

EVOKE

DISPENSARY

Value Engineered Cannabis Container Store

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Retail Opportunity

At Alchemy, we strive to be your trusted partner to guide and invest in the licensed recreational retail cannabis landscape and our desire is to bring together the right plan, people and capital to this exciting new venture.



UNIQUE

Alchemy is the modern re-invention of a licensed cannabis store, contrasting elements of nature and technology in a temple of transformation for an immersive experience.

Masterfully designed by award-winning and internationally recognized interior designer Paolo Ferrari, we can provide extraordinary design concepts at every budget.



TEAM

Our team brings a wealth of expertise across functions with a proven track record in launching and running retail operations successfully as we carefully vet our options.

Alchemy is privately owned and not involved in partnerships with licensed producers or large corporations, therefore does not promote or push sales for internal brands.



VISION

Our mission is to provide the highest quality of products and services tailored to each visitor's unique journey.

We strive to give back to the community and educate to challenge traditionally held stigmas of cannabis usage.

About Us

35+ years of experience across retail & distribution, in addition to being well-versed and connected within the cannabis industry across the value chain.



Richard Browne

Founder, Chief Executive Officer

Proven entrepreneur for 35 years, distributing the Jamis bicycle brand throughout Canada, in addition to establishing a retail bicycle operation business in Toronto.

Accomplished former professional triathlete, winning 100 triathlons in 50 countries.

Bachelor's Degree in Business Administration from Western University

Strong Industry Trends

Deloitte has estimated that the cannabis market could reach **\$7.17B in 2019** with more than half of it coming from the **legal recreational market**.

We believe there is still a large gap to fill compared to **the 1000+ LCBO and Beer Store** locations that gives prospective license holders a **foreseeable economic moat** with the highest selling store in Toronto operating at **\$50M in annual revenue**.

Supply constraints are quickly **being remedied** with outputs of outdoor cultivation being added to the marketplace **removing order limits** that previously existed on the current retailers that could lead to even **higher revenues** with uncapped supply.

Significant opportunities remain as **next-generation** products/categories are legalized in Q4 of 2019 including, **edibles & beverages, vape pens, and topicals** that will we expect higher adoption rates from **first-time users** who are seeking **safer and legal alternatives to smoking**.





POPCANN: Tech-driven, prefabricated Cannabis Store for an Accelerated Launch

Alchemy is the first mover in North America to launch a prefabricated cannabis store designed for rapid deployment, generating capital gain and public interest while anticipating the final store build.

Led by proven industry innovators with extensive track-record of results, they are optimized for maximum security, regulatory compliance and awesome customer experiences.

Pricing Structure for Budget Store

For an all in price we will provide a turnkey solution to begin your journey into cannabis retail at the lowest price.

LEGAL

20K for all associated legal fees

LICENCE

10K to acquire government licence

EMPLOYEES

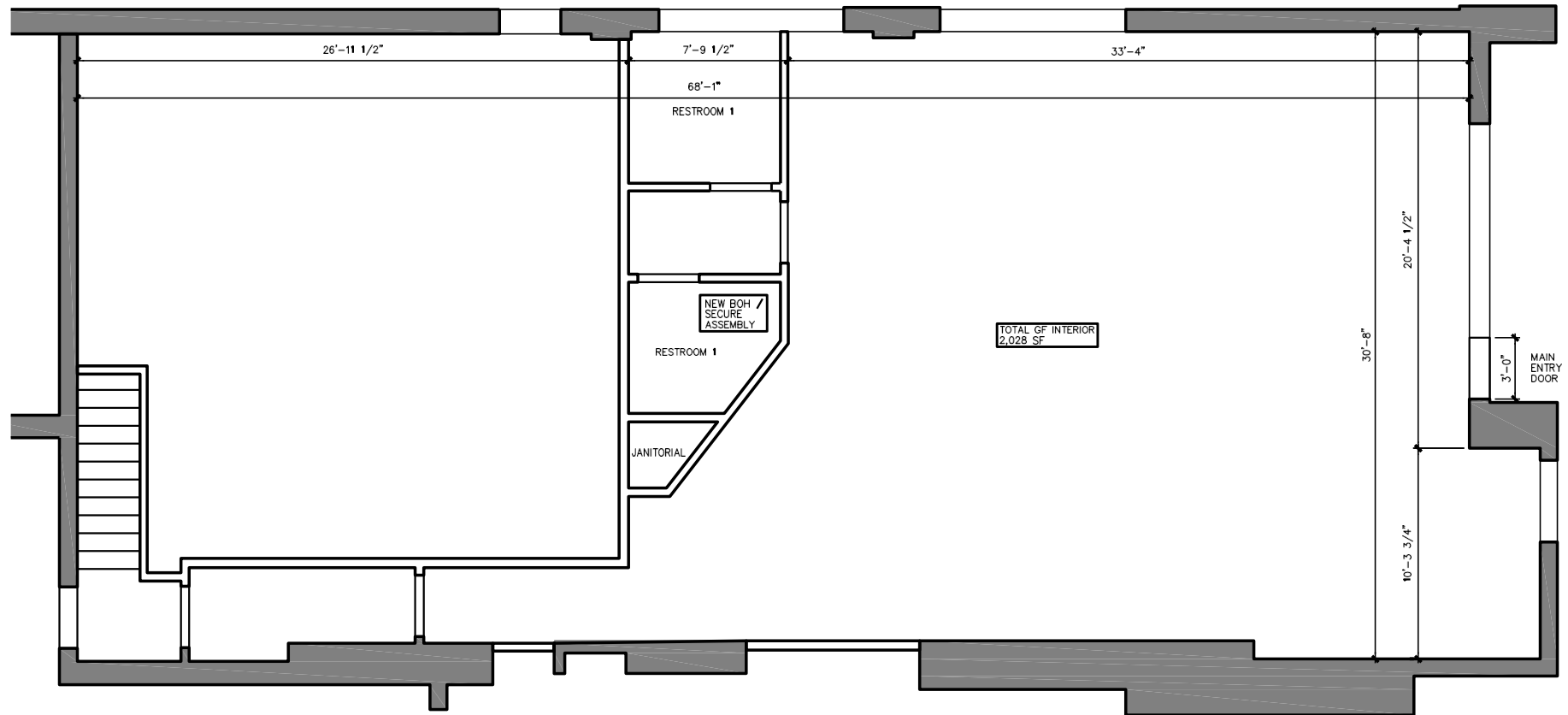
30K Employees setup, training

MANUFACTURING

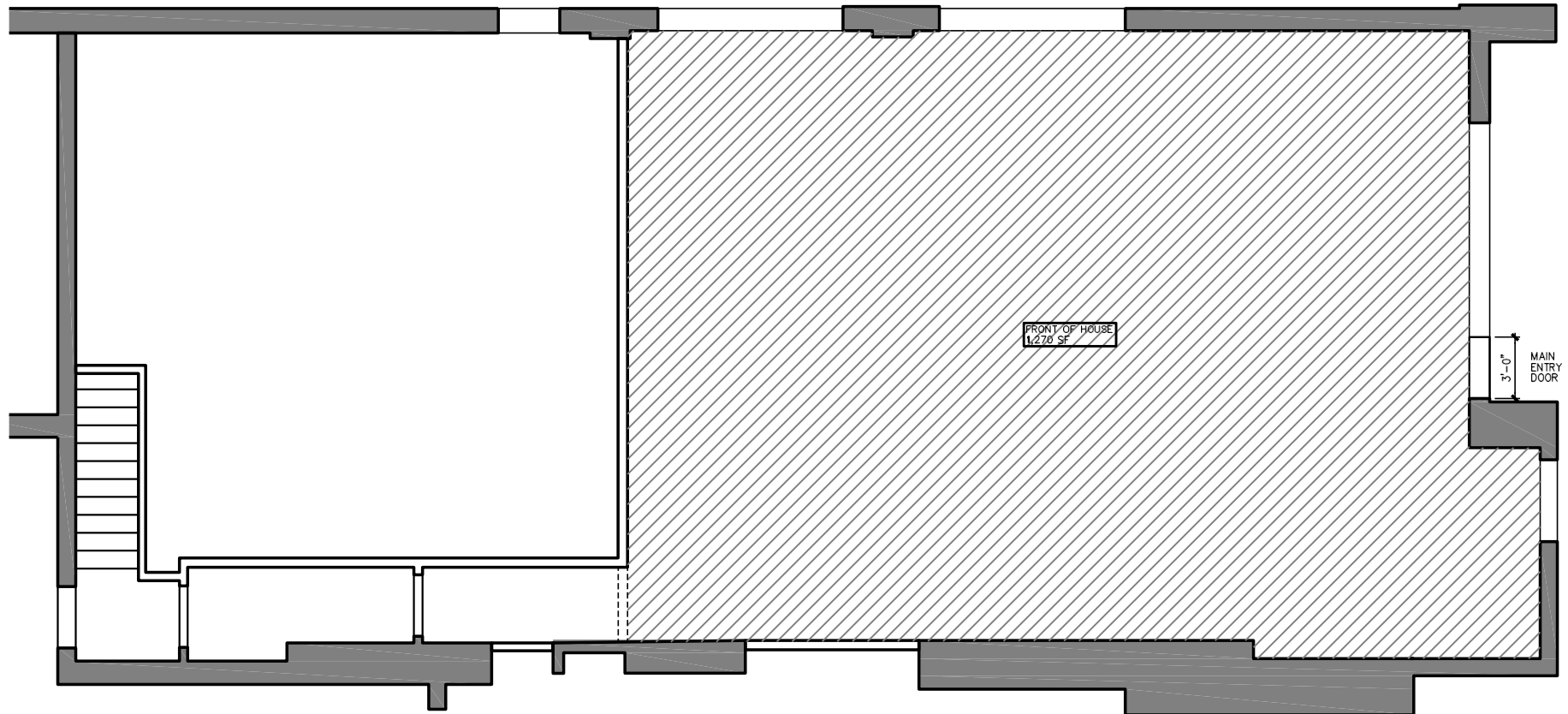
140K manufacturing cost for store

Total Price: 200K CAD & 5.5% royalty of topline revenue

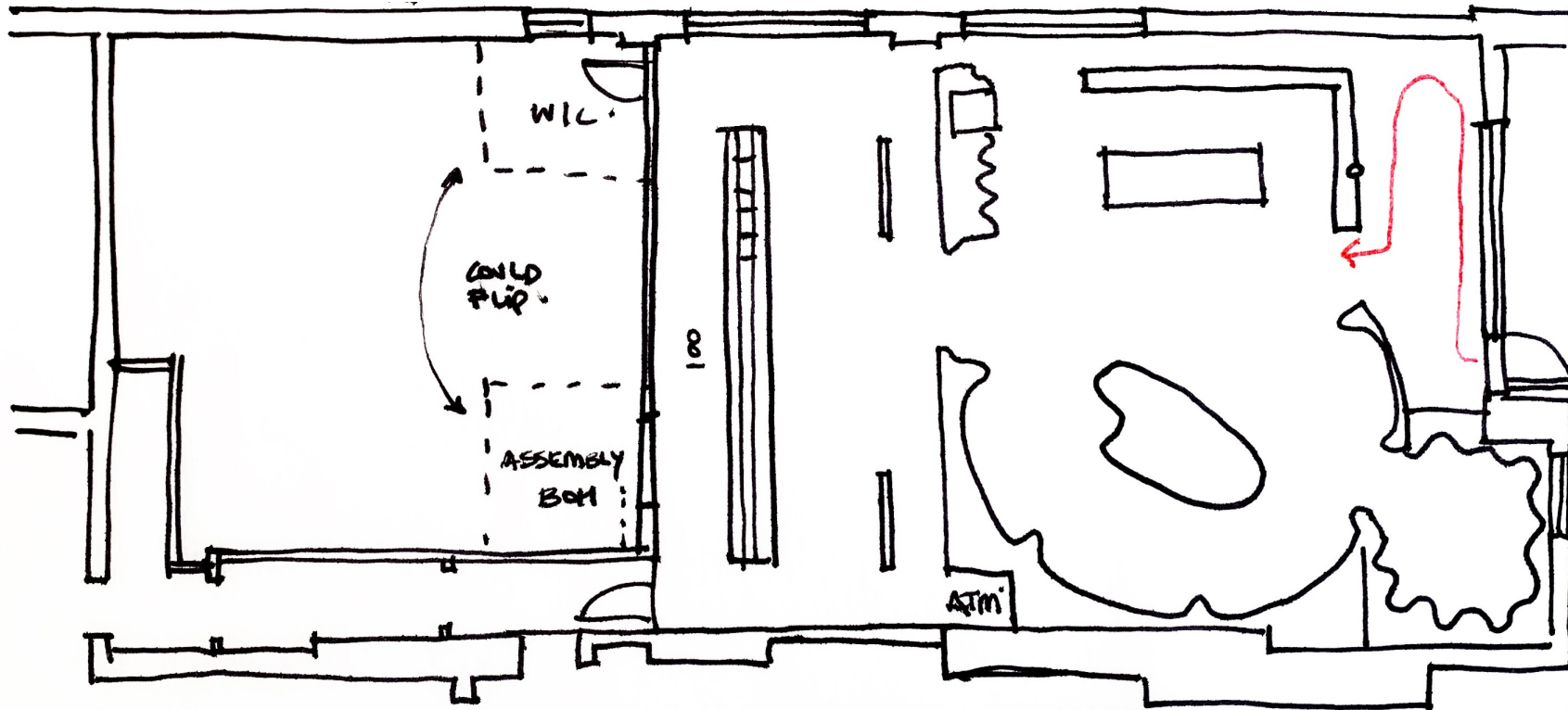
Example Layout



Example Layout



Example Layout



Valuation Summary for New Store Launch

Key Assumptions

Revenue:

- Dry flower, edibles, and other products sales in Q4 2019

Costs:

- Combined Gross Margins (Dry Flower, Edibles, & Other): 28-35%
- Initial Capex of \$400,000 to \$1,100,000 depending on design model
- Assumes 15% tax rate

Financial Valuation

- Average total enterprise value based on discounted cash flow scenarios: \$19MM
- Average total enterprise value based on using Fire & Flower 2020 EV/REV as a comparable: \$23MM

Industry Comparables

Canadian Cannabis Retailers

(in C\$ millions, where applicable)

8/26/2019

	Primary	Shares	Last	Valuation		52 Week		Last Quarter	Revenue						EBITDA					
				Market	Enterprise			Revenue	Revenue	Revenue	Revenue	EV/REV	EV/REV	EV/REV	EBITDA	EBITDA	EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA
		(M)	Local	(\$M)	(\$M)	Local	Local	(\$M)	(\$M)	(\$M)	(\$M)	(x)	(x)	(x)	(\$M)	(\$M)	(\$M)	(x)	(x)	(x)
Fir e & Flower Holdings Corp. ^{(4) (5) (6) (7) (8) (9)}	TSX:FAF	169.9		\$231	\$230	\$1.88	\$0.91	\$9.5	\$55	\$153	\$270	4.2x	1.5x	0.9x	(\$10)	\$18	\$57	-	13.1x	4.0x
National Access Cannabis Corp. ⁽¹⁾	TSXV:META	189.2		\$85	\$107	\$1.19	\$0.43	\$17.0	-	-	-	-	-	-	-	-	-	-	-	-
High Tide Inc. ^{(2) (3)}	CNSX:HITI	206.2		\$74	\$82	\$0.63	\$0.26	\$6.3	\$43.22	\$86.09	\$119.96	1.9x	1.0x	0.7x	-10	6	21	-	14.6x	3.9x
We stleaf Inc. ^{(10) (11) (12)}	TSXV:WL	150.0		\$52	\$37	\$4.00	\$0.31	\$0.1	\$107	\$193	\$226	0.3x	0.2x	0.2x	\$15	\$45	\$53	2.4x	0.8x	0.7x
Mean				\$110.5	\$113.9	\$1.9	\$0.5	\$8.2	\$68.4	\$144.0	\$205.2	2.1x	0.9x	0.6x	(\$1.5)	\$22.7	\$43.7	2.4x	9.5x	2.9x
Median				\$79.7	\$94.6	\$1.5	\$0.4	\$7.9	\$55.2	\$153.3	\$226.0	1.9x	1.0x	0.7x	(\$9.6)	\$17.5	\$53.2	2.4x	13.1x	3.9x

Notes:

Capital Lease has been accounted for as debt and all projections are calendarized as at December 31 year end

(1) Pro Forma-Purchase 19.9% of STC retail store-July 15,2019

(2) Pro Forma-Dreamweavers Acquisition \$1.6M-May 21,2019

(3) Pro Forma-Convertible Debenture \$3.2M & Aurora investment \$1M-June 17,2019

(4) Pro Forma-Acquired four retail locations-May 13,2019

(5) Pro Forma-Acquired assets 1011173 B.C. Ltd.-May 22,2019

(6) Pro Forma-Acquisition 2103430 Alberta Ltd.-May 29,2019

(7) Pro Forma-Closing of Convertible debentures \$27M-June 26,2019

(8) Pro Forma-102056025 Saskatchewan Ltd-July 22,2019

(9) Pro Forma-Couchetard investment \$25.9/380M-July 24,2019

(10) Pro Forma-Facility arrangement loan WLAB \$15.5M-April 15,2019

(11) Pro Forma-Acquisition two retail Saskatoon, Saskatchewan-April 17,2019

(12) Pro Forma-Convertible debentures \$12M-May 10,2019

Valuation Football Field

