



# New Jersey Cannabis Retail Consolidation Strategy

August 2025



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# OVERVIEW



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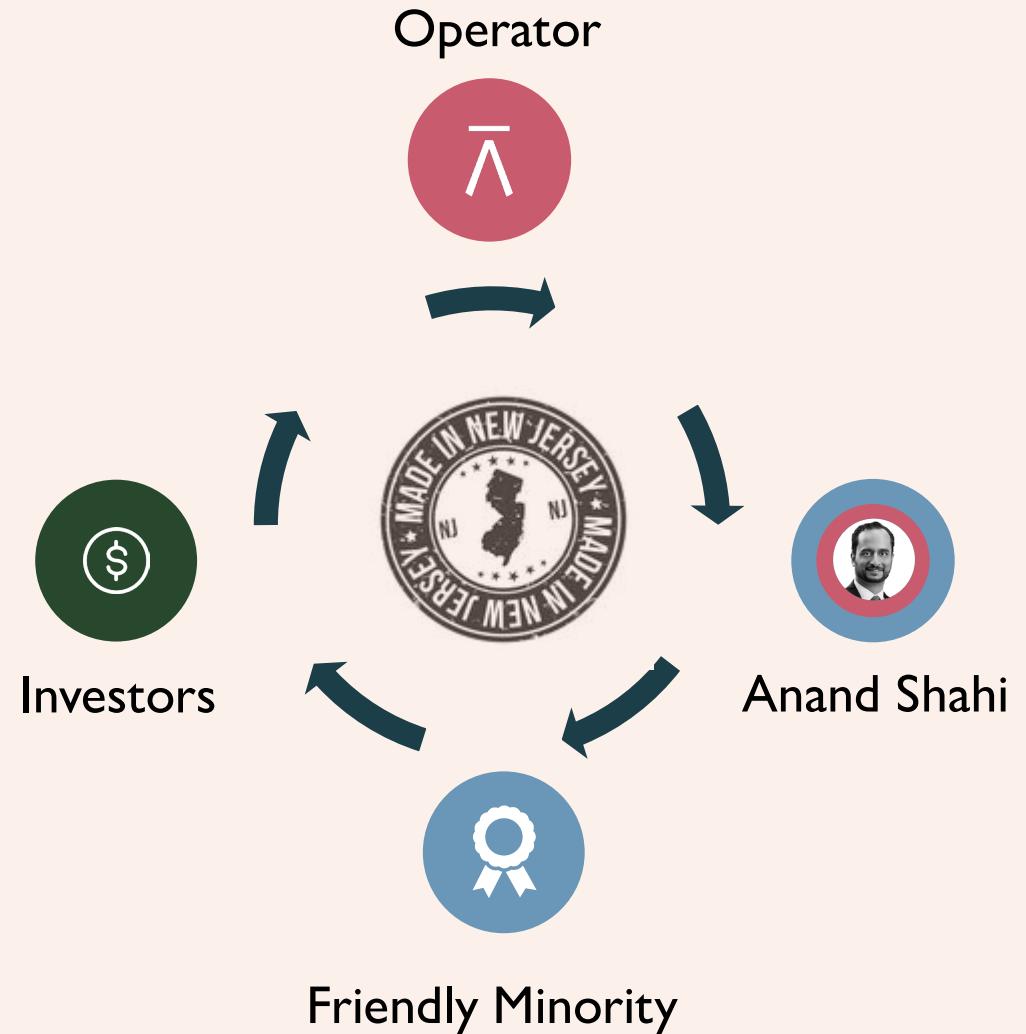
# TRADE SECRET TOOLKIT



Bar Capital has developed a set of proprietary tools tailored for the New Jersey cannabis market with the intent of creating the most profitable cannabis distribution network in the state.

We have built an investment platform that is institutional class and very difficult to replicate. Grounded in Anand Shahi's deep local ties and immigrant family network and backed by Bar Capital's specialized cannabis industry experience, we believe we can achieve asymmetrical upside for.

**Our goal is to reach between \$35M to \$50M in revenues within the next 3-5 years.**



# ABOUT US - CANNABIS IS OUR CALLING



ANAND SHAHI, CFA



DANIEL DAGEN, CFA



Over the past decade, Bar Capital has demonstrated the advantages of building a strong private network of investors, operators, and service providers. We believe cannabis should become a mature industry that provides clear structures for investors to participate.



# ANAND SHAHI, CFA – TRACK RECORD OF RESULTS



- Prior to launching Bar Capital in 2016, Anand had a successful corporate career at Morgan Stanley, S&P, Atlas Capital Partners (hedge fund) and Merrill Lynch.
- Experienced in executing advisory and capital formation for cannabis companies across the Americas, Europe, Israel and China.
- Closed \$15M investment into cannabis fund - the first ever by a pension fund for a healthcare company into the cannabis industry to our knowledge.
- Served as CFO of Nova Farms, the largest privately owned cannabis Multi-State Operator in the Northeast.
- At Nova Farms, Anand and his team enhanced financial reporting and knowledge, operational planning and execution, recruitment of talent, use of technology, and financial results across Nova's footprint of 7 retail, 3 manufacturing and 3 cultivation licenses in Massachusetts, Connecticut, Rhode Island, Maine and New Jersey.
- Closed \$20M line of credit for Nova Farms with Chicago Atlantic, a leading credit fund in the cannabis space with over \$2B in assets under management.

# OUR MOAT

Multi-State Operators

Investment Banks

PE Funds

Service Providers

Small Business Owners

Accredited Investors

By leveraging trusted family involvement and a rare blend of cannabis and corporate expertise, we have created a defensible moat against potential competitors.

## Acquire



Recent New Jersey cannabis regulatory changes permit investment in up to 7 'Diversely Owned Business' licenses, enabling strategic consolidation. Anand Shahi's family relationships provide compliant ownership partners to support this expansion.

## Implement



By consolidating spending across retail locations, we reduce costs for legal, accounting, marketing, and reduce COGS by improving the supply chain through smarter budgeting and stronger negotiation. Our tax strategies mitigate 280E impact, while free cash flow is reinvested into store marketing with a focus on community events.

## Grow



A single-state operation under a unified brand focused on scaling revenues while providing significant cost savings leads to positive net profit margins not obtainable by the "mom & pops".

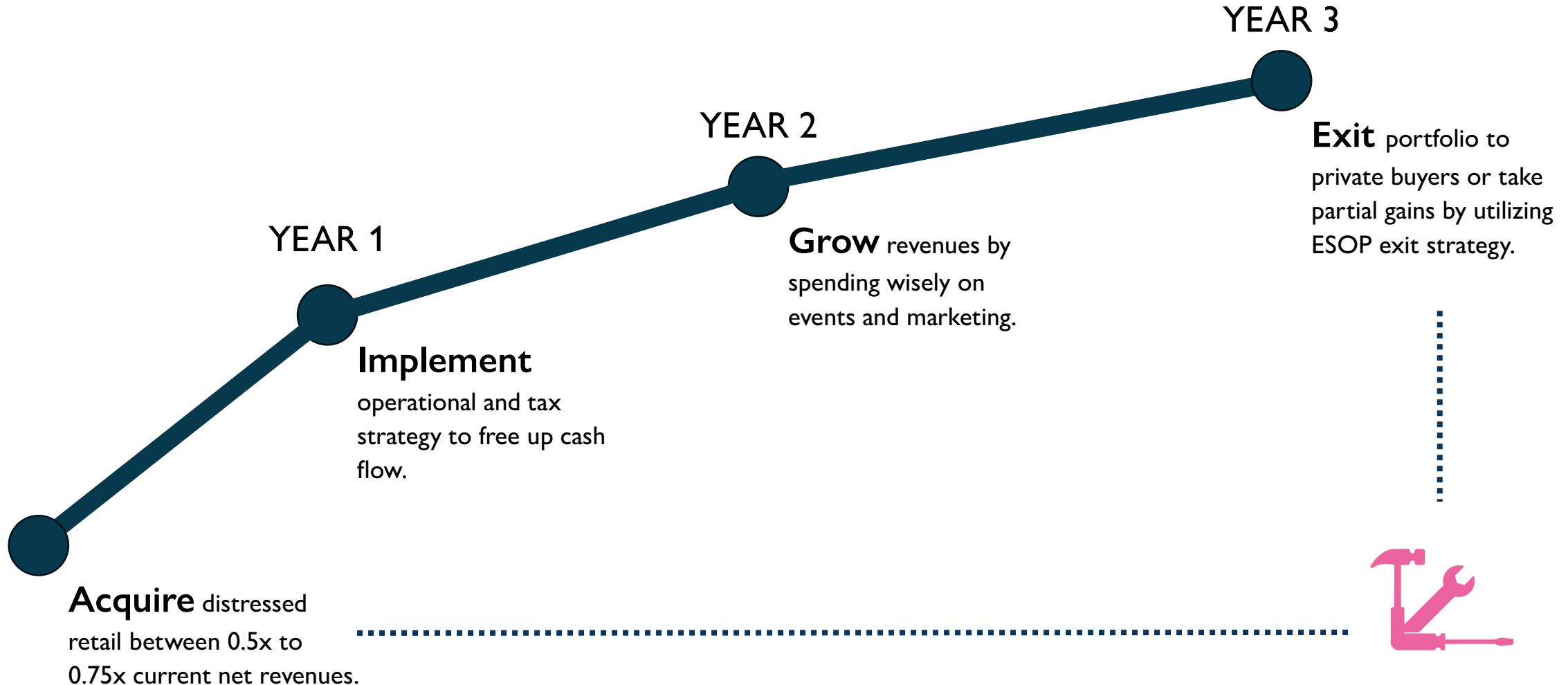
## Exit



We aim to achieve the highest ROIC for investors by appealing to both private buyers and the ESOP structure. Established in 1974, ESOPs are a proven exit strategy for the capital starved cannabis industry. Bar Capital has developed key contacts to help facilitate the strategy at exit.

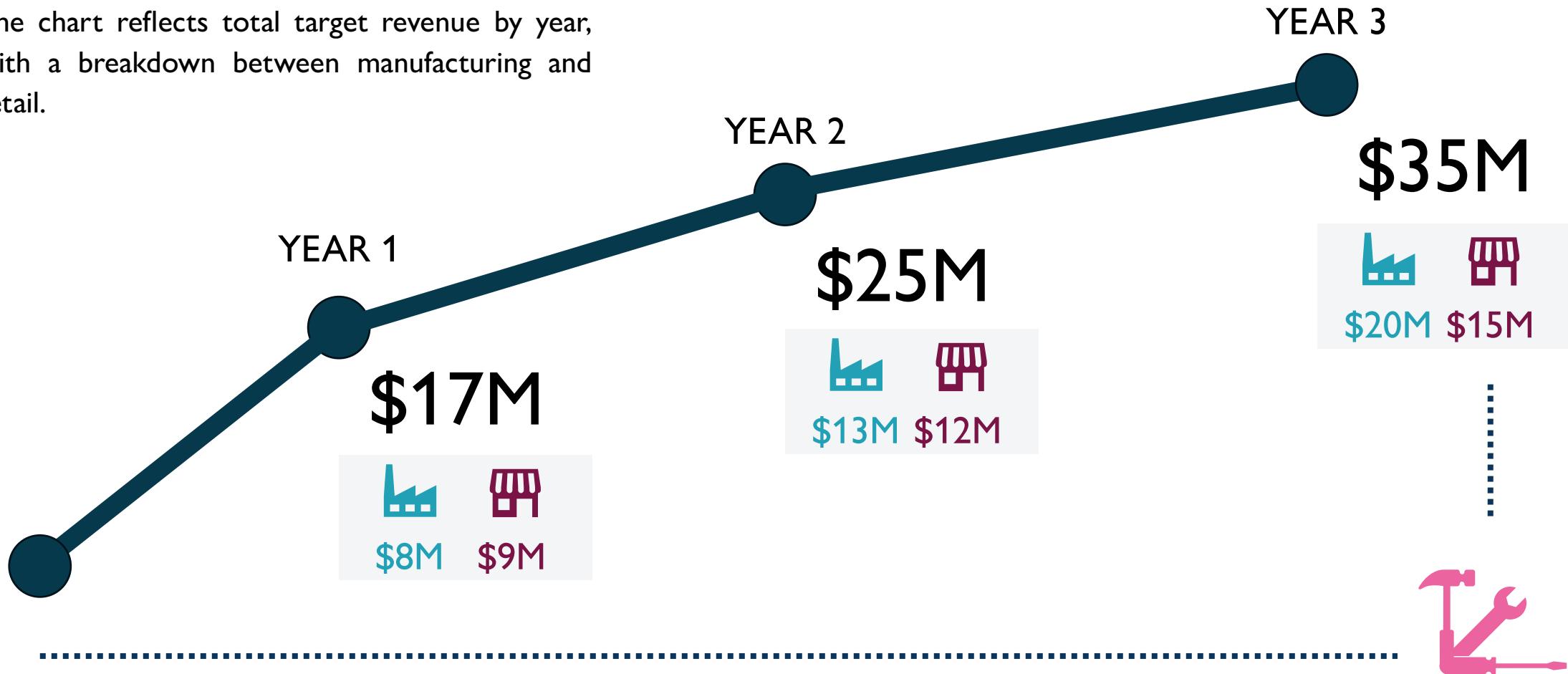
# STRATEGY SUMMARY

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# REINVESTING FREE CASH FLOW TOWARDS REVENUE GROWTH

The chart reflects total target revenue by year, with a breakdown between manufacturing and retail.



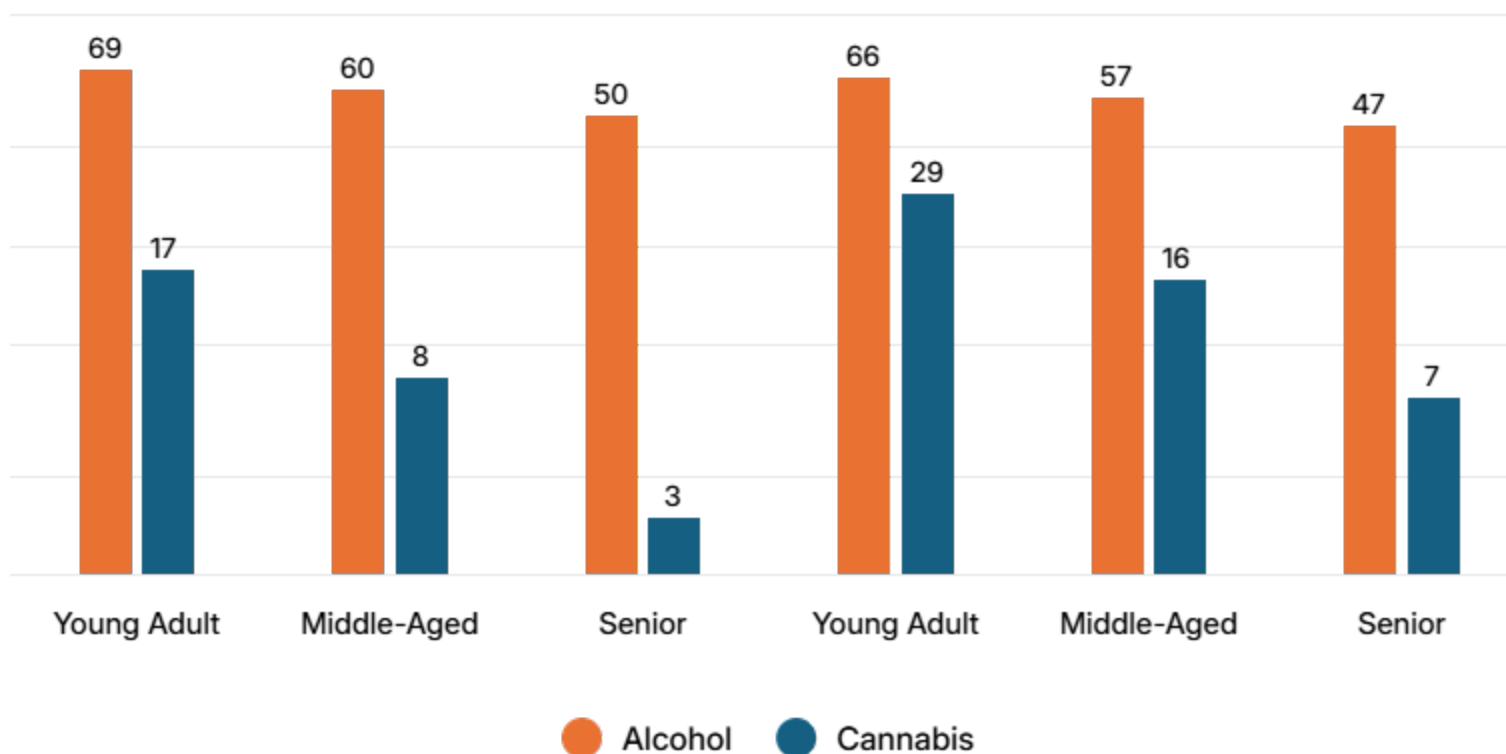
# WHY NOW?



# CANNABIS IS FAST BECOMING THE NEW NORMAL

## Alcohol Dips while Cannabis Doubles

(Monthly usage by adult group in percentage terms)



# 186%

increase in average monthly cannabis usage while alcohol declines by 5%.

On Jan 3<sup>rd</sup>, 2025, the U.S. Surgeon General issued a very sobering report linking even one alcoholic drink per day to a 40% increase in 7 types of cancer.



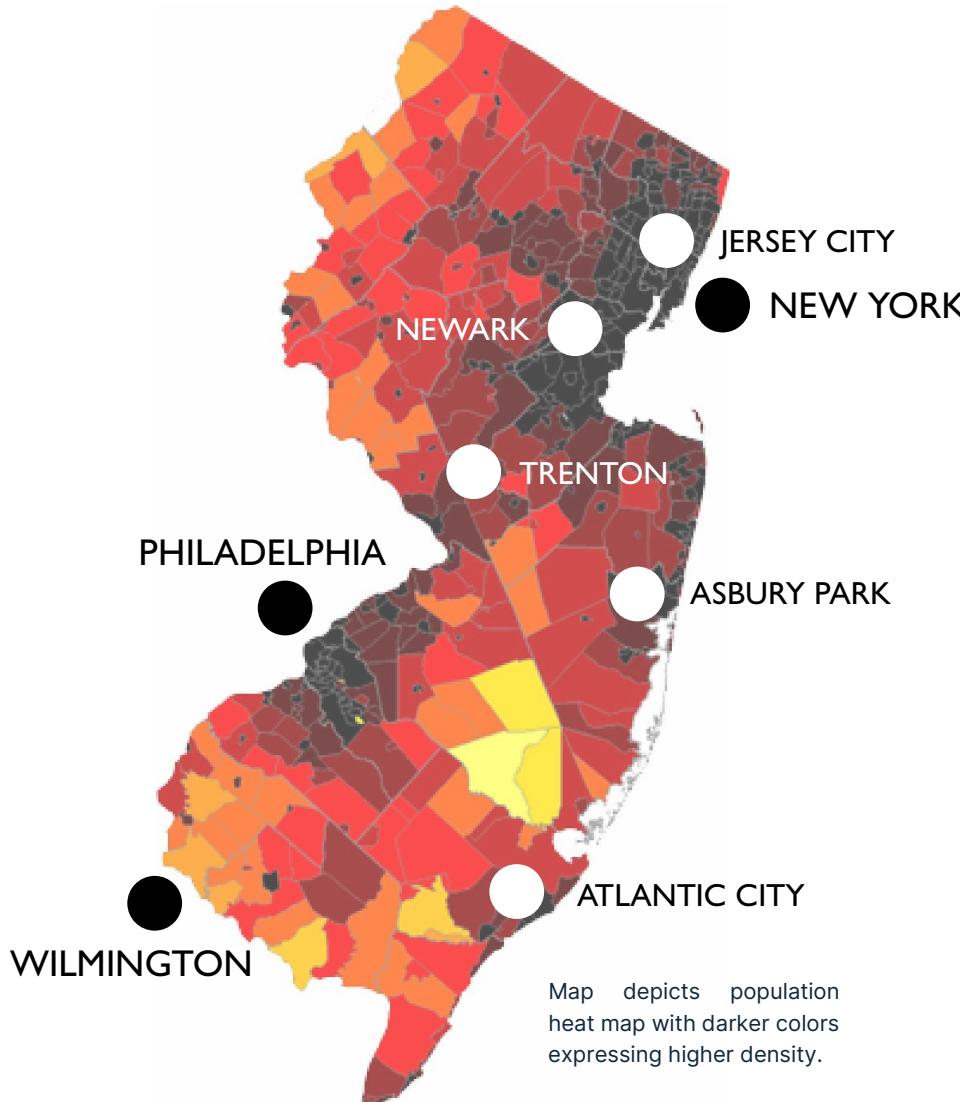
# NEW JERSEY - HOTBED FOR HIGH VOLUME RETAIL

**9M**  
total population

**46M**  
total population within  
4-hour drive

**100M**  
total tourists per year

**100K**  
median household income



Certain segments of I-95 in New Jersey experience average volumes exceeding 138,000 vehicles per day.



Over 1 million vehicles per day use the Garden State Parkway, making it one of the busiest toll roads in the U.S.



226 million passenger trips took place in 2024 across all modes including bus, rail and light rail.



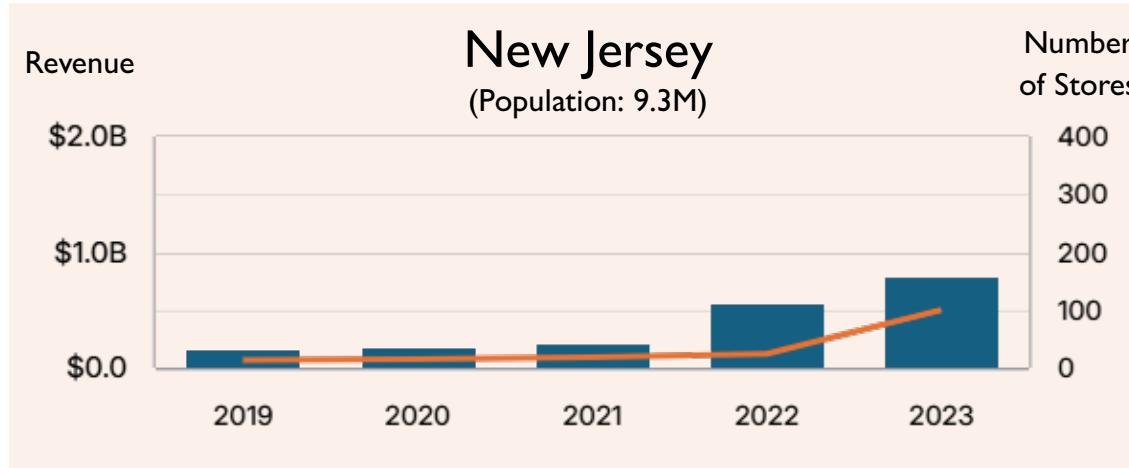
5 million passengers in March 2025, an 11% increase year-over-year. Average weekday ridership was 194K, a 9% rise year-over-year.



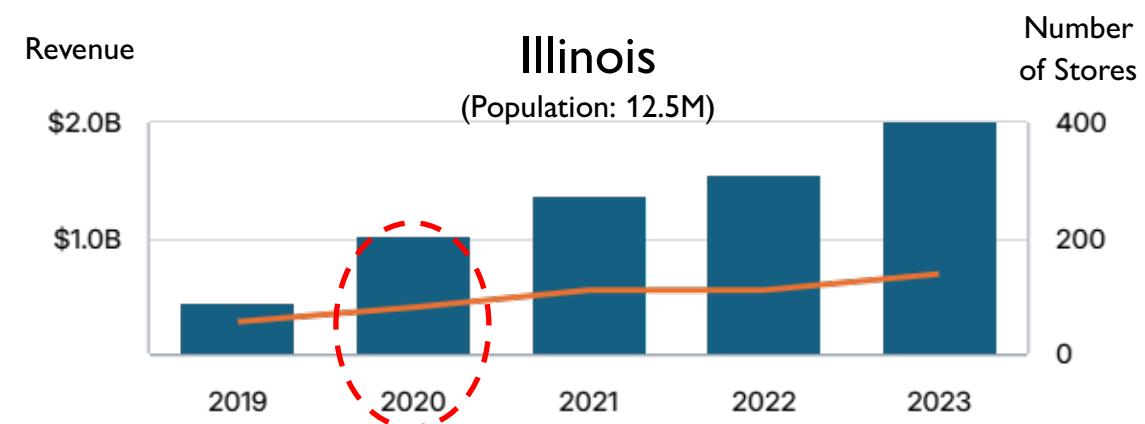
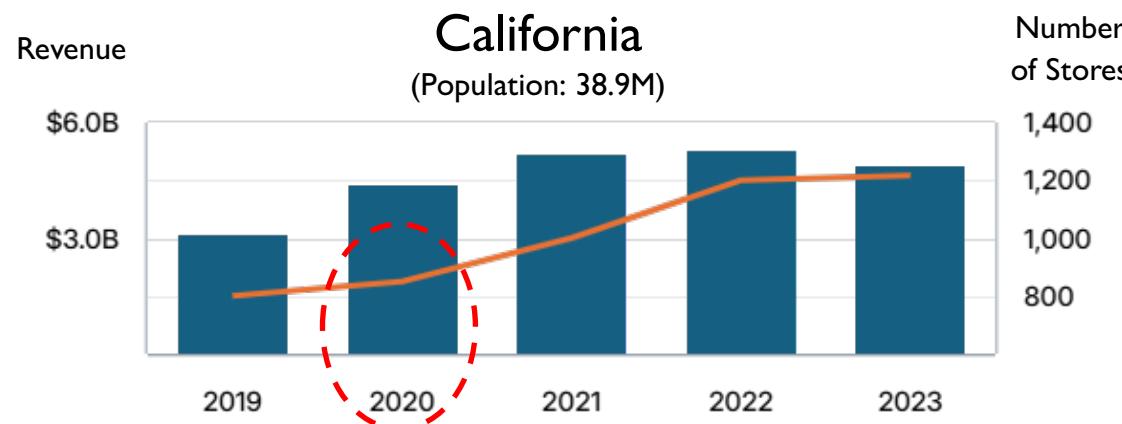
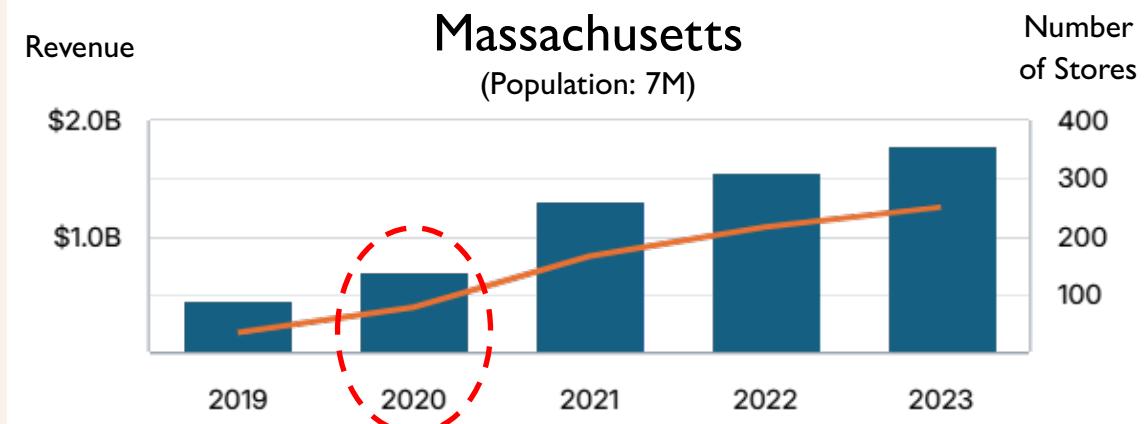
48 million passengers in 2024, with the busiest routes for EWR were Los Angeles, London, Orlando, San Francisco, Chicago, Atlanta, and Tel Aviv.

# TOTAL REVENUE VS. STORE LOCATIONS BY STATE

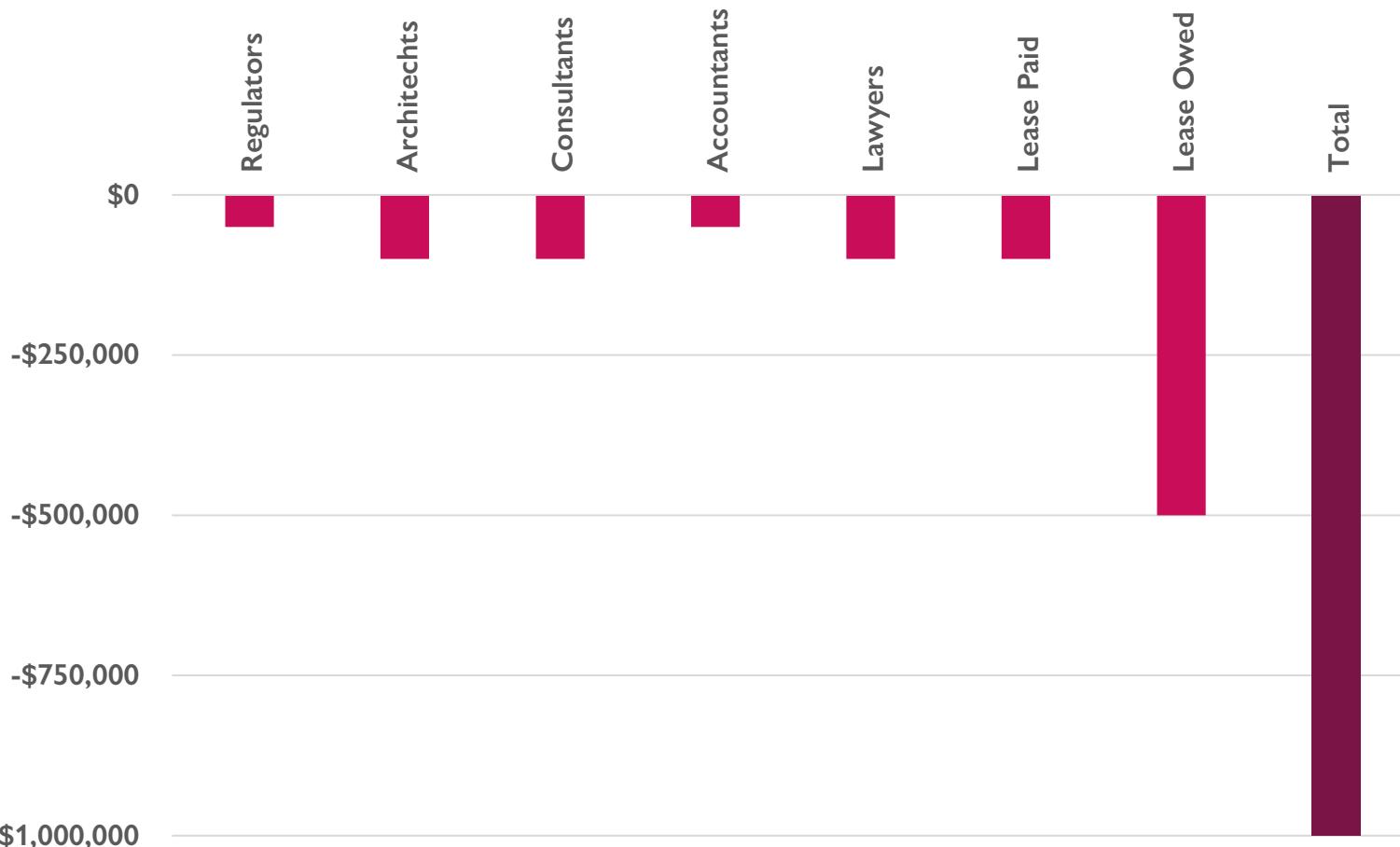
Projected growth will increase New Jersey's market from \$1.0 B in early 2025 to \$2.4 B by 2026.



Based on our internal analysis and market experience, the highlighted years represent the most relevant comps for New Jersey's current growth trajectory.



# "MOM & POP" CANNABIS LICENSES UNDER WATER WITH LITTLE VALUE



**-\$1M**

Represents losses and liabilities for several license holders we have due diligence — both pre-launch and currently operational.

**1,062**

Total retail licenses issued by the regulators in New Jersey as of June 13, 2025.

Annual: 139  
Conditional: 923



# WHY ARE "MOM & POP" OPERATORS DISTRESSED?

1

## Inexperienced Operators

Many of these entities lack operational expertise, fiscal discipline, corporate knowledge and experience, or competent professional advisors to launch and sustain successful cannabis businesses.

2

## Tough Competition

With no way to differentiate their brand or save on costs, these operations inevitably run out of funds and become a liability to the owner.

3

## Scaling Constraints

Lack of scale leads to overspend on high-budget items such as branding and marketing, staffing and HR, insurance, professional services and COGS.

4

## Crippling Taxes

High federal, state and local taxes and the burden of 280e lead to deepening tax liabilities for operators on top of having negative cash flow from operations.

5

## Capital Restrictions

Investors do not want to take a risk on a single or small number of locations with operators that are not sophisticated or experienced.

# PROPRIETARY TOOLKIT



# TARGET CRITERIA FOR RETAIL LICENSES



## Location

- Foot or traffic count above thresholds
- Easy access for consumers and close to other popular retail stores or transportation hub
- Ample parking with space for events and convenient ingress and egress



## Operational Inefficiencies

- Inexperienced operators lacking leadership and confidence
- Overspend on payroll, marketing, or professional services
- Room for optimizing SOPs and improving culture



## Fundamentals

- Strong ratio of revenue generated by marketing spend
- Reasonable property lease terms
- Low to no debt with ability to remove as a burden



## Liquidity Crisis

- Tax liabilities outstanding and accruing interest
- Working capital depleted
- Budget for marketing under pressure or nonexistent



Annual License Application Approval

Out of Funds



Annual License Application Approval

Municipal Approval

Out of Funds



Annual License Application Approval

Municipal Approval

Store Launched

Out of Funds



Annual License Application Approval

Municipal Approval

Store Launched

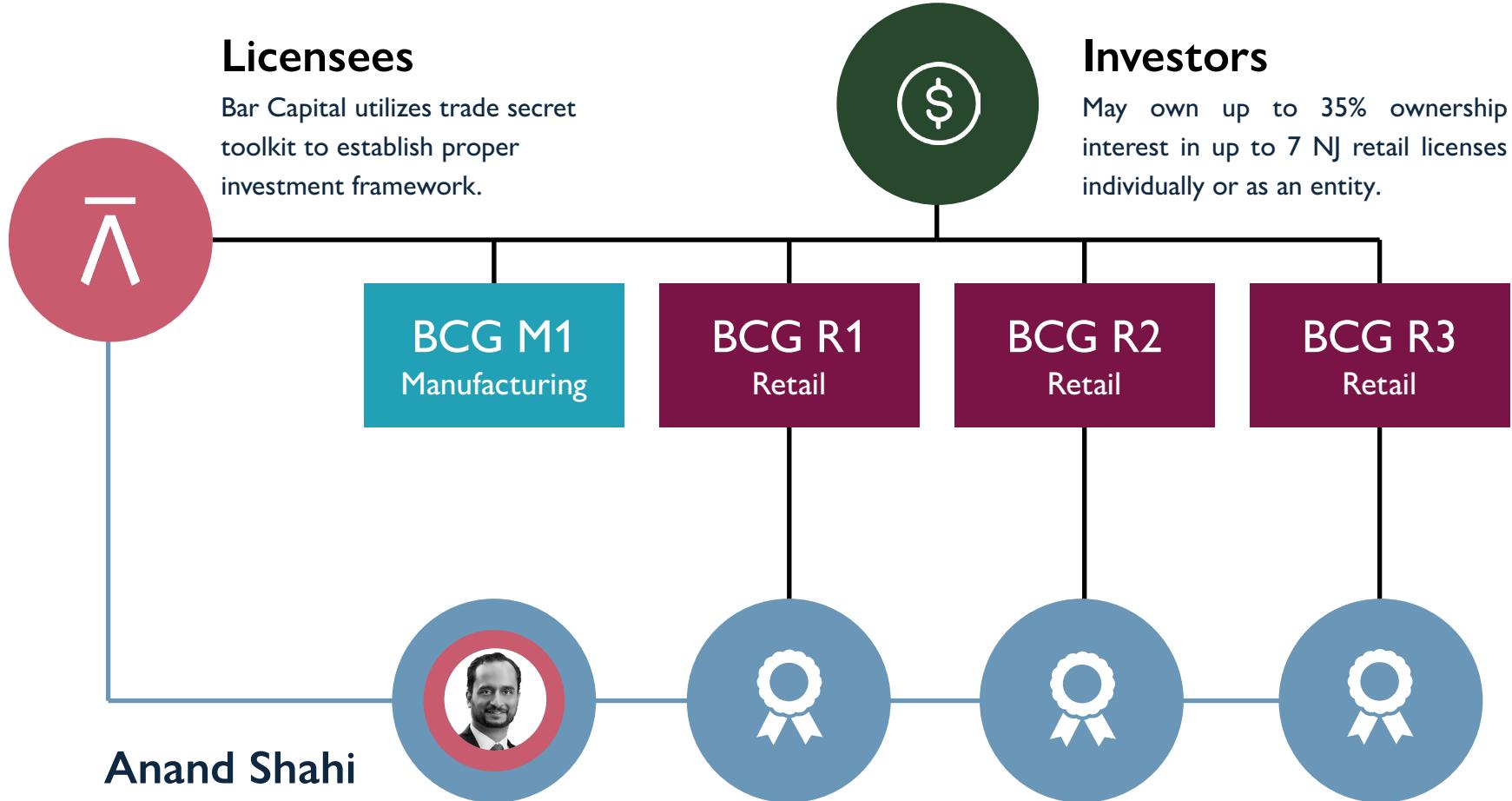
Operations Producing Net Loss

Out of Funds

# UNIQUE COMBINATION OF EXPERTISE & RELATIONSHIPS



Compliant with state regulations, our contracts aim to align the interest of the Licensee with that of the Investors.



# TARGET RETAIL DEAL STRUCTURE – LIVE PIPELINE EXAMPLE

**\$3.0M**

NET REVENUES\*



**0.67**

REVENUE MULTIPLIER



**\$2.0M**

TOTAL PURCHASE PRICE AT  
CLOSING

**\$0.7M**

35% DOWNPAYMENT

**\$1.3M**

SELLER NOTE OVER 10 YEARS  
AT 9% INTEREST RATE



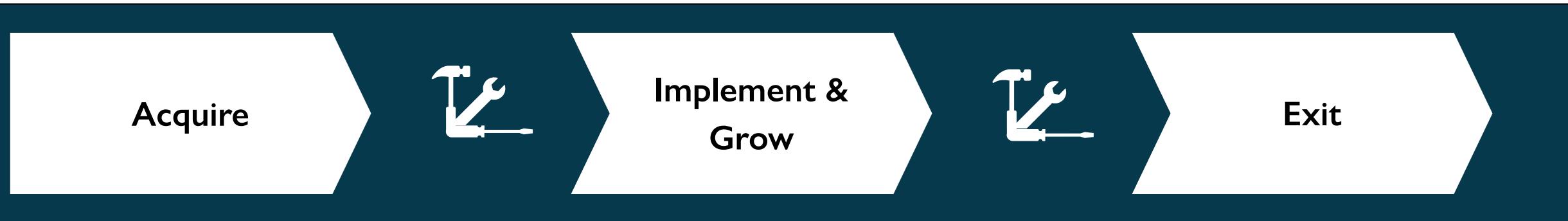
Post closing, our toolkit allows us to free up cash flow and reduce the operational breakeven point closer to \$2.5M in revenues. We expect to spend \$200K of freed up cash flow per year on marketing and events. If we reach a 15% increase in net revenues to \$3.5M, we expect to generate approximately \$200K in annual profits net of taxes and note payments.

19 Above data represent targets. Actual results may vary and are not guaranteed.

\*Net revenues are calculated as Gross Revenues minus NJ revenue taxes of 6.625% and municipal taxes of 2.0% as well as sales discounts.

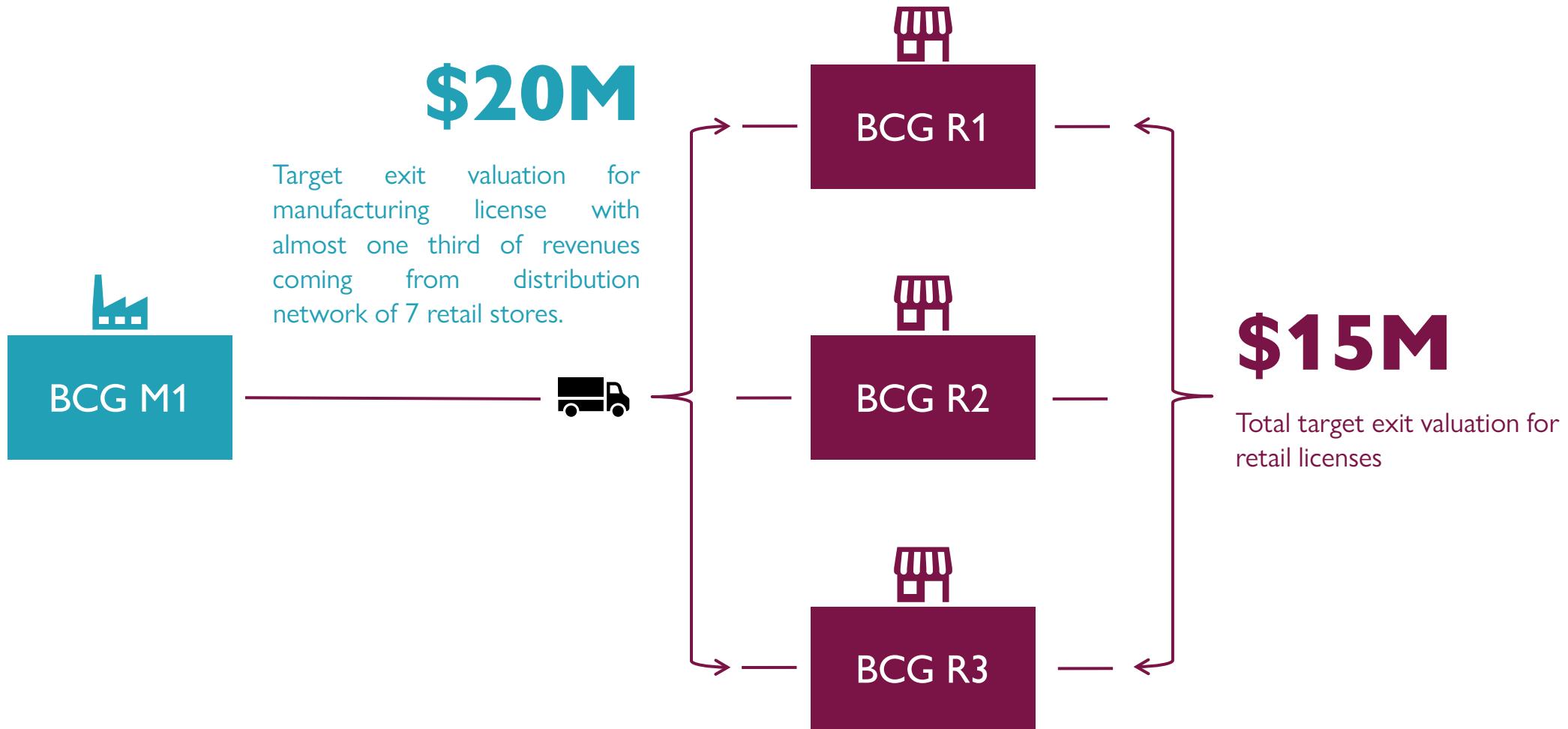
# VALUE CREATION PROCESS

Bar Capital follows a strict set of criteria in selecting the right projects for the platform. Our goal is to take underperforming retail stores in good locations and generating \$3M or less in revenues to a long-term average of \$5M or more with consistent profitability.



- License owner must sign managed services agreement and agree to valuation.
- Investor entity takes an initial stake in the license in exchange for a downpayment.
- Remaining investment is reserved for working capital targeting growth.
- Identify and resolve inefficiencies and reduce costs.
- Grow consolidated brand by investing in sales & marketing to drive up revenues.
- Implement tax savings
- Improve equity value and financial reporting to stage for sale.
- Sell to another PE firm or private buyer.
- Sell to a Multi State Operator.
- Partial conversion to Employee Stock Ownership Plan (methodology already exists) to distribute gains.

# MANUFACTURING VALUATION – ANCHORED DISTRIBUTION NETWORK



# RETAIL VALUATION – BENEFITS OF CONSOLIDATION

	Distressed Target	Target by Year 1	Target by Year 3	Target Portfolio by Year 3*
Gross Revenues	\$2.0M	\$2.5M	\$5.0M	\$15.0M
COGS	\$1.4M	\$1.5M	\$2.5M	\$7.5M
Gross Profit Margin	30%	40%	50%	50%
EBITDA	-\$0.2M	\$0.5M	\$1.0M	\$3M
Valuation	\$1.0M	\$2.5M	\$5M	\$15M
EBITDA Multiple	n/a 0.5x	5x	5x	5x 1x
Revenue Multiple		1x	1x	

 **\$1M+**  
 Target valuation increase post-acquisition based on multiple expansion alone.

Current cannabis industry valuation multiples for profitable business.

# THE OFFERING

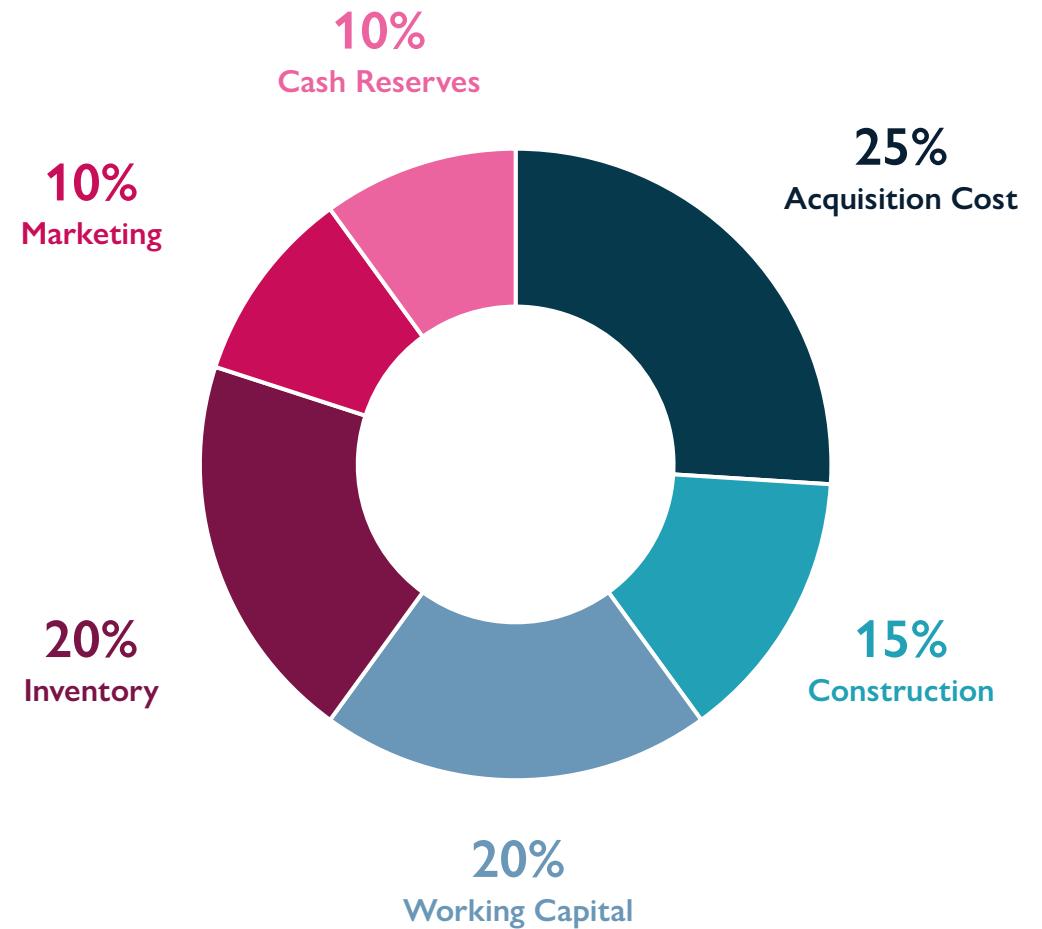


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## USE OF FUNDS

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**\$5M**  
**TOTAL FUND RAISE**



## OFFERING DETAILS

# A

### CLASS SHARES

<b>Issuer</b>	BCG A1 LLC
<b>Launch Date</b>	September 1, 2025
<b>Total Raise</b>	\$2,500,000
<b>Investor Equity</b>	20% economic stake each in one manufacturing license and three retail licenses at a pre-money valuation of \$12,500,000 for the portfolio.
<b>Private Credit Coupon</b>	ROFR option to participate with additional funds in 12% interest payments on any real estate purchases supporting operations.
<b>Minimum Investment</b>	\$250,000 individually or \$1,000,000 as a group
<b>Use of Proceeds</b>	Downpayment for initial stake in acquisition target and general working capital purposes.
<b>Admin Fees</b>	3% one-time fee for legal and administrative costs

## OFFERING DETAILS

B

### CLASS SHARES

<b>Issuer</b>	BCG B1 LLC
<b>Launch Date</b>	November 1, 2025
<b>Total Raise</b>	\$2,500,000
<b>Investor Equity</b>	15% economic stake each in one manufacturing license and three retail licenses at a pre-money valuation of \$16,666,667 for the portfolio.
<b>Private Credit Coupon</b>	Option to participate with additional funds in 12% interest payments on any real estate purchases supporting operations. (First come first serve basis post A round participants)
<b>Minimum Investment</b>	\$50,000 individually or \$250,000 as a group
<b>Use of Proceeds</b>	Downpayment for initial stake in acquisition target and general working capital purposes.
<b>Admin Fees</b>	3% one-time fee for legal and administrative costs.

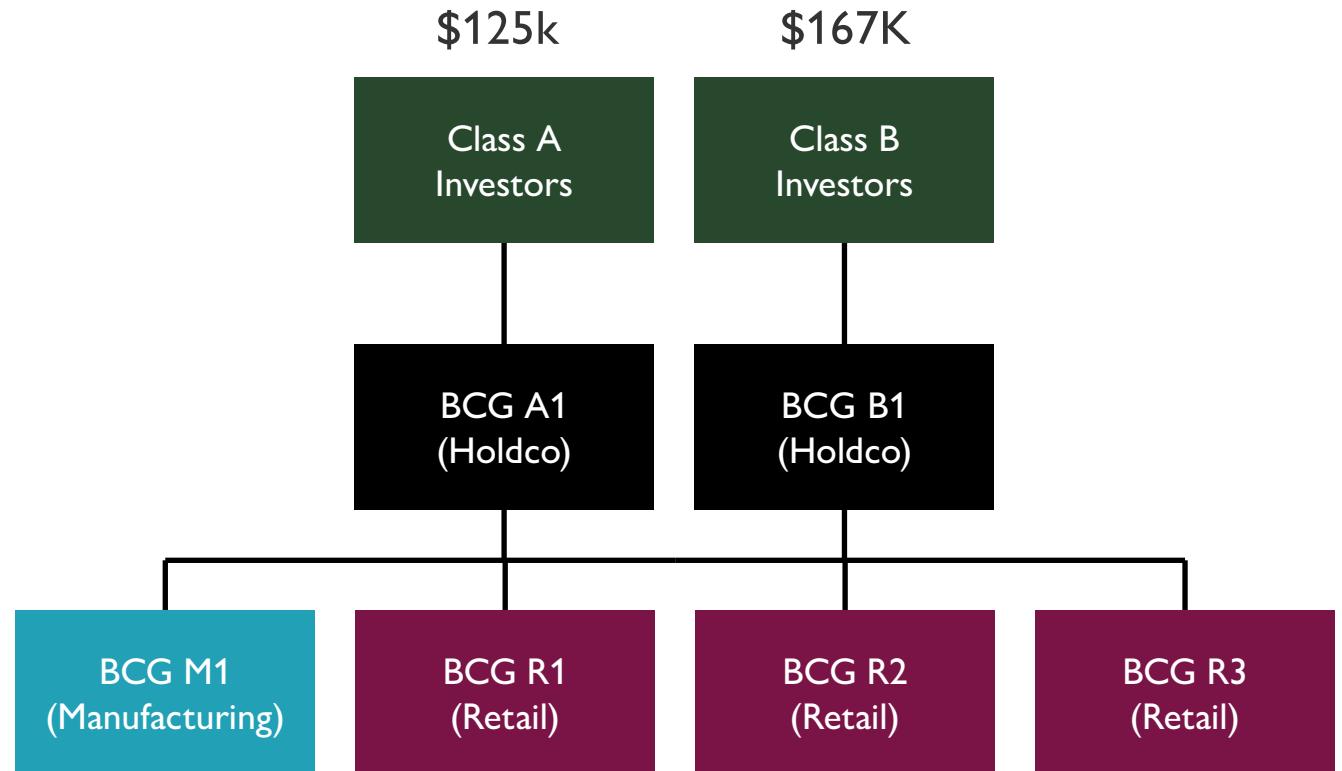
# COMPLIANT INVESTMENT STRUCTURE



Investors

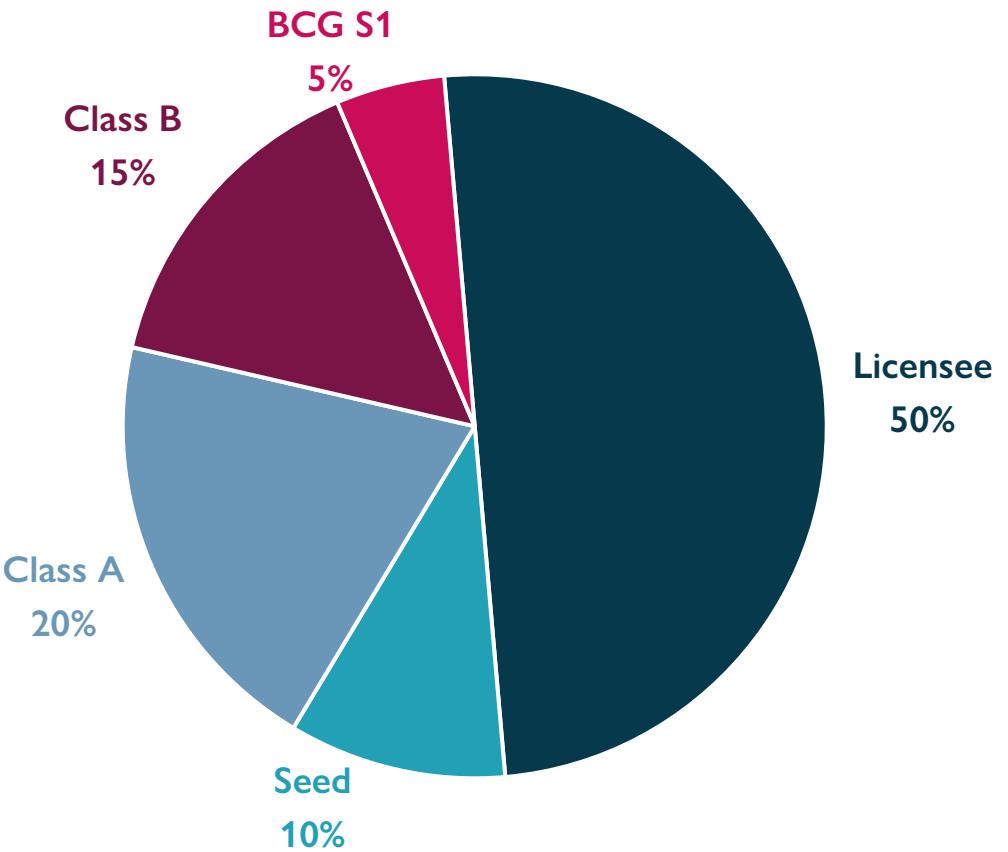
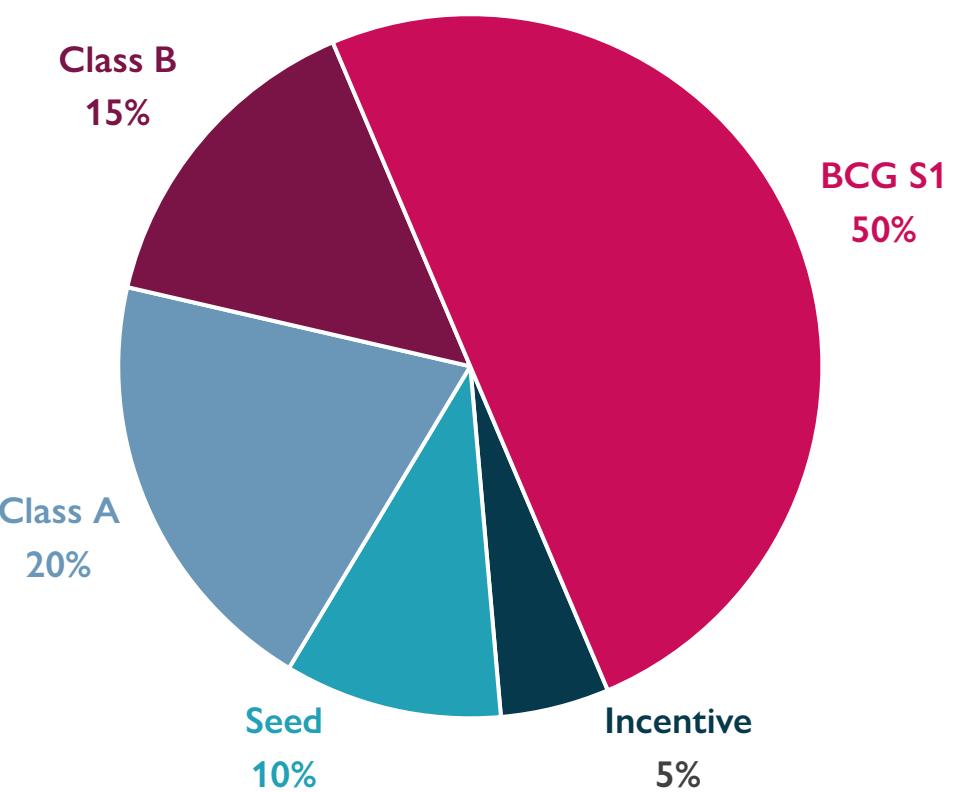
Cannabis regulations in New Jersey allow investors to own up to 49.99% in as many as 7 retail licenses. Any individual or group of investors per entity may not own more than 35%.

Value of a Point



# COMPLIANT ENTITY OWNERSHIP

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## TIMELINE

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Seed  
Round  
Closed

• 2025

- Acquire and operate first retail dispensary location
- Acquire manufacturing license
- Launch proprietary brand via white-label partners

• 2027

- Complete optimizing all store operations

• 2029

- Begin exit of retail and manufacturing portfolio via private sale or ESOP conversion options

• 2026

- Acquire 6 additional retail locations

• 2028

- Prepare portfolio for exit

# END OF PRESENTATION

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