



CASA VERDE CAPITAL

Edibles VC market research & financial model for project

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Casa Verde Capital (CVC)


A venture fund specializing in the cannabis industry.




19 investments



Founded Date: 2015








Raised \$45 million



West Coast, Los Angeles

Team

MANAGING PARTNER	PARTNER	ASSOCIATE	GP	GP
				
Karan Wadhera	Yoni Meyer	Allie Denburg	Calvin Broadus	Ted Chung

Portfolio

GROWTH STARTS HERE



Founded	2015
Invested	\$1 mln
Exit	\$2 mln

Last investments

Organization Name	Funding Type	Money Raised	Announced Date
Bespoke Financial	Seed	\$7 000 000	Oct 23, 2019
Miss Grass	Seed	\$4 000 000	Jun 28, 2019
Dutchie	Series A	\$15 000 000	Sep 10, 2019
Vangst	Series A	\$10 000 000	Jan 24, 2019
Indose	Series A	\$3 500 000	May 1, 2019



Edibles meal as a Service

Unique features of Cannabis

- Variety of strains
- Each individual strain has different combination of THC/CBD level, terpenes
- Effect varies by strain
- Possible to consume after processing with fats

Implementation in cuisine

- All types of cooking oils (Olive, Coconut, Butter etc.)
- Infused main courses and salads
- Infused bakery and deserts
- Infused beverages



Edibles cuisine requires precise approach which can be achieved through ordinary commercial kitchen equipment and modern cooking techniques



Meal plan delivery service

- Subscription based meal service
- Micro dose infused products with less >0,3g per serving each day
- Diversification of meals through variety of infused oils
- Customization options to delivery plans, including beverages or other types of edibles

Individual approach to customer's medical & recreational cannabis consumption

Diversification

Optional products

R&D / Quality check

Oil infusion processing

Industrial kitchen

Customers & PR

- ✓ Customer individual approach, dosing control
- ✓ Creating menus and customer diets
- ✓ Perks for customers and partnership: Taxi discounts, health care, insurance
- ✓ Snoop's Personal Diet plan PR

Exit and market opportunities

- ✓ Market opportunities: become new McDonalds in blue ocean
- ✓ Existing large companies are interested in new products and investments
- ✓ Opportunities to synergies with other markets

Product diversification

- ✓ The possibility of using oils for both recreational and medical purposes
- ✓ Countless cuisine usages
- ✓ Oil processing allows new

Value creation

- ✓ Execution of both food and cannabis industry margins
- ✓ Possibilities to sell partners ads
- ✓ Economy of scale












snoopdogg

43 081 публикаций 37,2млн подписчиков Подписки: 3 325

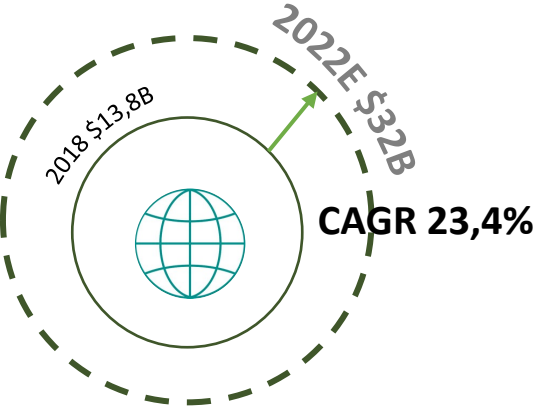
snoopdogg

New album #IWannaThankMe out everywhere now
youtu.be/TffojjO7e1s

37,2 Millions Instagram subscribers = free marketing & customer base

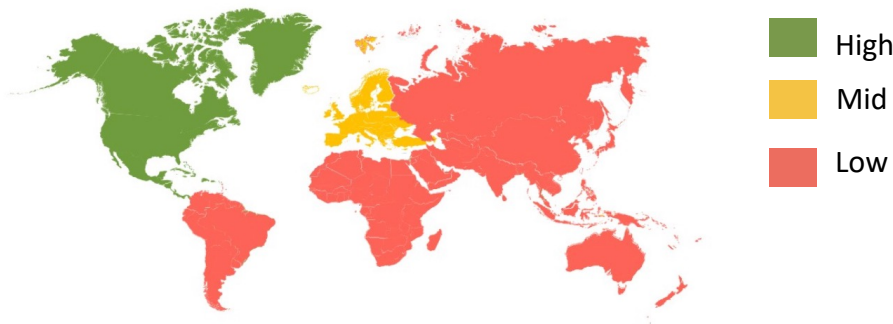
	About project	Effect	Financial effect	
	online marijuana ordering platform connecting consumers to local cannabis dispensaries.	<ul style="list-style-type: none">new clientscost reduction (delivery)	Revenue & Margin drivers	<div>degree of our interest</div> <div>5</div>
	licensed lender supporting cannabis companies.	<ul style="list-style-type: none">quick licensecannabis business loans	Reducing cost of capital	
	modern and elevated online magazine with captivating content and an e-commerce destination for modern cannabis consumers.	<ul style="list-style-type: none">advertising	Revenue driver	
	retail management and point-of-sale platform that helps legal cannabis retailers grow their businesses.	<ul style="list-style-type: none">Data analysis & management toolsCosts optimizationMarketing & Partners	Costs reduction	
	biopharmaceutical company established to combine cannabinoid medicine with world class scientific research.	<ul style="list-style-type: none">new productsR&D	Costs reduction	
	provider of regulatory solutions for the legal cannabis industry.	<ul style="list-style-type: none">solving legislative problems	Tax & costs optimization, risks hedging	
	definitive cannabis resource on culture, news, video, food and style dedicated to expressing a new cannabis mentality.	<ul style="list-style-type: none">spread to the massespeople's knowledge about cannabis	None	

Global market capacity for legal cannabis



Source: Annual Cannabis Report

Cannabis Market – Growth Rate by Region (2019-2024)



Source:Mordor Intelligence

US legal cannabis industry estimate:

Base market

X X = \$4.9B to \$8.7B

No of consumers Consumption per person (grams) Price per gram

Ancillary market

X X X = \$12.7B to \$22.6B

Growers Infused product makers Testing labs Security

Potential Upside

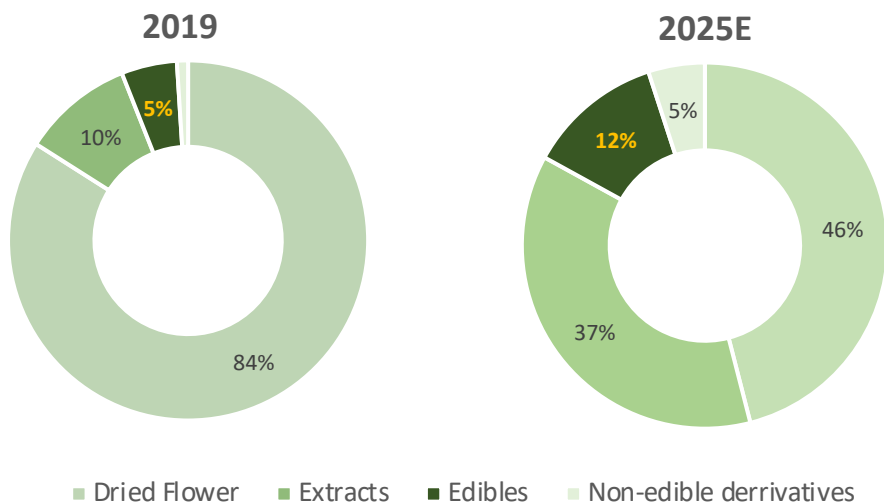
X X X = Over \$22.6B

Tourism revenue Business taxes License fees Paraphernalia

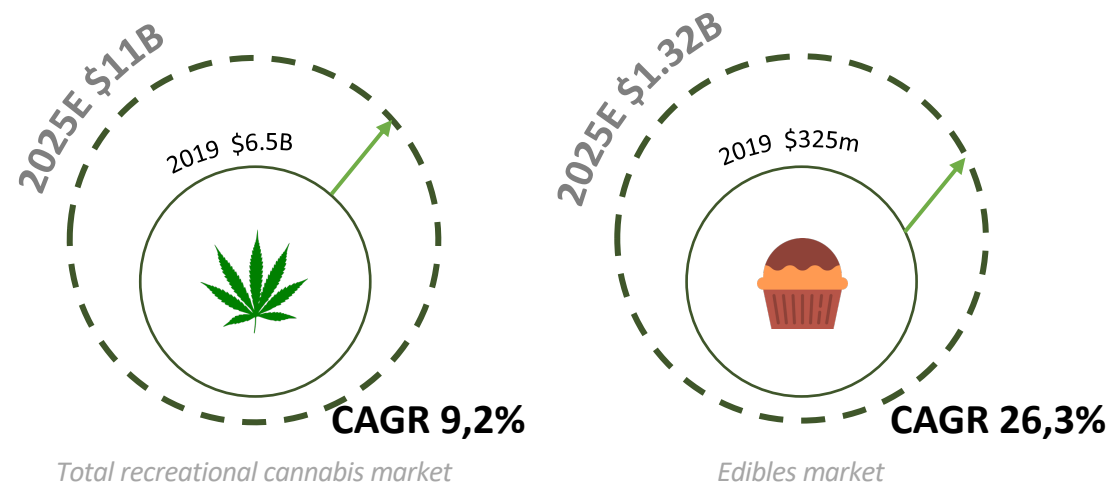
% of adult users of recreational cannabis



Recreational cannabis market breakdown by product:



Canadian recreational cannabis market size:



Consumers shift preferences to non-smoking alternatives

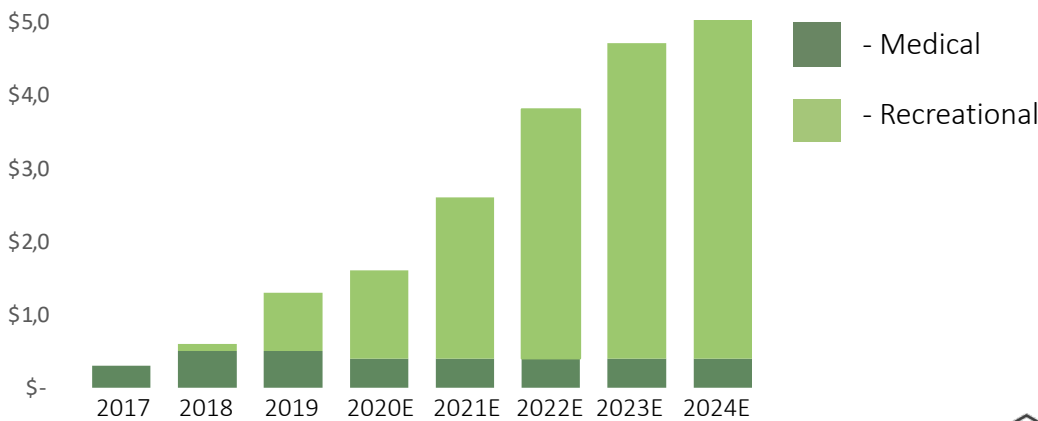


59% of cannabis users intend to use edibles



8% use edibles on daily basis

Canadian legal marijuana spending (in Billions)



General & Investments and costs assumptions

- Initial CAPEX around \$1M for the first product line, next tranche for CAPEX and supplying working capital
- Costs represent actual costs of living, production and prices in Canada based on research
- FCFF over the years will be invested into scaling & marketing
- Delivery is accomplished through Dutchie and other courier services
- Cannabis prices decreases over the years due to increase in volumes

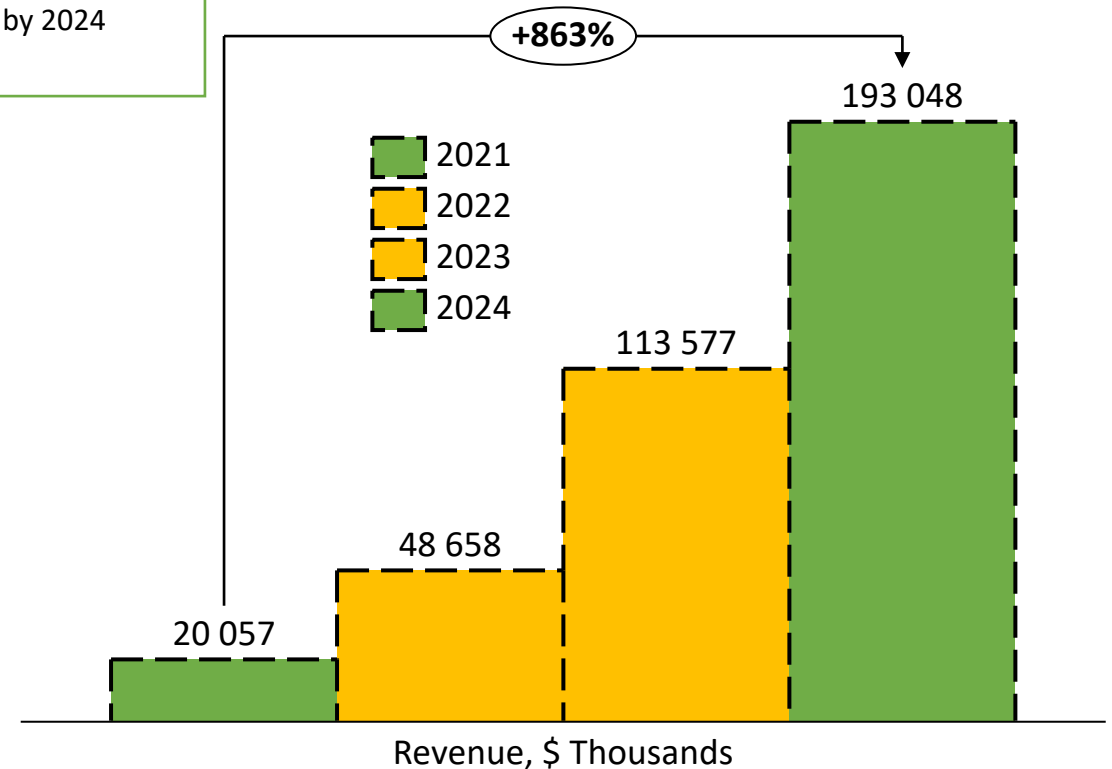
- Subscription base price: \$400
- Daily meal constructed with required amount of nutrition
- Goal ±50k subscribers by 2024

Growth drivers

- Utilization of food & edibles margin
- Growth of subscribers
- Growth of subscribers who purchase additional edibles
- Expansion over provinces
- Model doesn't account revenue from partners ads


Expense drivers

- Hiring stuff & bills for electricity
- Various expenditures on materials
- Additional taxes on cannabis based products



Category	2020	2021	2022	2023	2024
EBIT	- 163 867,33	5 669 071,94	9 048 485,95	27 751 630,76	59 203 959,18
NOPAT	- 163 867,33	4 166 767,88	6 650 637,17	20 397 448,61	43 514 910,00
Depreciation	100 000,00	180 000,00	630 000,00	1 130 000,00	1 930 000,00
CAPEX	- 600 000,00	- 800 000,00	- 4 500 000,00	- 8 000 000,00	- 8 000 000,00
Change in WC	- 108 389,72	- 10 213 921,67	- 10 926 238,60	- 30 780 623,38	- 52 288 234,94
FCFF	- 936 124,39	- 998 081,85	902 884,51	10 498 455,99	44 360 634,25
DCF	- 805 687,59	- 636 305,25	426 380,94	4 721 890,43	11 494 650,97

➤ Exit multiple x5,7



LTGR	3%
Discount %	35%
Present value of forecast CF	\$15 200 929,50
Present value of terminal CF	\$88 205 445,48
EV	\$103 406 374,98
IRR	76%

		WACC				
LTGR		25%	30%	35%	40%	45%
	5%	209 690 973,07	146 585 275,76	106 759 305,15	80 143 929,10	61 594 410,21
	4%	206 243 279,09	144 230 564,82	105 082 840,06	78 912 899,30	60 668 345,89
	3%	202 795 585,10	141 875 853,89	103 406 374,98	77 681 869,50	59 742 281,57
	2%	199 347 891,12	139 521 142,95	101 729 909,89	76 450 839,70	58 816 217,26
	1%	195 900 197,13	137 166 432,01	100 053 444,80	75 219 809,90	57 890 152,94

Founders and Investors

Pre-money valuation – \$20M USD

Founders – John Smith and William Doe

Lead Investor – CASA VERDE CAPITAL LLC

BOARD OF DIRECTORS

Founders – appoint 2

Lead Investor – appoints 1



Lead Investor – appoints CFO

Cap table – seed round

Type	Shares amount	%
Founder	10 000	45
Founder	10 000	45
Lead Investor	2 000	10

Tranches

1-st tranche – \$ 1M USD

- 1. Company established
- 2. Completion of definitive agreements
- 3. Got Cannabis Distribution License
- 4. Completion of due diligence

2-nd tranche – \$ 1M USD

- 1. Achieved KPI , including:
 - 1. First production line starts
 - 2. Not less than 200 clients bought subscription
- 2. Other investors conditions fulfilled

Additional information

Lead Investor has right to engage next rounds of financing with 10% discount

Incoming conditions

Cash-in **\$2 000 000** in 2 tranches:

- First – 50%
- Second – 50%

IV quarter
2019

- Signing the document «Basic Conditions» for the provision of capital investments for the project



I quarter
2020

- PR
- Legal Due Diligence
- Obtaining a license for the processing and distribution of cannabis products

Getting the **first** tranche for capital expenditures (50%)

II-III quarter 2020

- Incorporation in SEC of Canada
- PR Kitchen 2.0
- Start of construction work



III quarter 2020

- Compliance with 9 tracks of the Project and Distribution of trenches

Getting the **second** tranche for providing working capital of the enterprise and scaling up business (50%)

Exit

- I-II quarter 2025
- Sale of investor's share in the amount of **10%**