementing systems to prevent obsolete products, and ensuring that a business’s I.T. infrastructure, including third-party partners, is safe and secure.

After careful consideration, the Company has developed the following strategies to exit the venture:

Buyout & Merger

Lucky Cannabis Store & Lounge experiences growth and sees an opportunity to expand its brand into additional markets as a successful income-generating operation. Different markets open the door for other product offerings and revenue streams. Due to its substantial market growth and industry recognition, major competing brands begin to notice the Company. These businesses approach Lucky Cannabis Store & Lounge with attractive buyout offers; then, the Company negotiates and sells to the best deal.

Lucky Cannabis Store & Lounge merges with another company to expand its market reach and development capabilities. Potential merger partners include companies that can offer a more diversified market reach or expand resources for research and development. Lucky Cannabis Store & Lounge' management would maintain majority control of the Company and combine its operational and sales efforts with its merger partner.

Instances are:

- Curaleaf Holdings, Inc. (CSE: CURA.CN) (OTCQX: CURLF), a leading vertically integrated cannabis operator in the United States, recently announced its opening its 26th Florida dispensary at 1994 Kings Highway in Port Charlotte. Curaleaf has the most significant cannabis dispensary footprint in the US, with 49 dispensaries across the country, and continues to execute its rapid expansion strategy in Florida.
- Columbia Care Inc., one of the largest fully integrated operators in the global cannabis industry with licenses across the US and EU, announced that it has entered into a definitive agreement to acquire The Green Solution ("TGS"), the largest vertically integrated cannabis operator in the State of Colorado, through a transaction initially valued at approximately \$140 million, excluding certain performance-based milestone payments. Founded in 2010, TGS currently operates 21 revenue-generating dispensaries with two additional stores under development.

Return On Investment(ROI)

Lucky Cannabis Store & Lounge is currently seeking an equity investor. Below is a return scenario for this investment.

Return on Investment Projection			
	Company Valuation*	Outstanding Shares	Per Share Valuation
Issued & Committed	\$2,428,571	6,500,000	\$0.3736
After Investment Group	\$2,428,571	10,000,000	\$0.2429
	Proposed Shares	Per Share	Dollar Investment
Investment Group (IG)	3,500,000	\$0.2429	\$850,000
	10,000,000 Total Shares - ROI for the IG is as follows:		
	Company Valuation	Per Share Price	ROI for IG
Year 1	\$3,071,836	\$0.31	126%
Year 2	\$8,699,458	\$0.87	358%
Year 3	\$12,516,924	\$1.25	515%
Year 4	\$20,365,564	\$2.04	839%
Year 5	\$24,116,267	\$2.41	993%
	Number of Shares (for IG)	Per Share Price	Proceeds from Sale (for IG)
Year 2	3,500,000	\$0.87	\$3,044,810
Year 3	3,500,000	\$1.25	\$4,380,923
Year 4	3,500,000	\$2.04	\$7,127,948
Year 5	3,500,000	\$2.41	\$8,440,694
ROI Notes: (1) The company valuation has been estimated by management. (2) Future company valuation based off of EBITDA and the current industry multipliers.			

*The assumed company valuation was based on a multiplier of 13 multiplied by EBITDA.

About The Ceo - Mr. John Smith

Professional Summary

Growth-minded analyst with extensive experience creating efficient operational structures and insightful process improvements. A solid history of identifying opportunities and streamlining processes to maximize resources and boost productivity. Repeatedly recognized for improving workflows, operational performance and best practices while contributing towards an organization's strategic objectives.

Core Skills And Knowledge

Project Management | Process Implementation | Data Analysis | Operations Performance Resource Planning | Reporting & Presentations | Documentation Management | Quality Assurance Continuous Improvements | Technical Writing | KPI Dashboards & Scorecards | Process Analysis

Work Experience

Business Analyst | Large Company – Somewhere, TX January 2019 – Present

- Designing and enhancing workflow automation within a highly visible process area.
- Identifying and analyzing process gaps and system defects, proposing tangible solutions and implementation.
- Creating visual dashboards for monitoring workflow, current business processes and system performance for business partners and leadership teams.
- Documenting technical design for workflows, creating standard operating procedures (SOPs), presentations and job aids for the operations team, using tools such as Microsoft Visio, Excel, Word and PowerPoint; managed documents within SharePoint.
- Experienced with using SQL for data analysis, data verification and ad-hoc reporting.
- Acting as a functional and technical liaison between Product Line Management and operations.

Digital Marketing Analyst | Friend's Veterinary Hospital – Working Remote, TX February 2017 – January 2019

- Established social media image through the creation of online marketing and promotional materials.
- Proactively monitored metrics (total site visits, traffic by sources, sessions by device, etc.), reviewing analytics and providing recommendations for enhancing effectiveness.
- Optimized Google Analytics and AdWords, Bing AdCenter and Facebook to maximize ROI.

Project Analyst / Business Analyst | Promotion from Big Name Insurance Co Nowhere, SP July 2013 – October 2016

- Executed on the development, implementation and coordination of projects consisting of root-cause and impact analysis, trending data and identifying opportunities for cost savings, contributing towards a yearly departmental savings goal of \$850 million.
- Created effective strategies in workflow and operational structure, resulting in a 15% increase in production across the organization.
- Involved with software development projects using methodologies such as Waterfall and Agile.
- Partnered with stakeholders to identify, collect and analyze key factors and business requirements for technical projects, process improvements and system changes.
- Performed functionality testing, integration testing, regression testing and user acceptance testing (UAT); provided analysis and insight to QA Team with defects and bug tracking.
- Gathered system and functional requirements by conducting interviews with business users, stakeholders and subject matter experts (SME).

- Conducted gap analysis by identifying existing technologies, created and documented current state (As-Is) and future state (To-Be) business processes to better understand existing systems.
- Researched, created and revamped workflow diagrams, flowcharts, procedures and reference guides with tools such as Microsoft Visio, Excel and Word; managed documents in SharePoint
- Acted as functional and technical liaison between cross functional groups to communicate needs, issues and concerns within the department.

Claims Auditor | Different Big Name Health Insurance Company – Nowhere, SP February 2010 – June 2013

- Coordinated internal audits on issues involving claims operations with adherence to state and federal regulatory policies, HIPAA compliance and standard operating procedures.
- Saved the company \$36 million in claim overpayments through detailed audits with an emphasis on trend analysis, fraud prevention and overutilization practices.
- Created and maintained workload inventory reports to ensure proper staffing levels and resource allocation; updated data related to key performance indicators (KPI) and dashboards.
- Optimized resources while managing workload inventory for multiple teams, reducing late payment penalties by 48%.

Application Support Specialist | Small Tech Company – Nowhere, SP February 2009 – August 2009

- Analyzed performance data from applications and generated reports for executive staff and management.
- Provided recommendations to C-level executives by interpreting user data and identifying critical insights, patterns and trends that led to improvements to application performance.
- Collaborated with software engineers and development team to design, execute test cases and troubleshoot critical issues with applications in a timely manner.

Workflow Coordinator | Big Name Health Insurance Company – Nowhere, SP May 2008 – January 2009

- Delivered deep-dive analysis of workforce and provided reporting of operations management statistics.
- Accurately forecast the hiring of 30 additional full-time employees to meet growing business demands.
- Performed data analysis of key performance indicators (KPI) such as employee capacity, task completion rate, overtime worked and provided key metrics to management with standard and ad-hoc reports.

Enrollment Specialist | Big Name Health Insurance Company – Nowhere, SP June 2004 – April 2008

- Reviewed employer group submissions and verified benefits prior to new case installation and renewals.
- Streamlined existing enrollment systems, realizing a monthly cost savings of \$25,000.
- Created and modified master templates utilized by the audit and enrollment teams.

EDUCATION AND CERTIFICATIONS

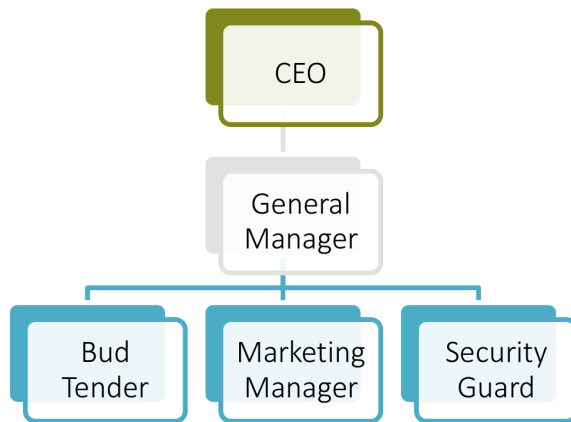
Bachelor of Science in Psychology, cum laude | Some State University, Nowhere SP

Continuing Education in Accounting | Another University, Nowhere, SP

Microsoft Office Specialist Certification | Completion in Summer 2019

Certified Associate Project Management (CAPM) Candidate | Project Management Institute

Organizational Chart



Personnel Forecast

The personnel forecast below shows the staffing needs for the next five years.

Personnel Forecast					
	Year 1	Year 2	Year 3	Year 4	Year 5
Staff Count					
CEO	1	1	1	1	1
General Manager	1	1	1	1	1
Marketing Manager	1	1	1	1	1
Security Guards	1	2	2.5	3	3
Budtender	4	4	5	5	6
Total Personnel	8	9	10.5	11	12
Per Staff Salary					
CEO	\$75,000	\$80,000	\$82,400	\$84,872	\$87,418
General Manager	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531
Marketing Manager	\$55,000	\$56,650	\$58,350	\$60,100	\$61,903
Security Guards	\$9,600	\$9,888	\$10,185	\$10,490	\$10,805
Budtender	\$45,000	\$46,350	\$47,741	\$49,173	\$50,648
Staff Salary - Total					
CEO	\$75,000	\$80,000	\$82,400	\$84,872	\$87,418
General Manager	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531
Marketing Manager	\$55,000	\$56,650	\$58,350	\$60,100	\$61,903
Security Guards	\$9,600	\$19,776	\$25,462	\$31,471	\$32,415
Budtender	\$180,000	\$185,400	\$238,703	\$245,864	\$303,887
Total Payroll	\$379,600	\$403,626	\$468,568	\$487,870	\$553,154

Personnel Assumptions: (1) Costs are based on average wages.

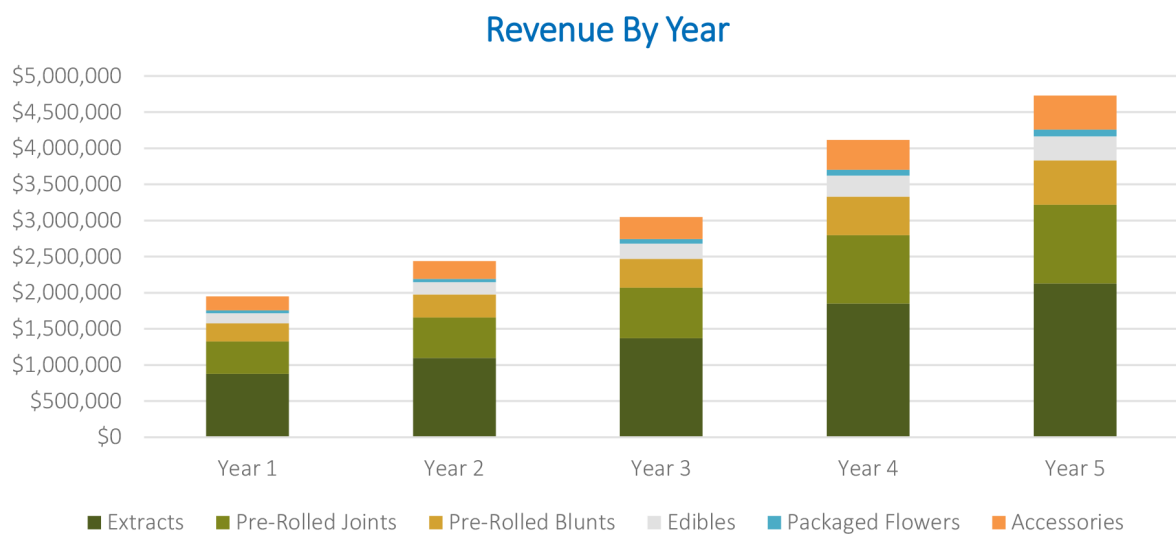
Revenue Forecast

The following is a five-year revenue and direct cost forecast.

	Year 1	Year 2	Year 3	Year 4	Year 5
Total					
Extracts	20,574	25,978	32,800	44,727	51,956
Pre-Rolled Joints	21,032	26,555	33,529	45,721	53,111
Pre-Rolled Blunts	5,944	7,505	9,476	12,921	15,010
Edibles	5,121	6,466	8,164	11,132	12,931
Packaged Flowers	732	924	1,166	1,590	1,847
Accessories	3,658	4,618	5,831	7,952	9,237
Price					
Extracts	\$42.65	\$42.22	\$41.80	\$41.38	\$40.97
Pre-Rolled Joints	\$21.33	\$21.11	\$20.90	\$20.69	\$20.48
Pre-Rolled Blunts	\$42.65	\$42.22	\$41.80	\$41.38	\$40.97
Edibles	\$26.66	\$26.39	\$26.13	\$25.86	\$25.61
Packaged Flowers	\$53.31	\$52.78	\$52.25	\$51.73	\$51.21
Accessories	\$53.31	\$52.78	\$52.25	\$51.73	\$51.21
Revenue					
Extracts	\$877,500	\$1,096,875	\$1,371,094	\$1,850,977	\$2,128,623
Pre-Rolled Joints	\$448,500	\$560,625	\$700,781	\$946,055	\$1,087,963
Pre-Rolled Blunts	\$253,500	\$316,875	\$396,094	\$534,727	\$614,936
Edibles	\$136,500	\$170,625	\$213,281	\$287,930	\$331,119
Packaged Flowers	\$39,000	\$48,750	\$60,938	\$82,266	\$94,605
Accessories	\$195,000	\$243,750	\$304,688	\$411,328	\$473,027
Total Revenue	\$1,950,000	\$2,437,500	\$3,046,875	\$4,113,281	\$4,730,273
Direct Cost					
Extracts	\$12.00	\$11.88	\$11.64	\$11.53	\$11.41
Pre-Rolled Joints	\$10.00	\$9.90	\$9.70	\$9.60	\$9.51
Pre-Rolled Blunts	\$20.00	\$19.80	\$19.40	\$19.21	\$19.02
Edibles	\$12.50	\$12.38	\$12.13	\$12.01	\$11.89
Packaged Flowers	\$25.00	\$24.75	\$24.26	\$24.01	\$23.77
Accessories	\$25.00	\$24.75	\$24.26	\$24.01	\$23.77
Direct Cost of Revenue					
Extracts	\$246,892	\$308,615	\$381,872	\$515,528	\$592,857

Pre-Rolled Joints	\$210,316	\$262,894	\$325,299	\$439,153	\$505,026
Pre-Rolled Blunts	\$118,874	\$148,593	\$183,864	\$248,217	\$285,450
Edibles	\$64,009	\$80,011	\$99,004	\$133,655	\$153,704
Packaged Flowers	\$18,288	\$22,860	\$28,287	\$38,187	\$43,915
Accessories	\$91,442	\$114,302	\$141,434	\$190,936	\$219,577
Subtotal Cost of Revenue	\$749,821	\$937,276	\$1,159,760	\$1,565,677	\$1,800,528

Revenue Forecast Assumptions: (1) Revenue and costs are based on averages.

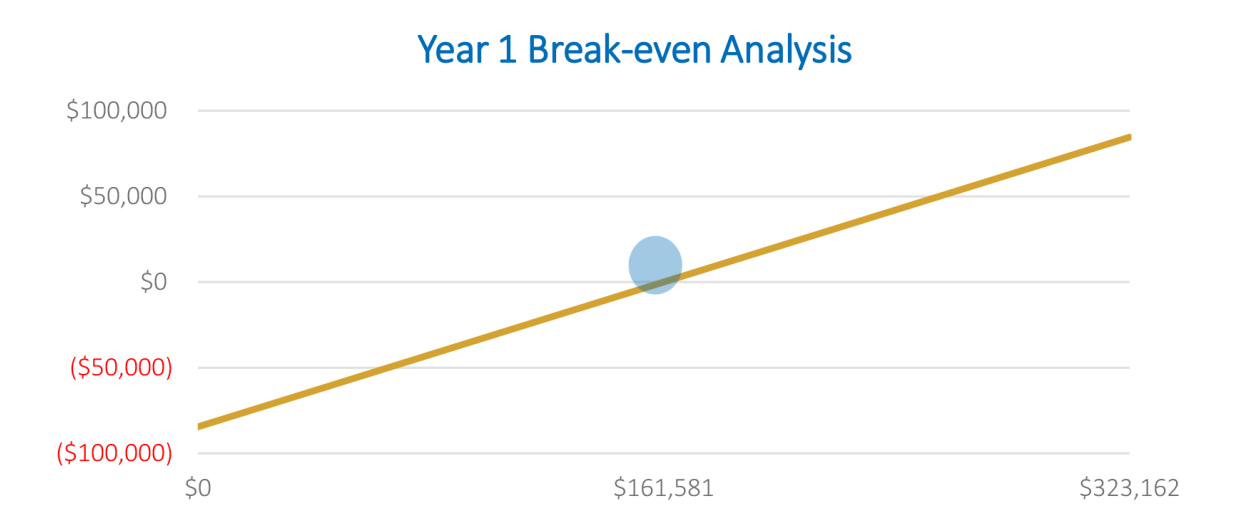


Breakeven Analysis

The following break-even analysis shows the revenue necessary to break even in the first year of operation. Break-even is where revenue equals expenses. As shown below, the Company is expected to incur average monthly fixed costs of \$84,532 in Year 1. To cover fixed costs and variable costs, which rise and fall with revenue, the Company must, on average, achieve revenue of \$161,581 per month to break even.

Year 1 Break-even Analysis	
Monthly Revenue Break-even	\$161,581
Assumptions:	
Average Monthly Revenue	\$162,500
Average Monthly Variable Cost	\$77,487
Estimated Monthly Fixed Cost	\$84,532

Breakeven Analysis



Projected Income Statement

Lucky Cannabis Store & Lounge intends to deploy its funding to maximize growth and profitability. Below is the projected income statement of the Company:

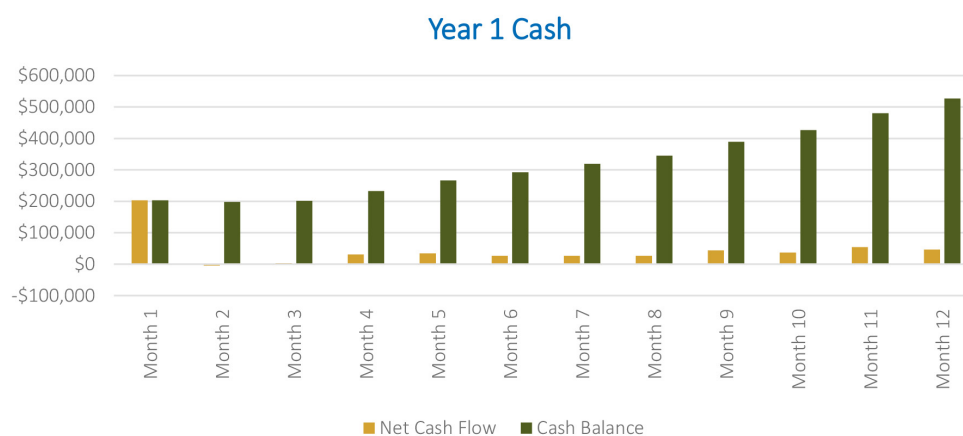
Pro Forma Income Statement					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$1,950,000	\$2,437,500	\$3,046,875	\$4,113,281	\$4,730,273
Subtotal Cost of Revenue	\$749,821	\$937,276	\$1,159,760	\$1,565,677	\$1,800,528
280E Federal Tax	\$180,027	\$225,034	\$283,067	\$382,141	\$439,462
Total Cost of Revenue	\$929,848	\$1,162,309	\$1,442,828	\$1,947,817	\$2,239,990
Gross Margin	\$1,020,152	\$1,275,191	\$1,604,047	\$2,165,464	\$2,490,284
Gross Margin/Revenue	52.32%	52.32%	52.65%	52.65%	52.65%
Expenses					
General & Administrative	\$29,250	\$29,981	\$30,731	\$31,499	\$32,287
Business License/Permits	\$9,000	\$9,225	\$9,456	\$9,692	\$9,934
Legal & Professional	\$14,400	\$14,760	\$15,129	\$15,507	\$15,895
Utilities	\$15,000	\$15,375	\$15,759	\$16,153	\$16,557
Marketing & Advertising	\$97,500	\$99,938	\$102,436	\$104,997	\$107,622
Office Supplies	\$18,000	\$18,450	\$18,911	\$19,384	\$19,869
Travel & Entertainment	\$21,600	\$22,140	\$22,694	\$23,261	\$23,842
Facility Maintenance	\$22,800	\$23,370	\$23,954	\$24,553	\$25,167
POS User Fee	\$7,200	\$7,380	\$7,565	\$7,754	\$7,947
Charity & Donation	\$16,009	\$27,141	\$39,683	\$66,258	\$78,389
Rent	\$72,000	\$73,440	\$74,909	\$76,407	\$77,935
Merchandise	\$30,000	\$30,750	\$31,519	\$32,307	\$33,114
Startup Cost	\$179,000	\$0	\$0	\$0	\$0
Packaging Cost	\$7,200	\$7,380	\$7,565	\$7,754	\$7,947
Payroll System	\$3,000	\$3,075	\$3,152	\$3,231	\$3,311
Depreciation	\$50,500	\$50,500	\$50,500	\$53,000	\$56,500
Payroll Taxes	\$42,325	\$45,004	\$52,245	\$54,397	\$61,677
Total Personnel	\$379,600	\$403,626	\$468,568	\$487,870	\$553,154
Total Operating Expenses	\$1,014,384	\$881,535	\$974,774	\$1,034,023	\$1,131,148
Profit Before Interest and Taxes	\$5,768	\$393,655	\$629,273	\$1,131,441	\$1,359,136
EBITDA	\$236,295	\$669,189	\$962,840	\$1,566,582	\$1,855,097
Net Profit	\$5,768	\$393,655	\$629,273	\$1,131,441	\$1,359,136
Net Profit/Revenue	0.30%	16.15%	20.65%	27.51%	28.73%

Projected Cash Flow

The following is a depiction of Lucky Cannabis Store & Lounge' projected cash flow:

Pro Forma Cash Flow					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Revenue	\$1,950,000	\$2,437,500	\$3,046,875	\$4,113,281	\$4,730,273
Owner Contribution	\$100,000	\$0	\$0	\$0	\$0
Proceeds from Investor	\$850,000	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$2,900,000	\$2,437,500	\$3,046,875	\$4,113,281	\$4,730,273
Expenditures					
Expenditures from Operations					
Total Personnel	\$379,600	\$403,626	\$468,568	\$487,870	\$553,154
Bill Payments	\$1,038,851	\$1,360,967	\$1,598,235	\$2,021,174	\$2,299,669
Subtotal Spent on Operations	\$1,418,451	\$1,764,593	\$2,066,803	\$2,509,044	\$2,852,823
Additional Cash Spent					
Start-up Costs	\$179,000	\$0	\$0	\$0	\$0
Purchase Inventory	\$90,000	\$25,000	\$45,000	\$70,000	\$100,000
Purchase Long-term Assets	\$505,000	\$0	\$0	\$25,000	\$35,000
Subtotal Cash Spent	\$2,372,687	\$2,014,626	\$2,394,870	\$2,986,185	\$3,427,284
Net Cash Flow	\$527,313	\$422,874	\$652,005	\$1,127,097	\$1,302,989
Cash Balance	\$527,313	\$950,187	\$1,602,192	\$2,729,288	\$4,032,277

Cash Flow Assumptions: (1) Proceeds from Investors assume funds were received in the amount of **\$850K**; (2) **Owner Contribution** is **\$100K**.



Projected Balance Sheet

Following is the projected balance sheet of Lucky Cannabis Store & Lounge.

Pro Forma Balance Sheet					
	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash	\$527,313	\$950,187	\$1,602,192	\$2,729,288	\$4,032,277
Inventory	\$90,000	\$115,000	\$160,000	\$230,000	\$330,000
Total Current Assets	\$617,313	\$1,065,187	\$1,762,192	\$2,959,288	\$4,362,277
Long-term Assets					
Long-term Assets	\$505,000	\$505,000	\$505,000	\$530,000	\$565,000
Accumulated Depreciation	\$50,500	\$101,000	\$151,500	\$204,500	\$261,000
Total Long-term Assets	\$454,500	\$404,000	\$353,500	\$325,500	\$304,000
Total Assets	\$1,071,813	\$1,469,187	\$2,115,692	\$3,284,788	\$4,666,277
Liabilities and Capital					
Current Liabilities					
Accounts Payable	\$116,254	\$119,972	\$137,204	\$174,860	\$197,213
Subtotal Current Liabilities	\$116,254	\$119,972	\$137,204	\$174,860	\$197,213
Total Liabilities	\$116,254	\$119,972	\$137,204	\$174,860	\$197,213
Paid-in Capital	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000
Retained Earnings	\$0	\$5,559	\$399,214	\$1,028,488	\$2,159,929
Earnings	\$5,559	\$393,655	\$629,273	\$1,131,441	\$1,359,136
Total Capital	\$955,559	\$1,349,214	\$1,978,488	\$3,109,929	\$4,469,064
Total Liabilities and Capital	\$1,071,813	\$1,469,187	\$2,115,692	\$3,284,788	\$4,666,277
Net Worth	\$955,559	\$1,349,214	\$1,978,488	\$3,109,929	\$4,469,064

Sensitivity Analysis

The sensitivity analysis below assumes that revenues are 10% higher or 10% lower than figures projected earlier in this business plan.

Best Case Scenario (Revenue Increases by 10%)					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$2,145,000	\$2,681,250	\$3,351,563	\$4,524,609	\$5,203,301
Cost of Goods	\$824,803	\$1,031,003	\$1,275,736	\$1,722,244	\$1,980,581
Gross Margin	\$1,320,197	\$1,650,247	\$2,075,826	\$2,802,365	\$3,222,720
Gross Margin/Revenue	61.55%	61.55%	61.94%	61.94%	61.94%
Operating Expenses	\$1,014,384	\$881,535	\$974,774	\$1,034,023	\$1,131,148
Net Profit	\$305,813	\$768,712	\$1,101,052	\$1,768,342	\$2,091,572
Cash Flow	\$827,567	\$797,930	\$1,123,784	\$1,763,998	\$2,035,425
Cash Balance	\$827,567	\$1,625,497	\$2,749,280	\$4,513,278	\$6,548,704
Net Profit/Revenue	14.26%	28.67%	32.85%	39.08%	40.20%

Worst Case Scenario (Revenue Decreases by 10%)					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$1,755,000	\$2,193,750	\$2,742,188	\$3,701,953	\$4,257,246
Cost of Goods	\$674,839	\$843,548	\$1,043,784	\$1,409,109	\$1,620,475
Gross Margin	\$1,080,161	\$1,350,202	\$1,698,403	\$2,292,844	\$2,636,771
Gross Margin/Revenue	61.55%	61.55%	61.94%	61.94%	61.94%
Operating Expenses	\$1,014,384	\$881,535	\$974,774	\$1,034,023	\$1,131,148
Net Profit	\$65,777	\$468,667	\$723,629	\$1,258,821	\$1,505,623
Cash Flow	\$587,531	\$497,885	\$746,361	\$1,254,477	\$1,449,476
Cash Balance	\$587,531	\$1,085,416	\$1,831,777	\$3,086,254	\$4,535,730
Net Profit/Revenue	3.75%	21.36%	26.39%	34.00%	35.37%

Appendix: Year One Financials

Year 1 Income Statement												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenue	\$58,500	\$97,500	\$117,000	\$156,000	\$175,500	\$175,500	\$175,500	\$175,500	\$195,000	\$195,000	\$214,500	\$214,500
Subtotal Cost of Revenue	\$22,495	\$37,491	\$44,989	\$59,986	\$67,484	\$67,484	\$67,484	\$67,484	\$74,982	\$74,982	\$82,480	\$82,480
280E Federal Tax	\$0	\$14,611	\$10,802	\$14,402	\$16,202	\$16,202	\$16,202	\$16,202	\$18,003	\$18,003	\$19,803	\$19,803
Total Cost of Revenue	\$22,495	\$52,102	\$55,791	\$74,388	\$83,686	\$83,686	\$83,686	\$83,686	\$92,985	\$92,985	\$102,283	\$102,283
Gross Margin	\$36,005	\$45,398	\$61,209	\$81,612	\$91,814	\$91,814	\$91,814	\$91,814	\$102,015	\$102,015	\$112,217	\$112,217
Gross Margin/Revenue	61.55%	46.56%	52.32%	52.32%	52.32%	52.32%	52.32%	52.32%	52.32%	52.32%	52.32%	52.32%
Expenses												
General & Administrative	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438
Business License/Permits	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750
Legal & Professional	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Utilities	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Marketing & Advertising	\$8,125	\$8,125	\$8,125	\$8,125	\$8,125	\$8,125	\$8,125	\$8,125	\$8,125	\$8,125	\$8,125	\$8,125
Office Supplies	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Travel & Entertainment	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Facility Maintenance	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900
POS User Fee	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Charity & Donation	\$1,334	\$1,334	\$1,334	\$1,334	\$1,334	\$1,334	\$1,334	\$1,334	\$1,334	\$1,334	\$1,334	\$1,334
Rent	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Merchandise	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Startup Cost	\$179,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Packaging Cost	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Payroll System	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Depreciation	\$4,208	\$4,208	\$4,208	\$4,208	\$4,208	\$4,208	\$4,208	\$4,208	\$4,208	\$4,208	\$4,208	\$4,208
Payroll Taxes	\$3,527	\$3,527	\$3,527	\$3,527	\$3,527	\$3,527	\$3,527	\$3,527	\$3,527	\$3,527	\$3,527	\$3,527
Total Personnel	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633
Total Operating Expenses	\$248,615	\$69,615	\$69,615	\$69,615	\$69,615	\$69,615	\$69,615	\$69,615	\$69,615	\$69,615	\$69,615	\$69,615
Profit Before Interest and Taxes	(\$212,610)	(\$24,218)	(\$8,406)	\$11,997	\$22,198	\$22,198	\$22,198	\$22,198	\$32,400	\$32,400	\$42,601	\$42,601
Net Profit	(\$212,610)	(\$24,218)	(\$8,406)	\$11,997	\$22,198	\$22,198	\$22,198	\$22,198	\$32,400	\$32,400	\$42,601	\$42,601
Net Profit/Revenue	-363.44%	-24.84%	-7.18%	7.69%	12.65%	12.65%	12.65%	12.65%	16.62%	16.62%	19.86%	19.86%

Appendix: Year One Financials

Year 1 Cash Flow												
Additional Cash Received	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenue	\$58,500	\$97,500	\$117,000	\$156,000	\$175,500	\$175,500	\$175,500	\$175,500	\$195,000	\$195,000	\$214,500	\$214,500
Owner Contribution	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from Investor	\$850,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$1,008,500	\$97,500	\$117,000	\$156,000	\$175,500	\$175,500	\$175,500	\$175,500	\$195,000	\$195,000	\$214,500	\$214,500
Total Personnel	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633	\$31,633
Bill Payments	\$0	\$70,880	\$82,066	\$93,165	\$109,962	\$117,460	\$117,460	\$117,460	\$119,260	\$126,758	\$128,559	\$136,057
Additional Cash Spent												
Start-up Costs	\$179,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Inventory	\$90,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$505,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Spent	\$805,633	\$102,513	\$113,700	\$124,798	\$141,595	\$149,093	\$149,093	\$149,093	\$150,894	\$158,392	\$160,192	\$167,690
Net Cash Flow	\$202,867	(\$5,013)	\$3,300	\$31,202	\$33,905	\$26,407	\$26,407	\$26,407	\$44,106	\$36,608	\$54,308	\$46,810
Cash Balance	\$202,867	\$197,854	\$201,154	\$232,356	\$266,261	\$292,667	\$319,074	\$345,481	\$389,587	\$426,195	\$480,503	\$527,313

Year 1 Balance Sheet												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Assets												
Cash	\$202,867	\$197,854	\$201,154	\$232,356	\$266,261	\$292,667	\$319,074	\$345,481	\$389,587	\$426,195	\$480,503	\$527,313
Inventory	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Total Current Assets	\$292,867	\$287,854	\$291,154	\$322,356	\$356,261	\$382,667	\$409,074	\$435,481	\$479,587	\$516,195	\$570,503	\$617,313
Long-term Assets	\$505,000	\$505,000	\$505,000	\$505,000	\$505,000	\$505,000	\$505,000	\$505,000	\$505,000	\$505,000	\$505,000	\$505,000
Accumulated Depreciation	\$4,208	\$8,417	\$12,625	\$16,833	\$21,042	\$25,250	\$29,458	\$33,667	\$37,875	\$42,083	\$46,292	\$50,500
Total Long-term Assets	\$500,792	\$496,583	\$492,375	\$488,167	\$483,958	\$479,750	\$475,542	\$471,333	\$467,125	\$462,917	\$458,708	\$454,500
Total Assets	\$793,658	\$784,437	\$783,529	\$810,522	\$840,219	\$862,417	\$884,616	\$906,814	\$946,712	\$979,112	\$1,029,212	\$1,071,813
Current Liabilities												
Accounts Payable	\$56,268	\$71,265	\$78,763	\$93,759	\$101,258	\$101,258	\$101,258	\$101,258	\$108,756	\$108,756	\$116,254	\$116,254
Subtotal Current Liabilities	\$56,268	\$71,265	\$78,763	\$93,759	\$101,258	\$101,258	\$101,258	\$101,258	\$108,756	\$108,756	\$116,254	\$116,254
Total Liabilities	\$56,268	\$71,265	\$78,763	\$93,759	\$101,258	\$101,258	\$101,258	\$101,258	\$108,756	\$108,756	\$116,254	\$116,254
Paid-in Capital	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000
Earnings	(\$212,610)	(\$236,828)	(\$245,234)	(\$233,237)	(\$211,039)	(\$188,840)	(\$166,642)	(\$144,444)	(\$112,044)	(\$79,644)	(\$37,042)	\$5,559
Total Capital	\$737,390	\$713,172	\$704,766	\$716,763	\$738,961	\$761,160	\$783,358	\$805,556	\$837,956	\$870,356	\$912,958	\$955,559
Total Liabilities and Capital	\$793,658	\$784,437	\$783,529	\$810,522	\$840,219	\$862,417	\$884,616	\$906,814	\$946,712	\$979,112	\$1,029,212	\$1,071,813
Net Worth	\$737,390	\$713,172	\$704,766	\$716,763	\$738,961	\$761,160	\$783,358	\$805,556	\$837,956	\$870,356	\$912,958	\$955,559

Notes



Wise Business Plans