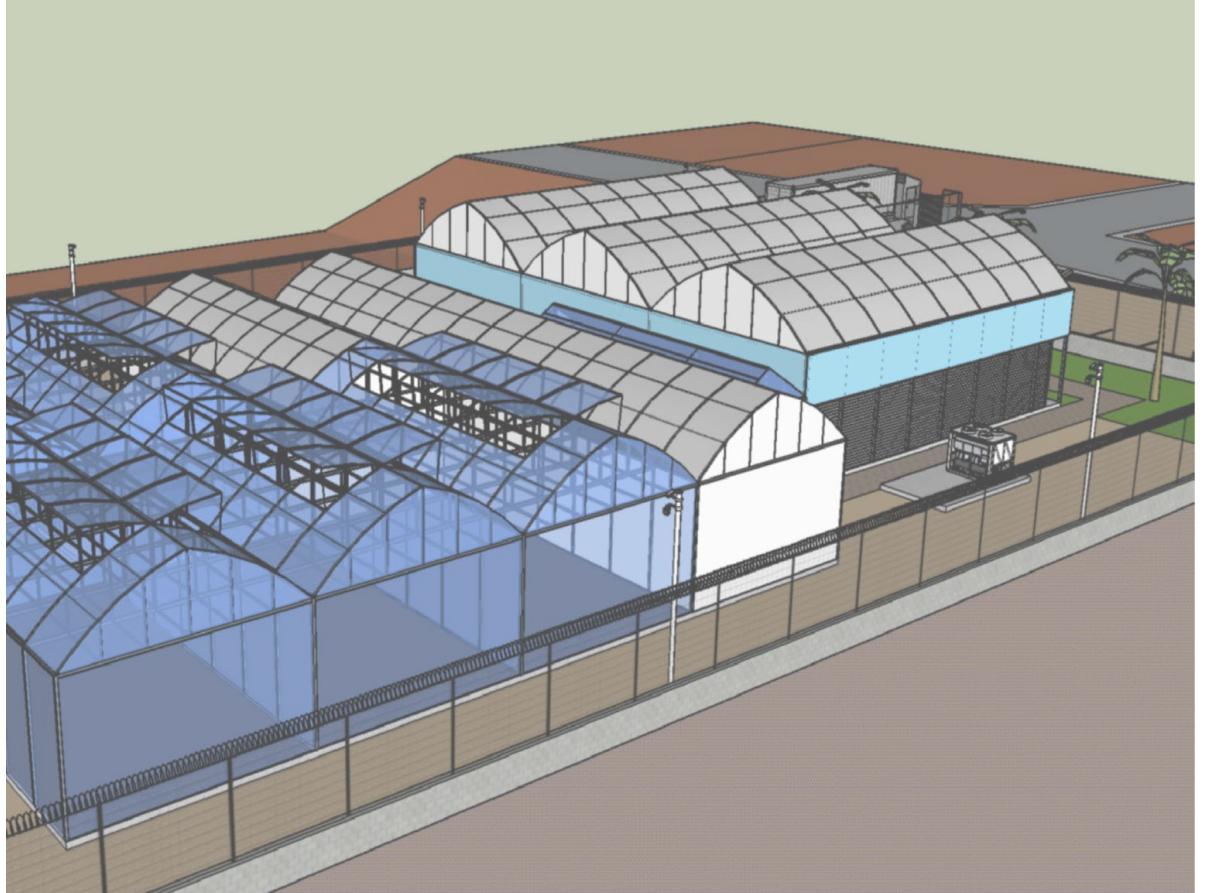




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## ABOUT US

PHYTO CANNABINOID manufacturer purpose designed to cultivate wellness.



## VISION

Ecofriendly, sustainable and cost-efficient approach leveraging a vertically integrated value chain with a corporate structure matching current and Upcoming market needs and demands.

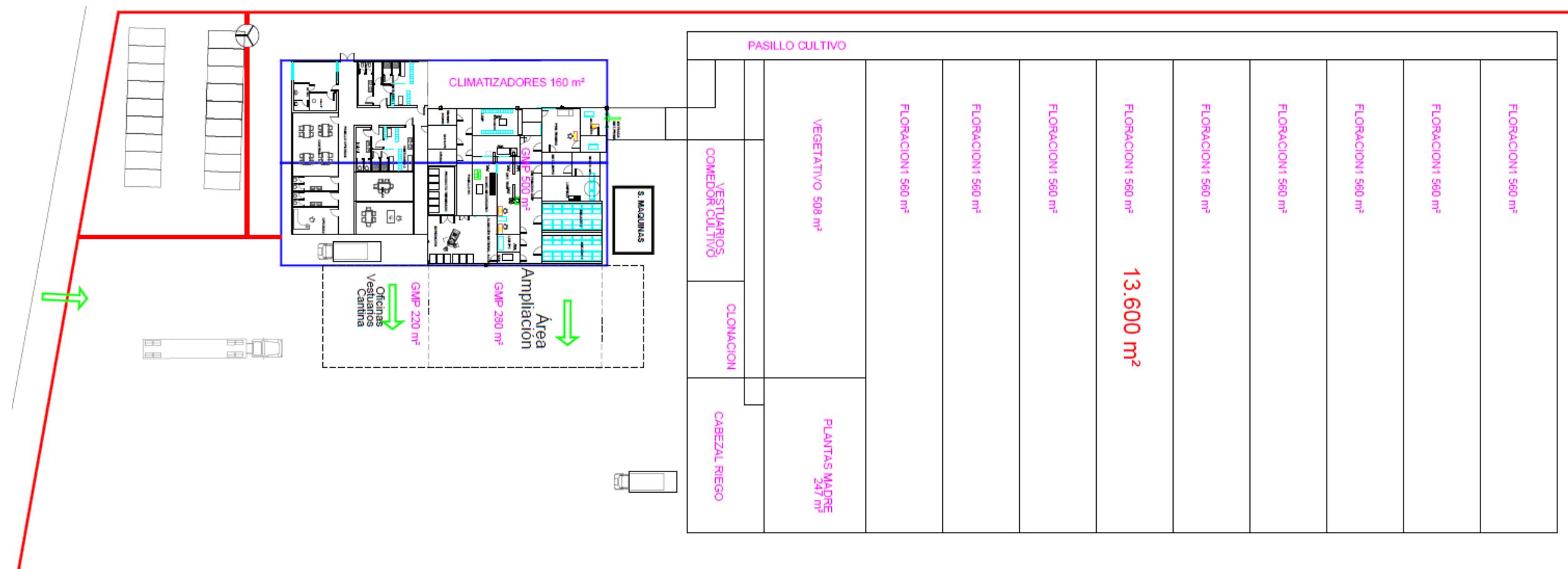
## MISSION

Producing EU GMP/GACP compliant cannabinoids to fulfill the needs of a booming industry just starting to break through a century of unjustified prohibition.

# WHAT WE DO

CANNAPHARM is preparing for (*cannabis sativa L.*) cultivation license and EU GMP certification for our site in the Canary Islands/Spain with maximum batch production capacity of 200kg/week of gourmet flower, starting material for cannabinoid extraction backed up by IoT driven control and Blockchain data validation/transactions along all the value chain among other future technologies.

Cultivation and EU GMP processing onsite is the first step to vertical value chain integration; extracts, transformation, finished medicinal products and research are to be integrated as CANNAPHARM gets licensed for cultivation and certified in European pharmaceutical Good Manufacturing Practice.



# INDUSTRY

Prohibition partners forecast European cannabis market to reach over \$3.2bn in 2025 with a 2021-2026 CAGR of 67.4%.

# TECHNOLOGY

IoT and decentralized data management  
specific industry application development  
Will be our cutting Edge advantage

## PRODUCTS

- EU GMP standardized dry cannabis flower as an API(active pharmaceutical ingredient)
  - GACP/GMP compliant starting material for CANNABINOID extraction and transformation.
  - Decentralized data processing for strain specific cultivation standards, intellectual property regarding genetics and specific batch CoA.

## PROJECT DEVELOPMENT TIMELINE

2021



## IDEA STAGE

- Recreational use legalization approval in Germany leads to business case adaptation with recreational cannabis market in focus.
- German legalization guidelines and legal frame study, product quality standards, production volume and specifications analysis.
- Different business model designs tested for Product-Market fit evaluating client's willingness to pay for the product in order to validate our business case assumptions.
- General site location relevant factors analysis, location viability study, Canary Islands established as desired general location.

## EARLY PHASE

4<sup>TH</sup> QUARTER

- CNNAPHARM Ltd constitution, articles of incorporation signed according to Spanish/EU regulations, 58K seed capital provided by the founder.
- Market study, costumer/problem core hypothesis established
- Core hypothesis assumptions and business case refined according to Canadian, US, German, Australian and Israeli potential B2B client base
- project guidelines, basic production concept set
- Pharmaceutical, engineering and cultivation outsourced activities contracted
- Economical evaluation and viability study

10 DEC

BUSINESS CASE  
VALIDATION STAGE

2022

## EARLY PHASE



### Proof of Concept Stage

#### 2<sup>nd</sup> Quarter

- Medical cannabis to be legal in Spain by Dec/22 and Switzerland by Aug/22, design modification and potential partners added to our business plan in compliance.
- Specific site location rented with purchasing option, local and European subsidies qualification applications submitted
- URS (user requirement specifications) for pharmaceutical processes, cultivation design and engineering defined for next stage (Product/Project design)

#### 1<sup>st</sup> Quarter

- Land property option screening, presentation of urbanistic compatibility applications to various town halls in the canary islands for available properties
- Initial site layout, production and financial models elaborated in accordance with updated target market and validated business idea generating the MVP (Minimally Viable Product/Project)
- MVP tested for regulatory compliance and client reaction confirming concept viability

2022



## PRODUCT DESIGN STAGE

- Technical assessment by the AEMPS is meant to avoid post building/installation modifications due to possible non compliances
- Upon presentation of technical assessment file work will commence on infrastructure, general utilities, civil permits and cultivation installations preparing for the next stage
- Based on the (Mock Application) response from the AEMPS relevant modifications will be made to our project design minimizing any nonconformities.

## PRE-REVENUE PHASE

### 3<sup>rd</sup> Quarter

- Seed capital amplified to €400k, funding plan established accordingly
- A fully functional Project design consisting of pharmaceutical conceptual design, GMP site layout, basic GMP quality system, cultivation premises/process design, engineering plans is taking place at this stage.
- Project design among other requirements will be presented to the Spanish Agency of Medicine for technical assessment during this stage.



## PRODUCT DEVELOPMENT STAGE

- Project execution timelapse estimated at 95 weeks
- Green house ready for week 38 to house the validation batches once the cultivation permit is ready at week 34 after inspection
- Onsite produced clones undergo rooting, growth, flowering for harvest at week 70
- GMP processing site ready at week 70 for harvest wet trimming, drying, curing and packaging for week 73
- Lab analysis and quality control for validation batches stability study done for week 79 to generate batch documentation and CoA
- Validation batch documentation, onsite inspection and quality system will be analyzed by the AEMPS for EU GMP certification from week 79 to 95 allowing for industrial production

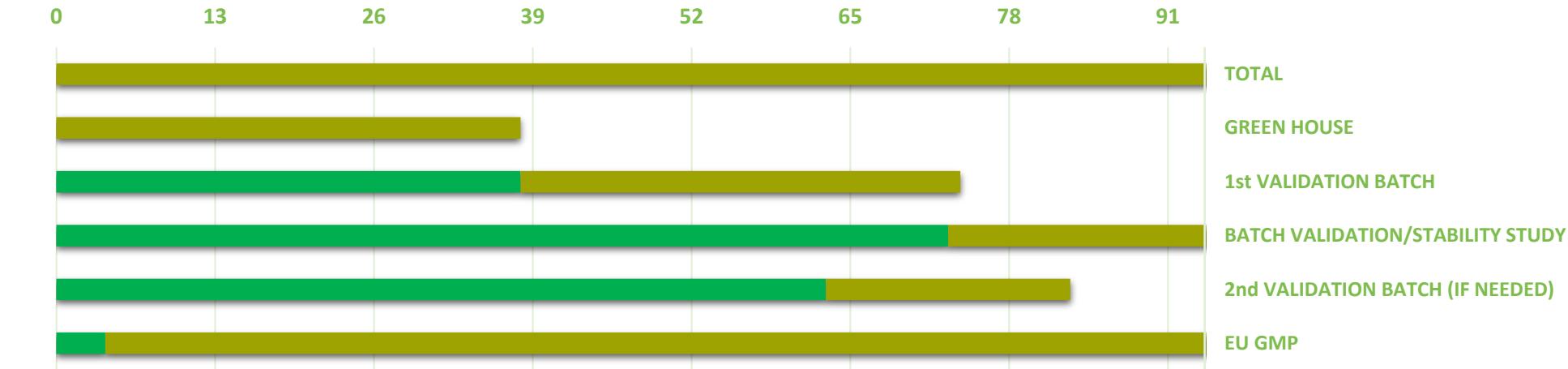
2022

2023

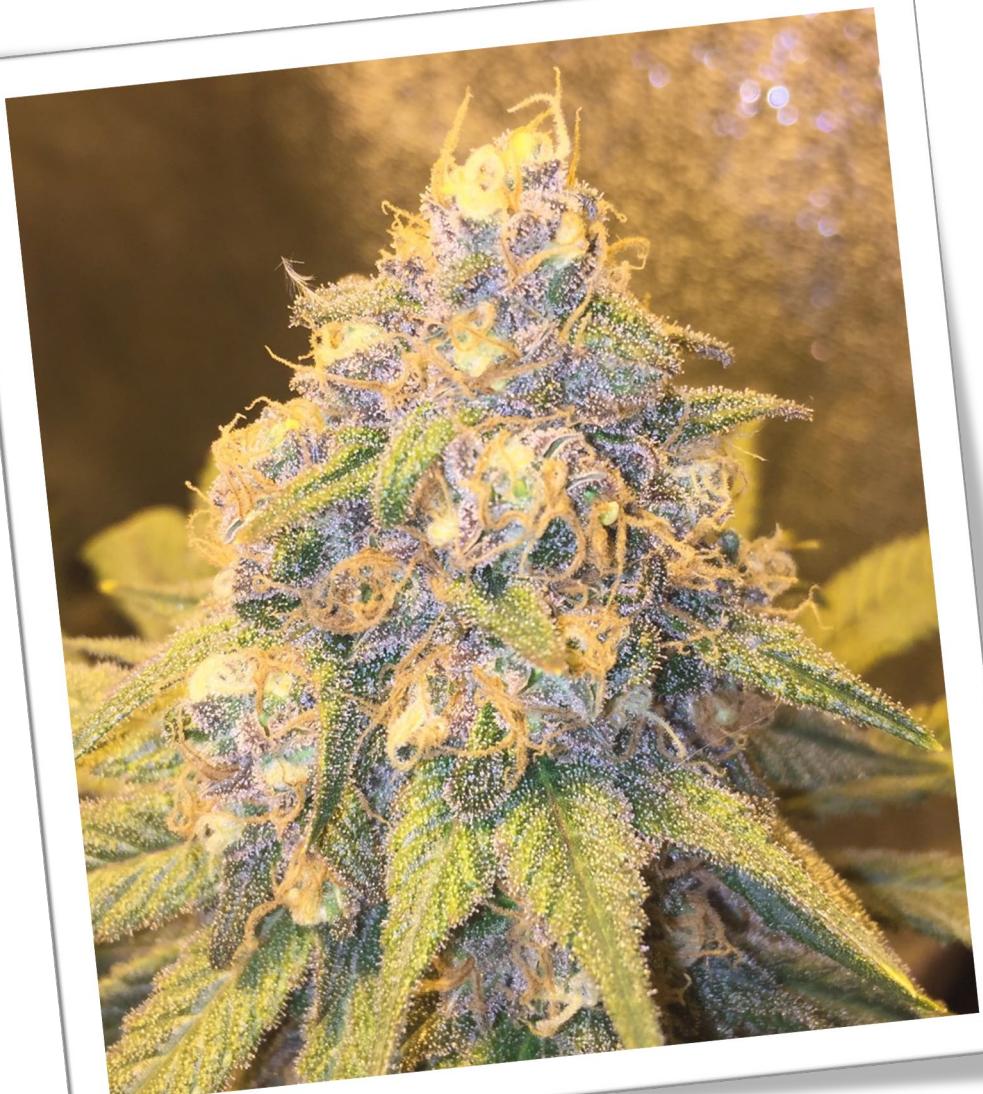
## PRE-REVENUE PHASE

### 4<sup>th</sup> Quarter

- With final design, infrastructure, general installations and utilities taking place project development, building and installations are next once the funding plan is executed
- Spain set to start medical cannabis dispensing by the end of this quarter



TASK DESCRIPTION	WEEKS		
	START	END	PERIOD
TOTAL	0	95	95
GREEN HOUSE	0	38	38
1st VALIDATION BATCH	38	74	36
BATCH VALIDATION/STABILITY STUDY	73	95	22
2nd VALIDATION BATCH (IF NEEDED)	63	83	20
EU GMP	4	95	91

**2024**


TASK DESCRIPTION	WEEKS		
	START	END	PERIOD
<b>TOTAL</b>	<b>0</b>	<b>95</b>	<b>95</b>
<b>GREEN HOUSE</b>	<b>0</b>	<b>38</b>	<b>38</b>
Project, precontracts and civil permits	0	4	4
Procurement	4	13	9
Construction	13	30	17
Fencing and Security installations	13	25	12
Electricity and Utilities	19	30	11
Cultivation Authorization	30	34	4
Genetic Material Sourcing(Seeds/clones)	34	38	4
<b>1st VALIDATION BATCH</b>	<b>38</b>	<b>74</b>	<b>36</b>
Seed Germination	38	40	2
Vegetative Period (Growth)	40	43	3
Mother Plants Selection	43	54	11
Cloning	54	55	1
Rooting	55	58	3
Vegetative period (plant growth)	58	61	3
Flowering Period	61	69	8
Harvest and wet trimming	69	70	1
Drying	70	72	2
Curing	72	73	1
Packaging	73	74	1
<b>BATCH VALIDATION/STABILITY STUDY</b>	<b>73</b>	<b>95</b>	<b>22</b>
Lab Analysis, Quality Control	73	77	4
Batch Documentation	77	79	2
AEMPS Licensing	79	95	16
<b>2nd VALIDATION BATCH (IF NEEDED)</b>	<b>63</b>	<b>83</b>	<b>20</b>
<b>EU GMP</b>	<b>4</b>	<b>95</b>	<b>91</b>
Project/Precontracts	4	10	6
Construction Permit	10	12	2
General Construction	12	36	24
Storage/Security Related Construction	18	25	7
Cieling Based Installation	32	40	8
GMP Specific Enclosures	37	53	16
Climate Control and GMP Utilities Installation	42	59	17
Comisioning and Trials	59	62	3
Process Validation/Equipment Qualification	62	69	7
AEMPS License Processing	79	95	16

## 4<sup>th</sup> Quarter

- AEMPS license processing projected to finalize this quarter giving the green light for product launch in Europe and member countries of mutual recognition agreement (North America, Australia, Israel, new Zealand and Japan)
- Spain, Switzerland and Germany Will witness the launch of our first production batches.

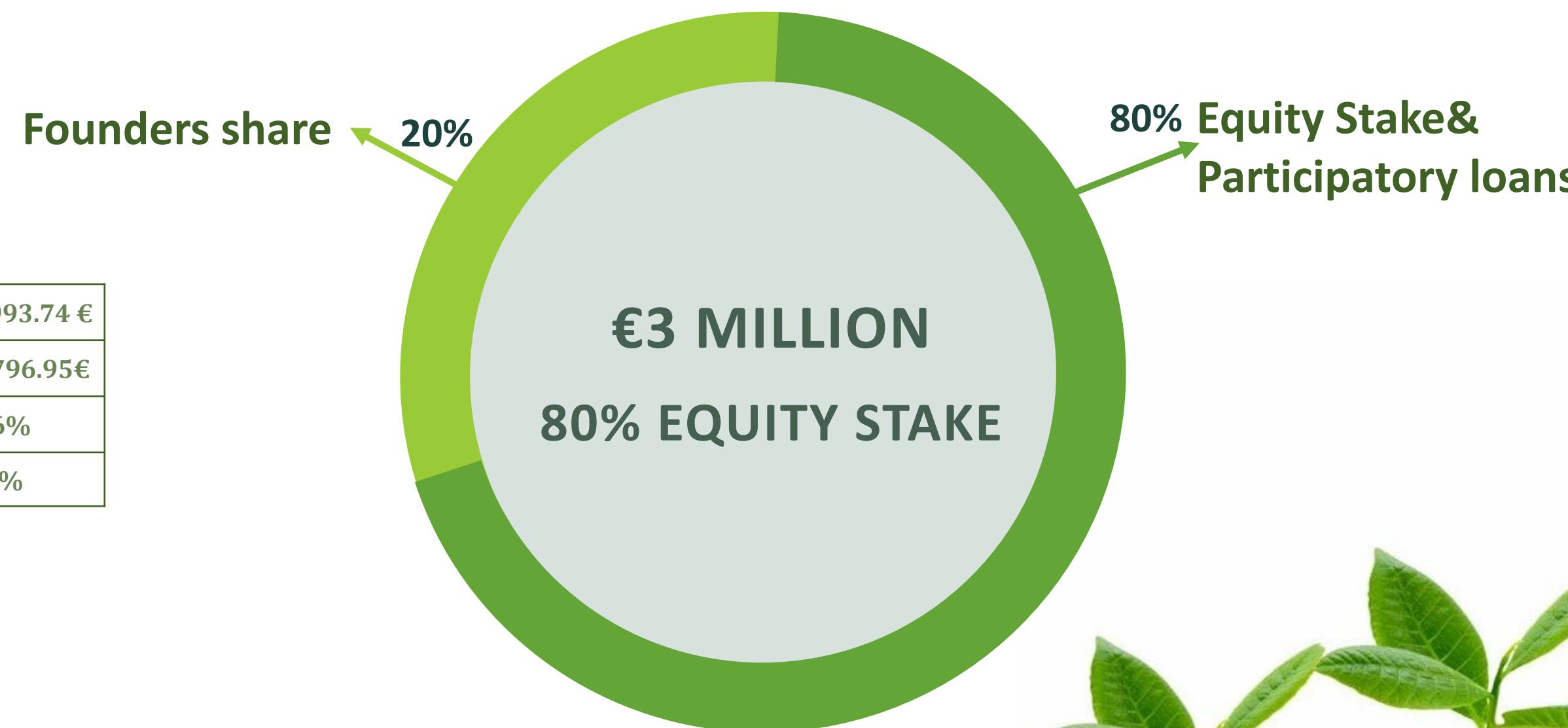
**INDUSTRIAL PRODUCTION/  
REVENUE PHASE**

# FUNDING SUMMARY

CANNAPHARM is raising €3 million in equity stake & participatory loans this round  
80% of company shares are destined to this purpose

Net Present Value	NPV	1% Inflation	95,994,993.74 €
Net Present Value	NPV	10% Inflation	53,360,796.95€
Internal return rate	IRR	9 years	106%
internal return rate	IRR	5 years	85%

With a 9-year projected NPV of €53-95 million, CANNAPHARM plans to fund future projects with internal resources.



# FUNDING SCHEDULE

From €4.1 million capital need €2.8million are for construction in first year

and €1.3 million for construction&validation the second year

€3 million to be raised this round, remaining capital to be financed second year



## 3<sup>RD</sup> QUARTER

CANNAPHARM reached product design stage with an initial seed capital with bootstrap funds.

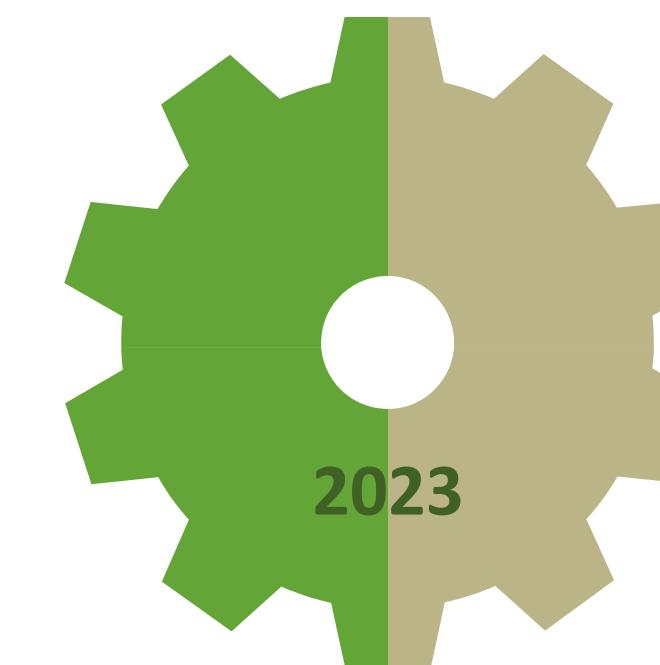
€400k



## 4<sup>TH</sup> QUARTER

Product development stage, €1.8 million Will be needed the first semester

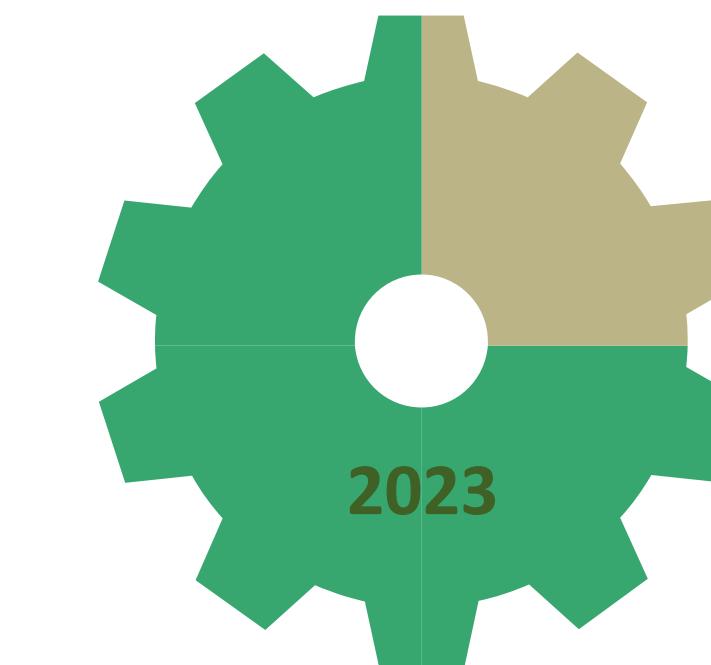
€1.8 million



## 2<sup>ND</sup> QUARTER

Second semester of construction will cost €1 million

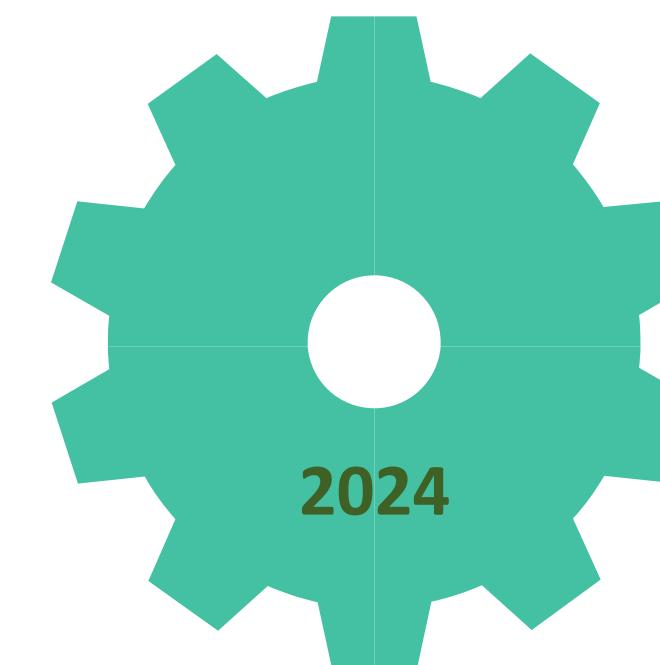
€1 million



## 4<sup>TH</sup> QUARTER

Validation & construction the 2<sup>nd</sup> year total €1.3 million, €700k needed the 1<sup>st</sup> semester

€700k



## 2<sup>ND</sup> QUARTER

Finalizing validation batches, last installment of €600k will serve to move our product to revenue phase!

€600k

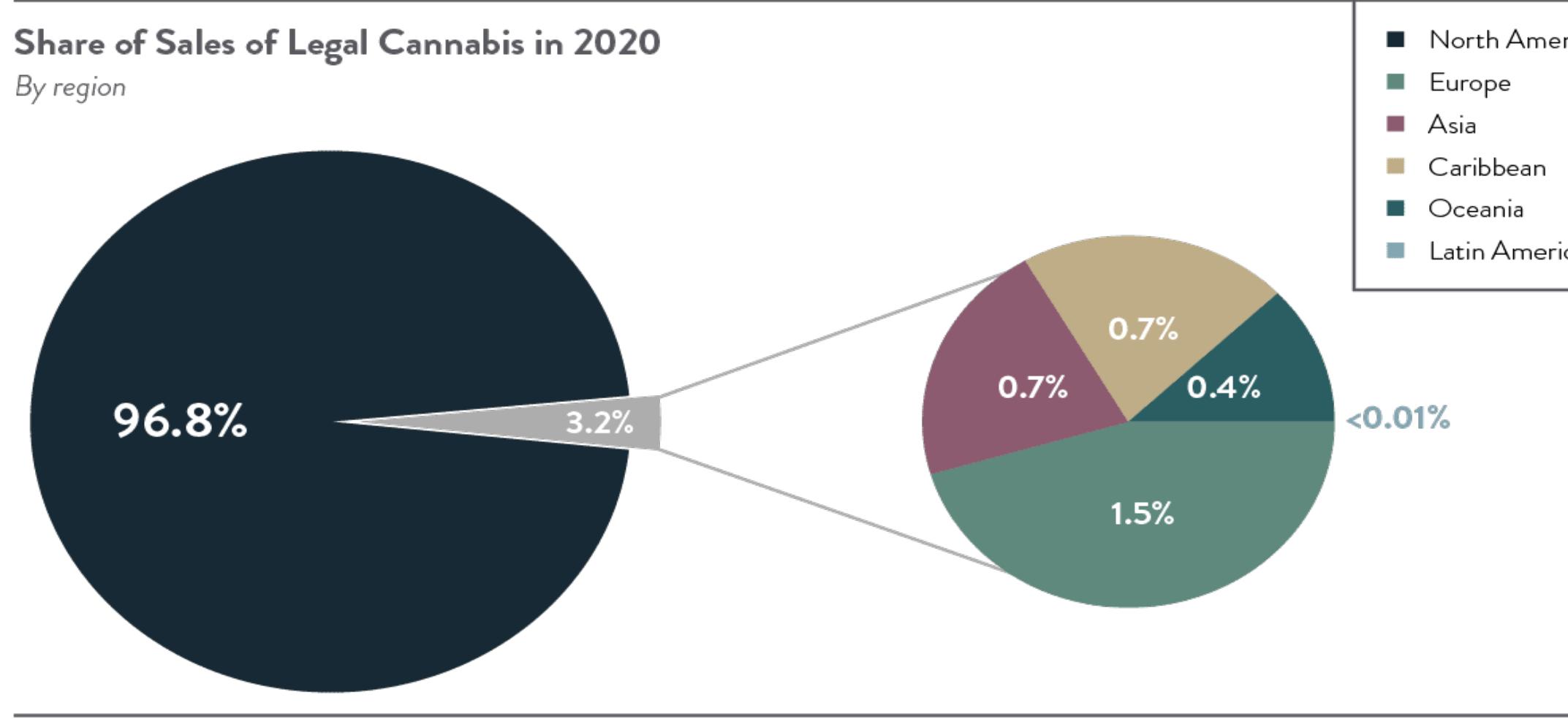
# Market Overview

# Global Cannabis Industry

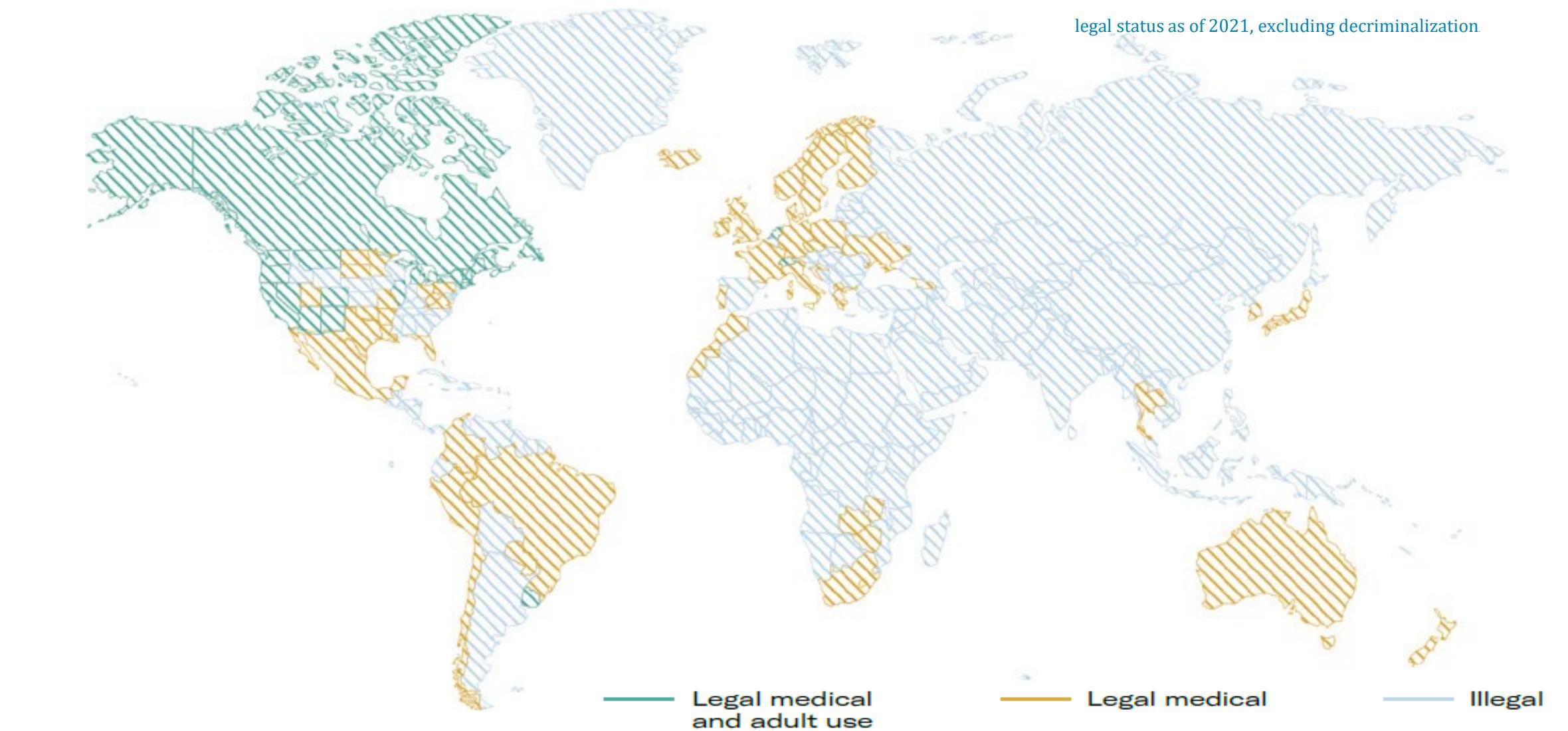
**2021 Global cannabis sales hit US\$37 billion, double 2020 figures  
And expected to reach a value of \$102 billion by 2026**

(PROHIBITION PARTNERS  
GLOBAL CANNABIS REPORT  
2<sup>ND</sup> EDITION)

- ✓ The biggest driver of growth in coming years is the cannabis legalization wave sweeping the globe after a century of prohibition.
- ✓ With North America as the pacemaker; countries like Germany, Israel and Australia are showing similar market trends and growth rate.
- ✓ Lockdown hindered supply chain and regulatory processes while spiking consumption sharply, the rebound effect is a wave worth riding.
- ✓ The shift of a €100billion black market to legal channels out weighs economy slow down, inflation and disposable income decrease.
- ✓ despite the decline in cannabis shares, US capital raises in 2021 have almost reached levels previously seen in 2019.

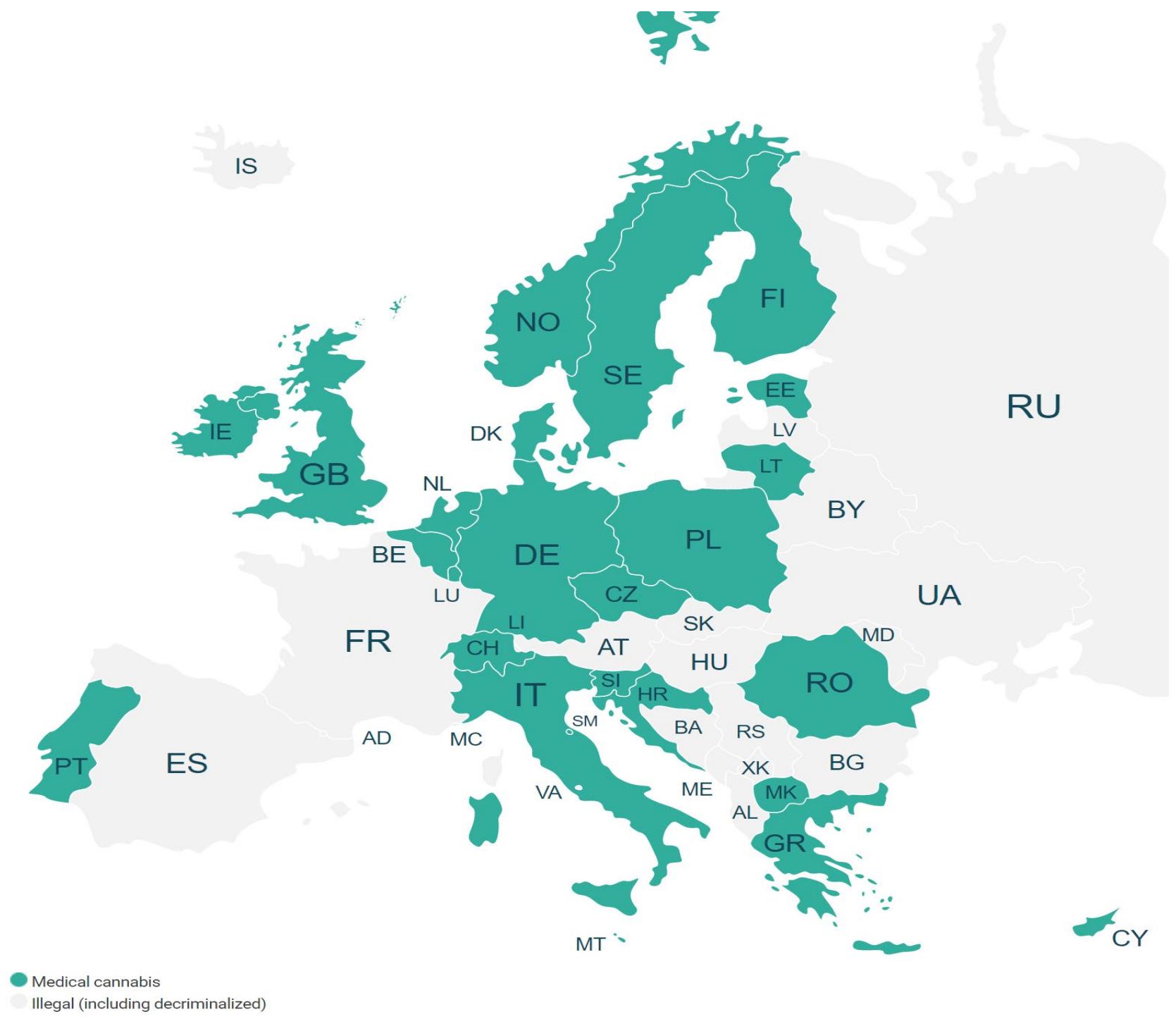


1. Germany's figures include estimates for high-THC sales both by patients using insurance to reimburse products, as well as patients accessing products through private health market.)



# Cannabis Legalization in Europe

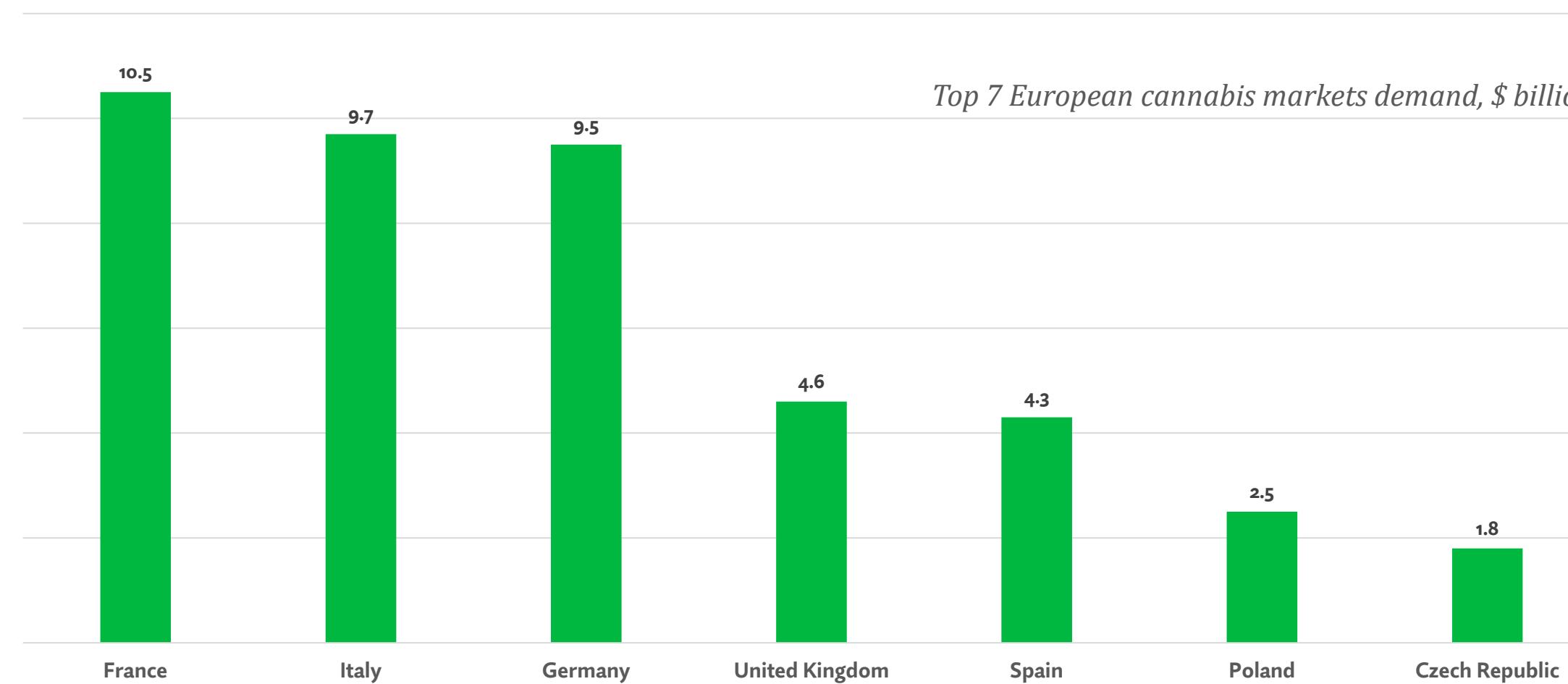
- In 2015, a report from the European Convention on Human Rights (ECHR), stated that drug use, when not injuring others, should not be illegal in the EU.
- In February 2019, the European Parliament instructed the European Commission to harmonize the regulatory and legal framework regarding cannabis products in the EU.
- In 2020 The UN decision to recognise the medical potential of cannabis was supported by all European members.
- Since medical use legalization in Netherlands in 2003, Italy in 2013 and Germany 2017 legalization map shows a dominant trend.
- Spain approved medical use June/22 and France started its pilot trials leaving no major countries behind.



Home for 70% of EU cannabis sales, Germany started the legislative process for adult use June/22 approved in 2021 initiating a legislative domino effect in the continent

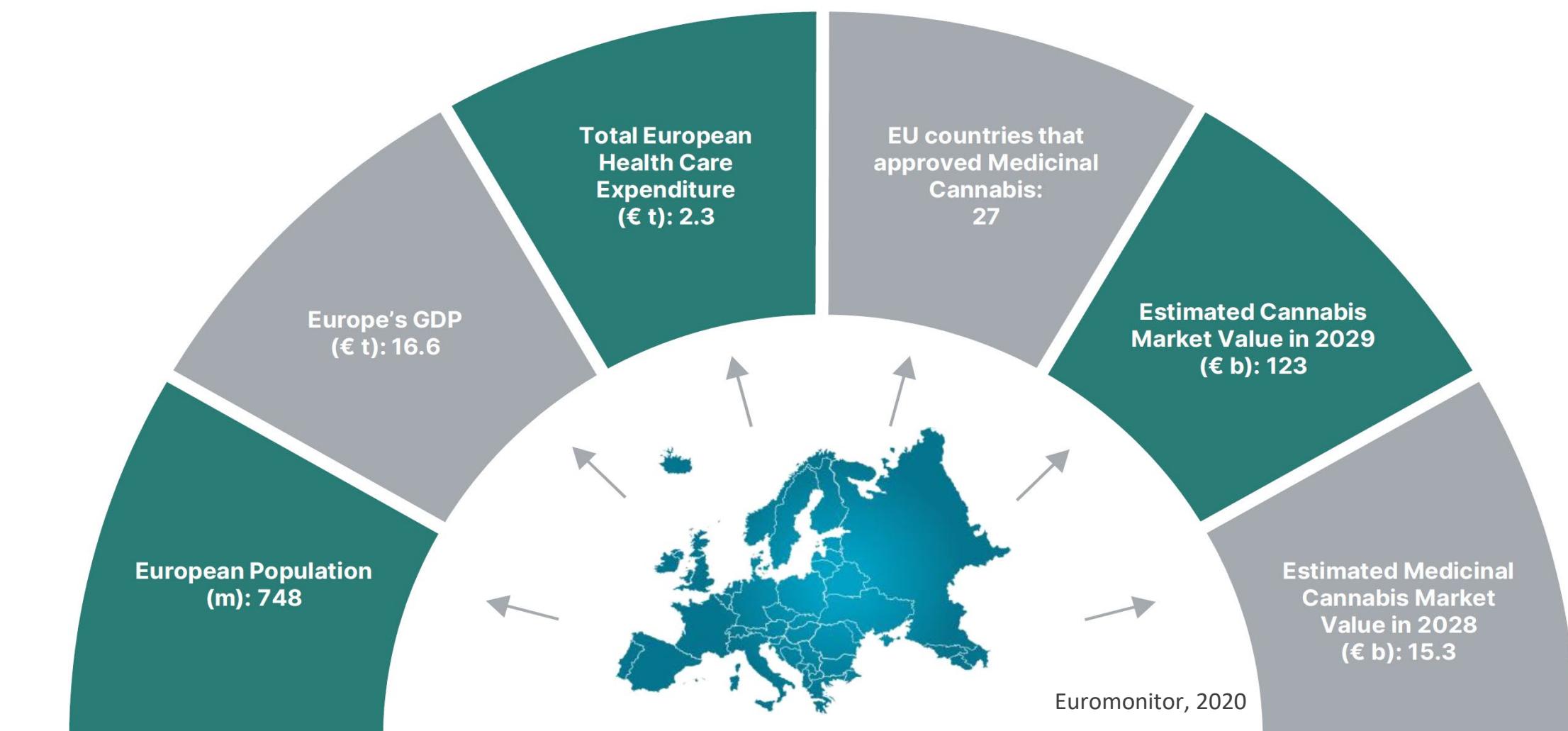
# Cannabis Market in Europe

In the seventh edition of the European Cannabis Report – produced by London-based advisory group Prohibition Partners in 2022 – cannabis to grow with a Compound Annual Growth Rate (CAGR) of 67.4%, to reach €3.2 billion in 2025 with more than 70% of sales coming from Germany. Part of this growth will be supported by the beginning of sales of adult-use cannabis in Europe.



**New Frontier Data estimates the total value of cannabis demand in Europe at \$42.9 billion**

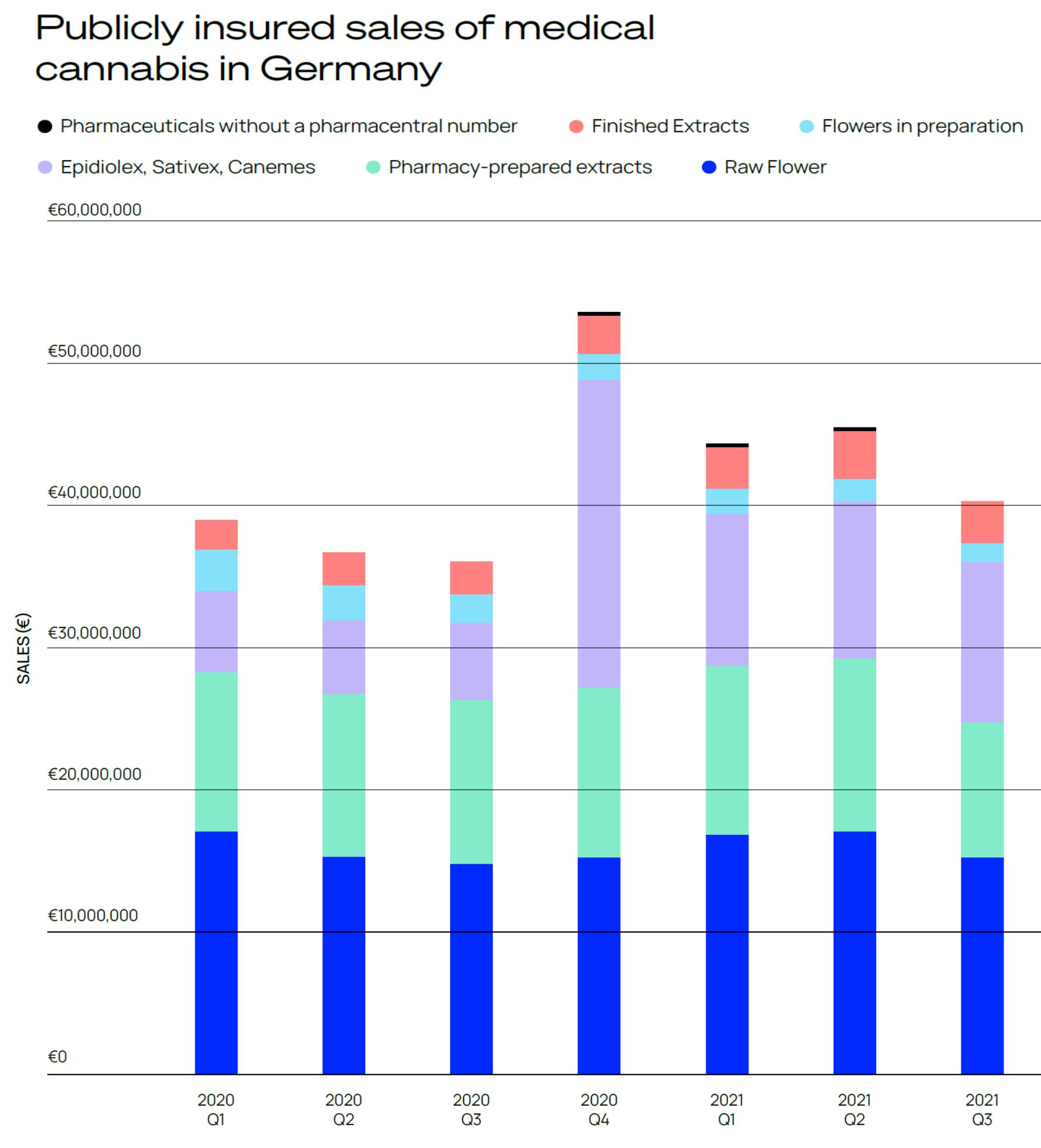
The August 2020 update to BDSA's global legal cannabis forecast shows almost \$4 billion by 2025, while Brightfield Group forecasts over \$3.1bn with a 2020-2025 CAGR of 52% and about 67% of sales expected to be in Germany.



**Home to 743 million double that of North America with similar percentage of cannabis users and healthcare expenditure the EU cannabis market growth potential is almost twice the North American market!**

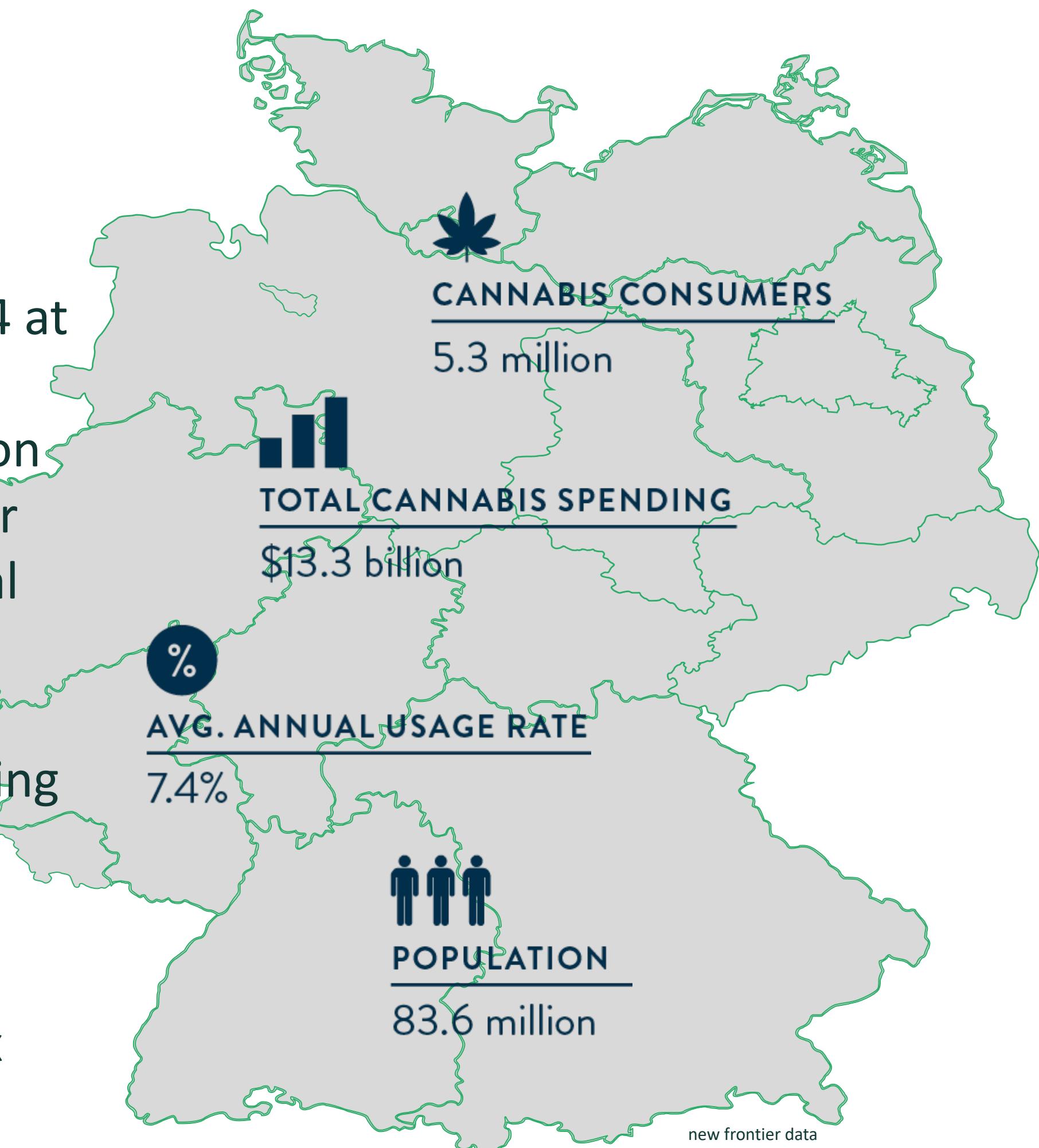
# The German Market

- With a population double that of Canada; the fourth global economy is the pacemaker for Europe especially as the leading example for the liberation of medical cannabis.
- Legalization of medical cannabis 2017 made the country home to 70% of medicinal cannabis in Europe starting a wave legalization in the continent.
- Mandatory reimbursement of medical cannabis from national health insurers, the ability of any doctor to prescribe medical cannabis for any condition and a relatively open policy on product approval and imports are some of the factors contributing to Germany's leadership in the cannabis industry.



# Main Target Market

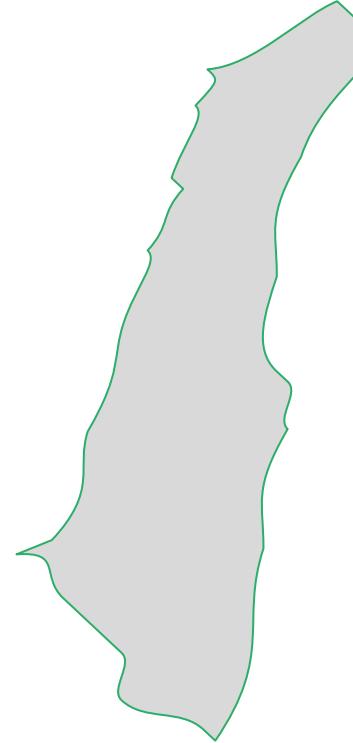
- After the decision to legalize adult use Cannabis in DEC/2021, Olaf Scholz's coalition government started hearings to set details on adult use legalization June/2022 expecting draft bill end of the year and to start dispensing by 2024 at most.
- Protecting consumers from contaminants, quality control, underage protection and dispensing in pharmacies as per the coalition government indicate a clear intention of using the existing medical cannabis infrastructure for recreational cannabis and applying the only trusted relevant quality standard (EU GMP) required for medical cannabis production.
- One of the three coalition parties in Germany is the green party, clearly pushing legalization forward they also are setting new standards regarding energy efficiency, carbon footprint and sustainability regarding cannabis production among other industries.
- Legalization in Germany is expected to generate €5.5billion in savings and tax revenue, overall market projected to reach €11billion according to Christian Linder, Germany's Finance Minister.
- As obvious as can be, cannabis producers globally are looking towards Germany as a target market, European production though is guaranteed the biggest slice.



**THE MOMENT IS NOW!**

# Target Customers

Conventional sales channels don't apply for pharmaceutical active ingredient, contract manufacturing is the main channel requiring direct B2B wholesale including white brand creation, EU GDP licensed distributors are main target costumers for CANNAPHARM.



## Israel

**Biggest importer of cannabis in 2020, world leader in cannabis R&D, some key future customers:**

- BOL Pharma, biggest importer & distributor is shifting from Canadian suppliers to Uruguay and south africa, high acceptance and anticipation to our launch.
- TOGETHER Pharma, key distributor interested in our offer apart from being a possible supplier of highly tecnified cultivation systems for CANNAPHARM.
- RCK genetics, our first contact in Israel (as a genetics supplier) and key partner for networking in the country licensed to import medical cannabis although on a small scale.



## Germany

**Our undisputed target market where domestic production is limited to government tenders, among potential costumers:**

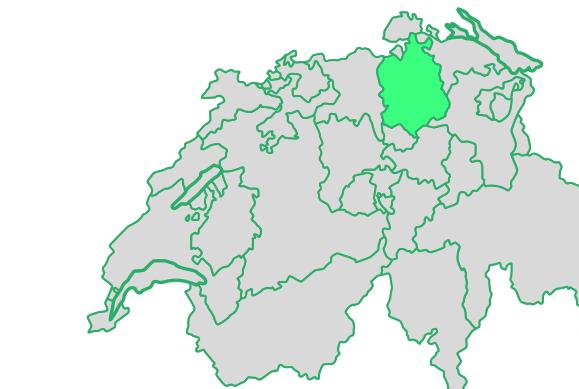
- ALEPHSANA, EU GDP certified distributor, top importer to Germany is one of our strategic contacts ensuring steady sales for CANNAPHARM.
- WMG Pharma, EU GDP certified cannabis distributor further than a potential client showing interest in brand creation and marketing partnership to cater for recreational market needs.
- CANTOURAGE, specialized in processing non GMP global imports to meet EU GMP standards, main costumer for our lower end product (starting material for extraction)
- DRAPALIN Pharma, EU GDP certified cannabis distributor among our early contacts anticipating our product launch.
- DEMECAN, the only German producer has a constant need to source EU GMP cannabis globally, future client and marketing partner.



## Spain

**Dependent on smokers' clubs until now, patients will have access to medical cannabis extracts by the end of 2022, early negotiations with:**

- WORLDPHARMA BIOTEC, extraction firm will be our main partner for extract production.
- MEDALCHEMY, R&D API lab showing acceptance for our concept, a deal is being detailed.
- LINEOHEALTH, medical cannabis producer eager to diversify range, potential deal is on its way.

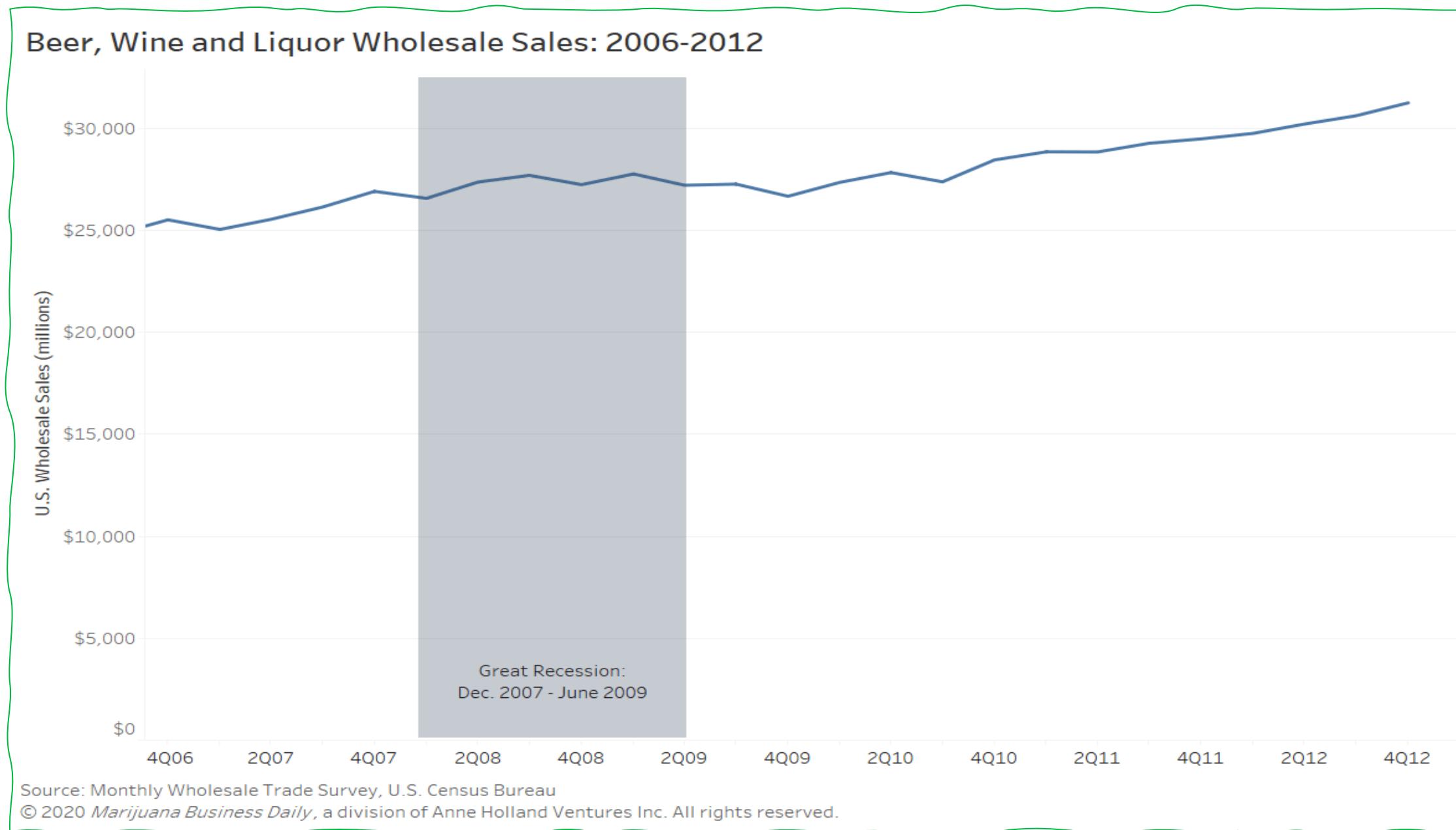


## Switzerland

**Extracts have been available with a special permit since 2011, medical cannabis full legalization reached AUG/2022, initial agreement on supplying GMP flower to:**

- HOLYWORLD, medical cannabis and CBD extraction group with GMP sight in Malta producing in Switzerland, with suppliers in Portugal and Uruguay not fulfilling their demands we are set to be an important supplier, furthermore we are setting the infrasctructur to distribute their extracts in Spain.

"The cannabis industry is relatively recession-proof because it has fallen into the same category as spirits and tobacco: It's a relaxation vehicle and a reward that consumers give themselves; it's not something they're likely to cut out of their budgets" According to California, cannabis regulator Joe Devlin, based in the state's capital city.



Alcohol at the wholesale level held up unaffected during the Great Recession that stretched from December 2007 to June 2009, and over the longer term sales increased.

A [2009 Nielsen consumer survey](#) – taken near the official end of the recession suggested people drank less expensive beer, wine and spirits.

Consumers turned to cheaper vice products back then, a similar trend is expected validating our cost efficient production model.

# IS THE CANNABIS INDUSTRY RECESSION PROOF?

*With the threat of a recession hanging over the global economy, cannabis industry appears to be on shaky financial ground as the global economy was when downturn struck 2020, at the start of the pandemic.*

Cannabis companies weathered the 2020 pandemic-induced recession very well, with sales booming due to various factors although possibly not applicable this time!

A more relevant comparison should be made with the last (**GREAT RECESSION**) experienced 2007-2009, given the cannabis industry didn't have valid record for that period we believe vice stocks pointed at by investors during recessionary times as **TOBACCO & ALCOHOL** can give a broader image (both also considered as [external competition](#) for cannabis)

## Looking back to inform the future

Given vice stocks performance during the great recession, the Cannabis industry is expected to hold on relatively well with a shift towards cheaper Cannabis products validating our cost efficient production model.

## Market driving factors

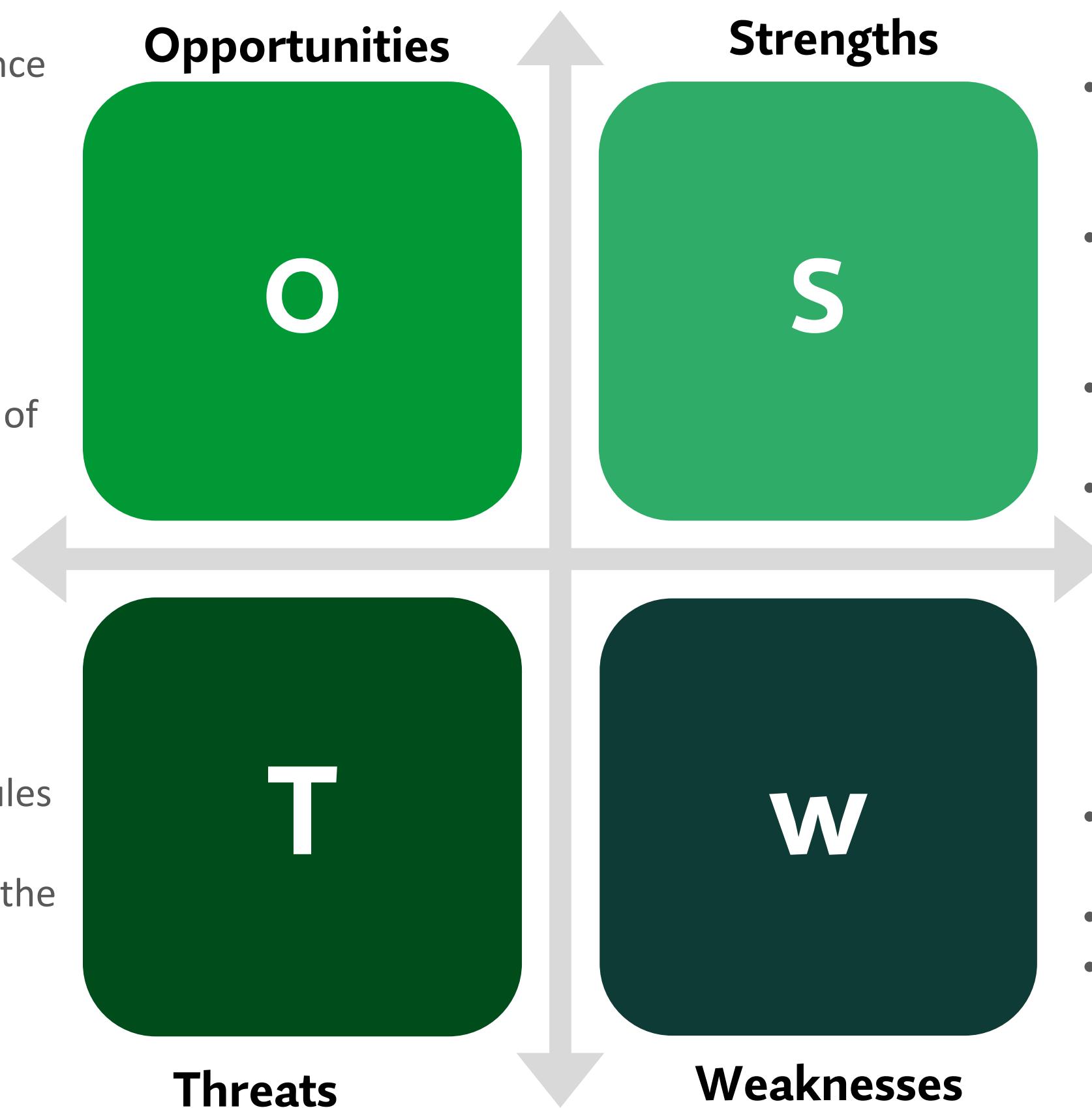
Legalization traction converting €100billion+ black market to legal channels cancels inflation induced disposable income decrease.

## External competition losing to cannabis

Germany is increasing taxes on Tobacco & Alcohol giving cannabis more market share, EU is expected to follow as Germany sets the pace for the rest of members

# SWOT Analysis

- Growing Global interest, demand and acceptance for cannabis products generally
- Adult use legalization expanding market dimensions to unprecedented levels, Europe's turn now!
- Medical cannabis Shortages seen in Europe as legalization gains traction
- Supply chain shift away from classic monopoly of Canadian & Dutch producers
- Ecofriendly sustainable production need as environmental impact gains relevance



- Global Inflation rate and possible recession
- Strict regulatory environment with changing rules
- Black market competition
- New vertically integrated companies entering the market
- Alcohol, Tabaco and opioids as external competition

- Ideal cultivation environmental conditions, abundance of sunlight/solar power in our location added to the absence of polluting industries
- Low labor cost, cheap land, high unemployment rate, 5% general VAT rate, Canary Islands special tax zone (ZEC) 4% corporate tax
- Our access to political lobbying frame and subsidizing authorities in the islands
- Extensive networking with the local community
- Agricultural crop vulnerability elevate resource consumption to secure results
- Higher education workforce availability in Tenerife
- High energy consumption and residue generation

# Market opportunity

## CANNABIS PRODUCTION CAN'T COPE WITH THE MARKET EXPONENTIAL GROWTH

- Legalization domino effect for medical use and imminent adult legalization in Europe are following the north American market behavior early days.
- The medical cannabis ecosystem in Europe is developing at a rapid pace, frequent product shortages in the continent is a familiar story for many operators in North America, where intermittent shortages exist in almost all newly legalised markets.
- Medical cannabis shortages are mostly reported in newly legalized adult use markets where production shifts, leaving shortfalls in medical supply, a clear hint of what to expect upon adult use implementation in Germany. Countries like Italy, Malta, Luxemburg and Poland are experiencing intermittent shortages.

**MEDICAL CANNABIS SHORTAGES SEEN IN EUROPE AS LEGALIZATION GAINS TRACTION BOOST NEWCOMERS BARGAINING POWER AND SHOW A CLEAR MARKET PENETRATION OPPORTUNITY FOR CANNAPHARM.**

# Market opportunity

## SUPPLY CHAIN SHIFT PREFERENCES

- Despite the spike in German cannabis consumption, imports from the classic duopoly of Canada and the Netherlands stagnated since 2019
- European markets favored diversifying sources towards warmer areas with lower production cost and carbon footprint
- Shift favored under-developed areas escaping monopoly and high bargaining power of producers from Canada and the Netherland.

**EUROPEAN MARKET THIRST FOR SOURCE DIVERSIFICATION BOOST NEWCOMERS BARGAINING POWER GIVING CANNAPHARM A PRIVILEGED POSITION**

# Market opportunity

## THE GREEN RUSH ISN'T SO GREEN

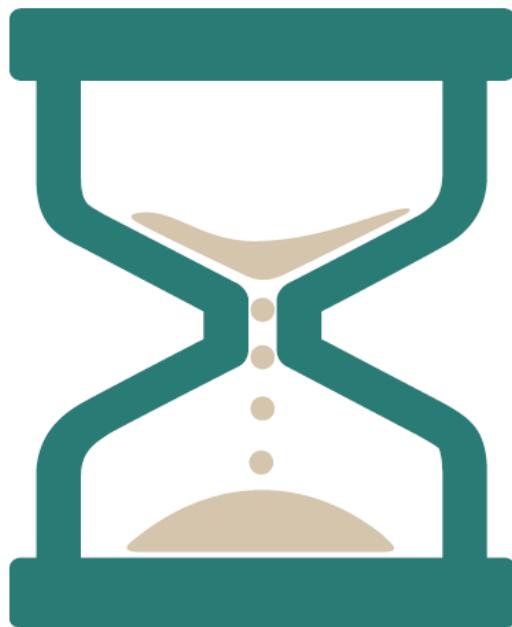
- High energy need in the cannabis industry accounts for 1.3% of CO2 emissions in the USA
- High water and fertilizer consumption (in agriculture generally) need mitigation towards sustainability according to EU governments.
- German government set to demand energy efficiency certificate from cannabis producers by dec/2022 (the green party accounts for a third of the coalition government)
- More subsidies for sustainability-oriented projects are available than ever
- Most surveys show raised consumer awareness about the environmental impact of what they consume.

## GOING GREEN IS A MUST FOR THE BUSINESS

# SOLUTION

## CLOSING THE GAP

The opportunity is now...



Opportunity seen in Insufficient production, logistic supply chain shift toward new sources with lower cost and environmental impact reduction show a clear path towards a specific solution based action plan destined for success, a business model where production volume and frequency match demand utilizing natural resources and reusing them in a location with adequate environmental condition, low labor cost, cheap property and special taxing scheme close to the target market geographically and under the same regulations.

# OUR SOLUTION

**location specific facility design applying sustainability measures matching market demand, trends and specifications while cutting cost!**

## PRODUCTION MODEL

- High production capacity matching exponential market growth.
- Perpetual production model with weekly batches of up to 200kg.
- Clones proceeding from mother plants/tissue culture fill the vegetative module which supply one of the 8 flowering sections each week as the last batch is harvested.
- harvest is processed according to EU GMP quality system in the pharmaceutical active ingredient facility onsite one batch at a time.
- Production batch size and frequency easily modified according to market demands.

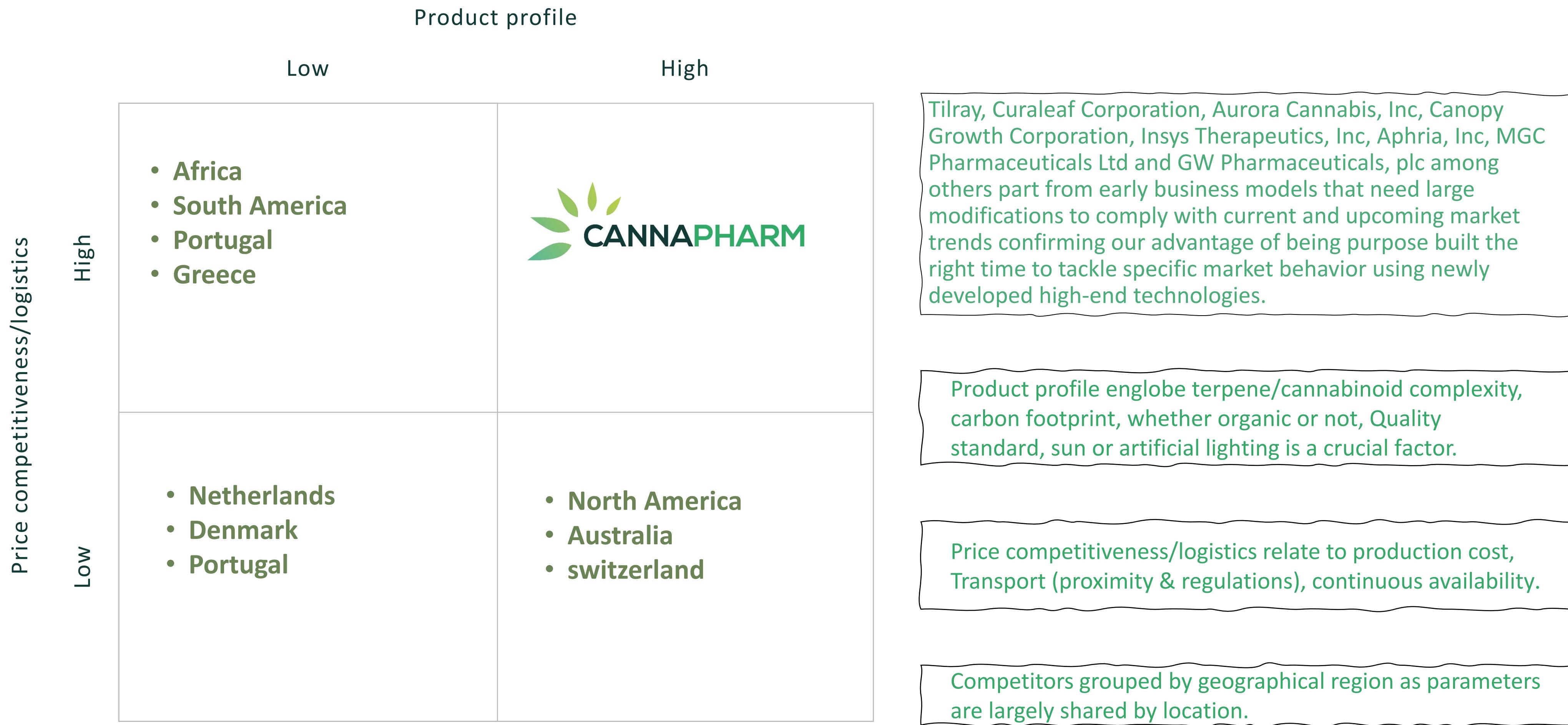
## SUSTAINABILITY MEASURES

- Direct sunlight applied to controlled indoor conditions lowers energy needs to a minimum while boosting product cannabinoid and terpene profile
- Internal condensation cycle returning up to 60% of air humidity resulting from water evaporation and plant respiration.
- Irrigation drainage water nutrient levels, acidity (ph) and electroconductivity are corrected then water is reincorporated into the irrigation cycle.
- Only renewable energy service providers will be contracted for our facility, solar energy production is viable and projected for early phase of the project.
- Zero waste packaging based on Hemp Plastic.
- Mimicking nature will be carried out using IoT enabled sensors and robotic automation using machine learning routines based on operator's decisions/actions.

## LOCATION

- Canary Islands/Spain, a unique European location matching our energy efficient sustainable production model and regulatory needs.
- vertical sunlight abundant all year round, part of our product branding scheme.
- Humidity and temperature variation almost match exactly our cultivation needs taking artificial intervention levels to a minimum.
- 5% general VAT rate, 4% corporate tax and highest unemployment rate in Spain, clear help to lower production cost.
- Low population density and lack of contaminating industries assures product purity.

# Competition

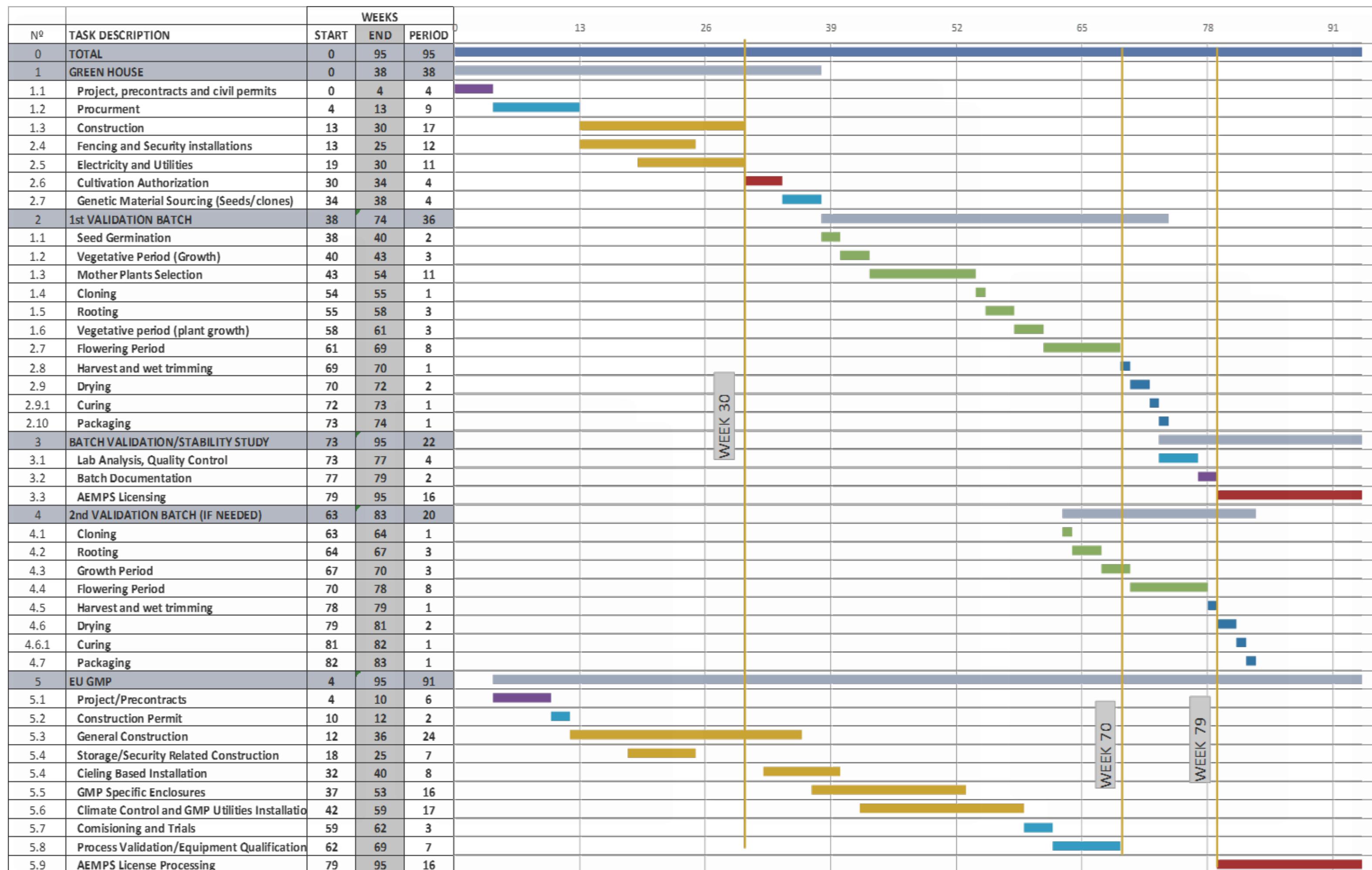


# Business Model

# INSTALLATION & LICENSING

Narcotics cultivation license, validation batches, EU GMP processing, EU GMP license certification

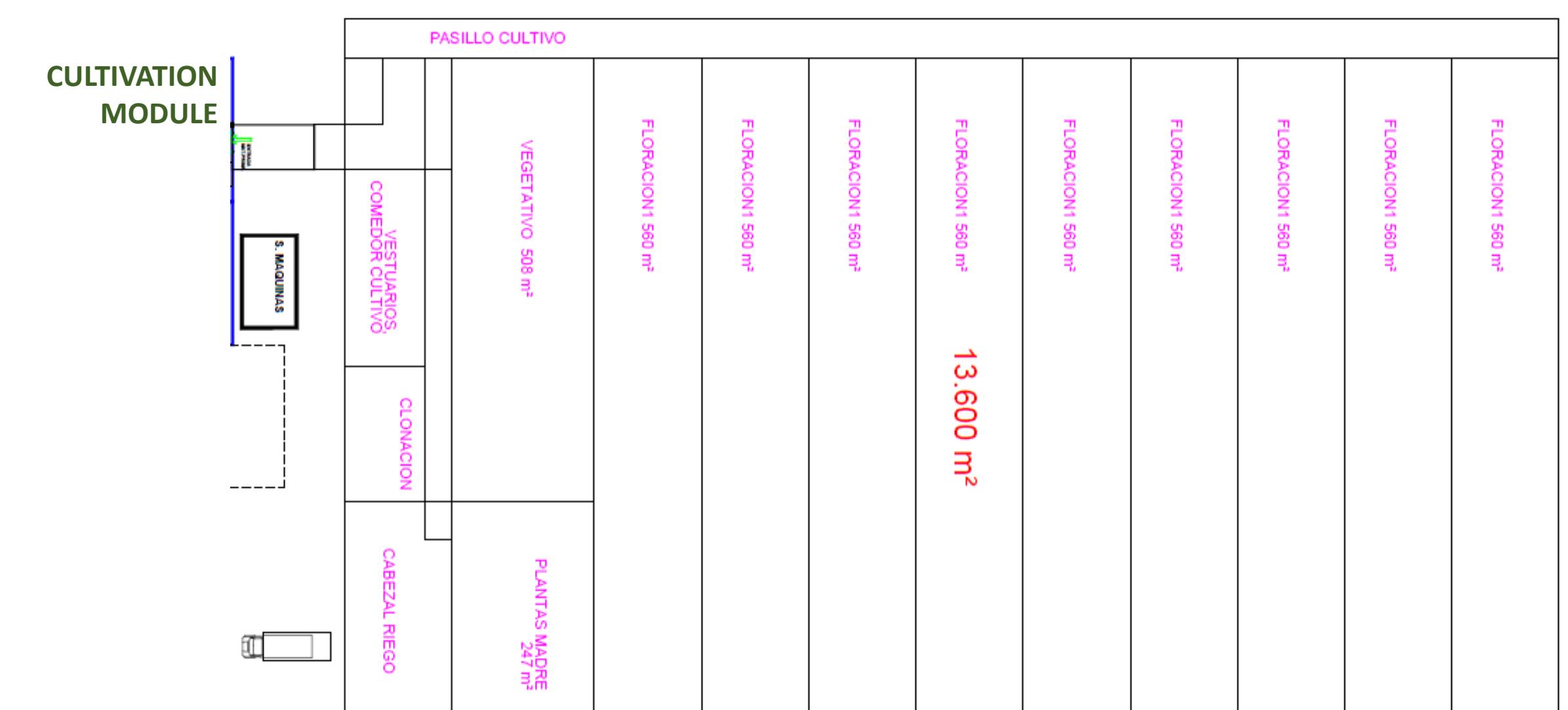
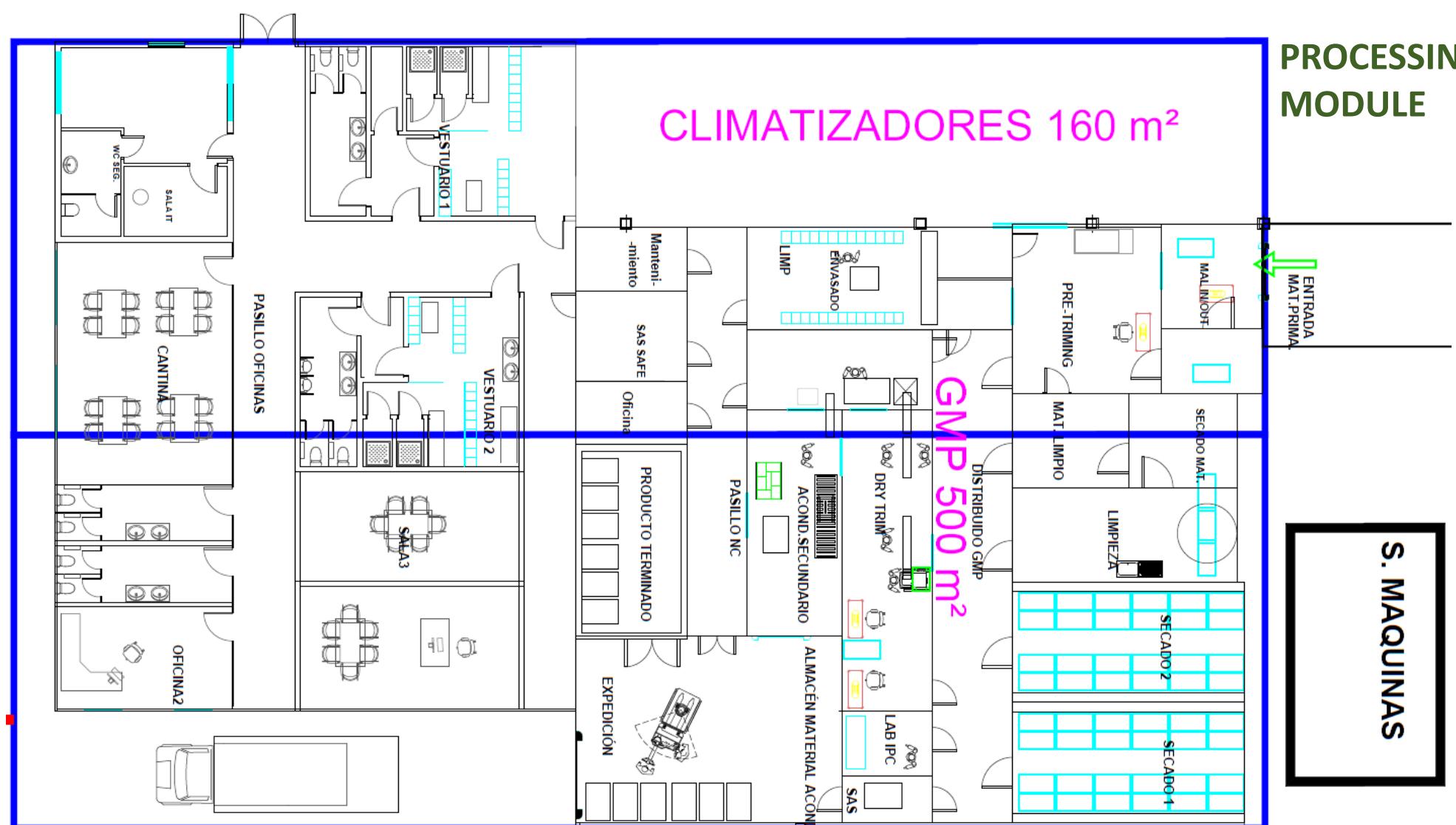
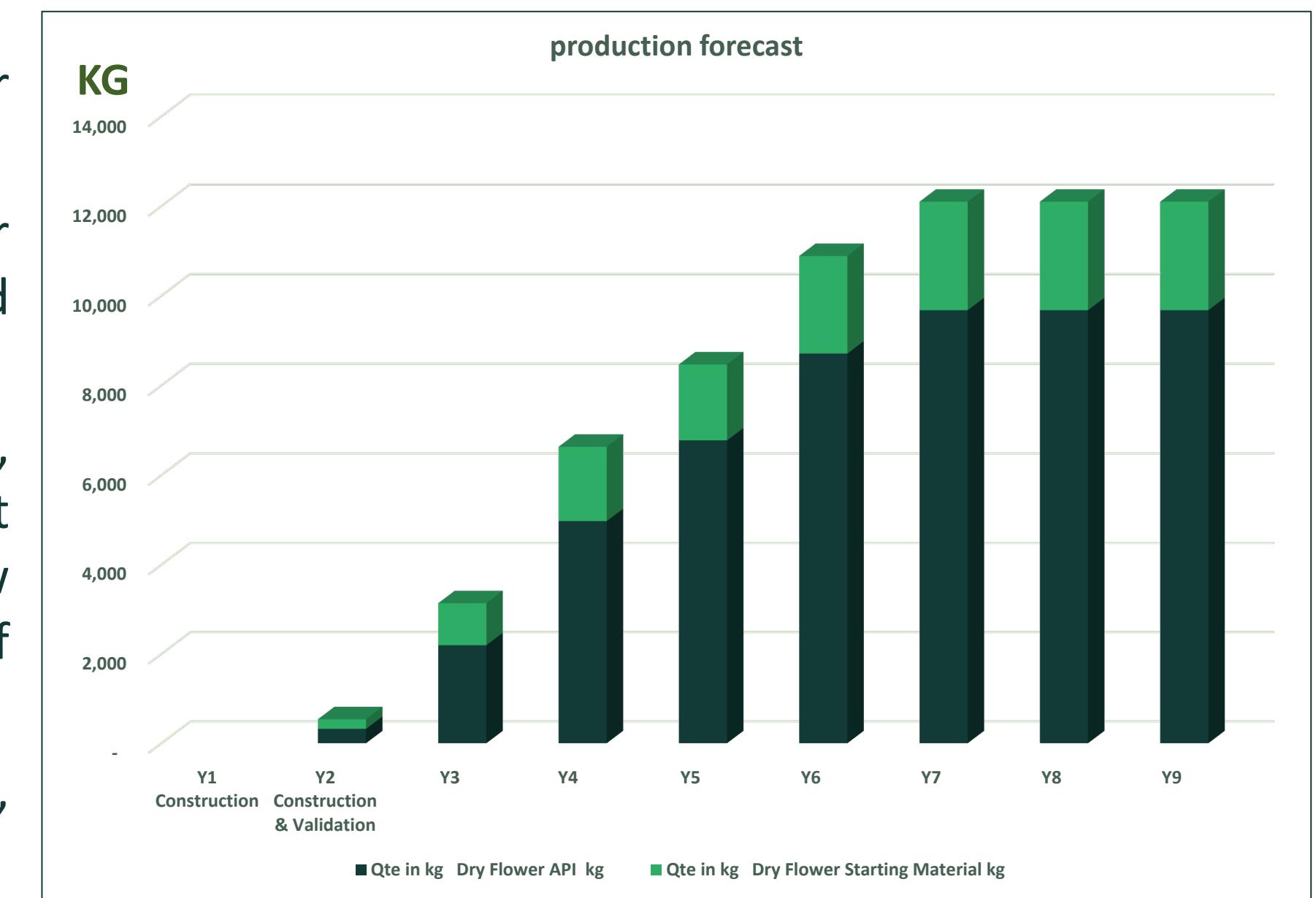
Infrastructure, Cultivation module, API manufacturing module, product launch



- 95 weeks estimated for construction, installation, cultivation and processing licenses validating first batches in the process.
- Cultivation part construction, installation and security measures to end by week 30 for the narcotics license, 1-3 batches will be processed and validated by the end of this stage.
- First batch cultivation starts at week 38 with seed germination to obtain mother plants generating clones that go through rooting and vegetative phases before filling one of 8 flowering modules, every single detail is documented as per GACP/GMP regulations, taking samples for quality control in each stage of cultivation.
- Harvest of validation batches at week 69 undergoes wet trimming, drying, curing and is packaged on week 74 for stability study and validation.
- Trimming, drying, curing and packaging after the harvest are carried out in clean rooms located in the GMP processing facility that is programmed to be ready on week 62 for process validation and equipment qualification ending on week 70 as the first batch is harvested, lab analysis and quality control are carried out as well as part of the batch validation process
- Final licensing process starts with the validation batch documentation (certificate of analysis, stability study, product dossier and expiry date determination) and expected to end on week 95.
- At week 95, Cultivation license and EU GMP certification obtained with our first market ready batches (1 to 3 batches) meaning 200-600kg of EU GMP compliant dry cannabis flower, sale value around 440000€ per 200kg batch

# PRODUCTION MODEL

- Located in Tenerife/Spain 30000-sq m land property currently rented by CANNAPHARM for 2000€/month with buying option clause at 500000€ discounting 3 year rent previously paid .
- Cultivation and processing facility occupies 13000-sq. m leaving 17000/sq m for outdoor hemp/cannabis cultivation, solar/wind energy production and future extraction and finished medicine production facilities.
- Perpetual harvest/processing is carried out from 8 flowering modules occupying 4480-sq. m, 250sq m mother plants area will produce 3780 clones moved to vegetative phase (500sq m) that fill one flowering module each week, flowering takes 8 weeks so as one batch is harvested a new one is started giving six annual crops from each module, maximum yearly production capacity of 12 tons projected for the sixth year.
- GMP facility can process up to 2 batches (400kg) weekly carrying out drying, trimming, sampling, analysis, curing, packaging and quality control for each process and stage.



# Sales Forecast

## Sales traction

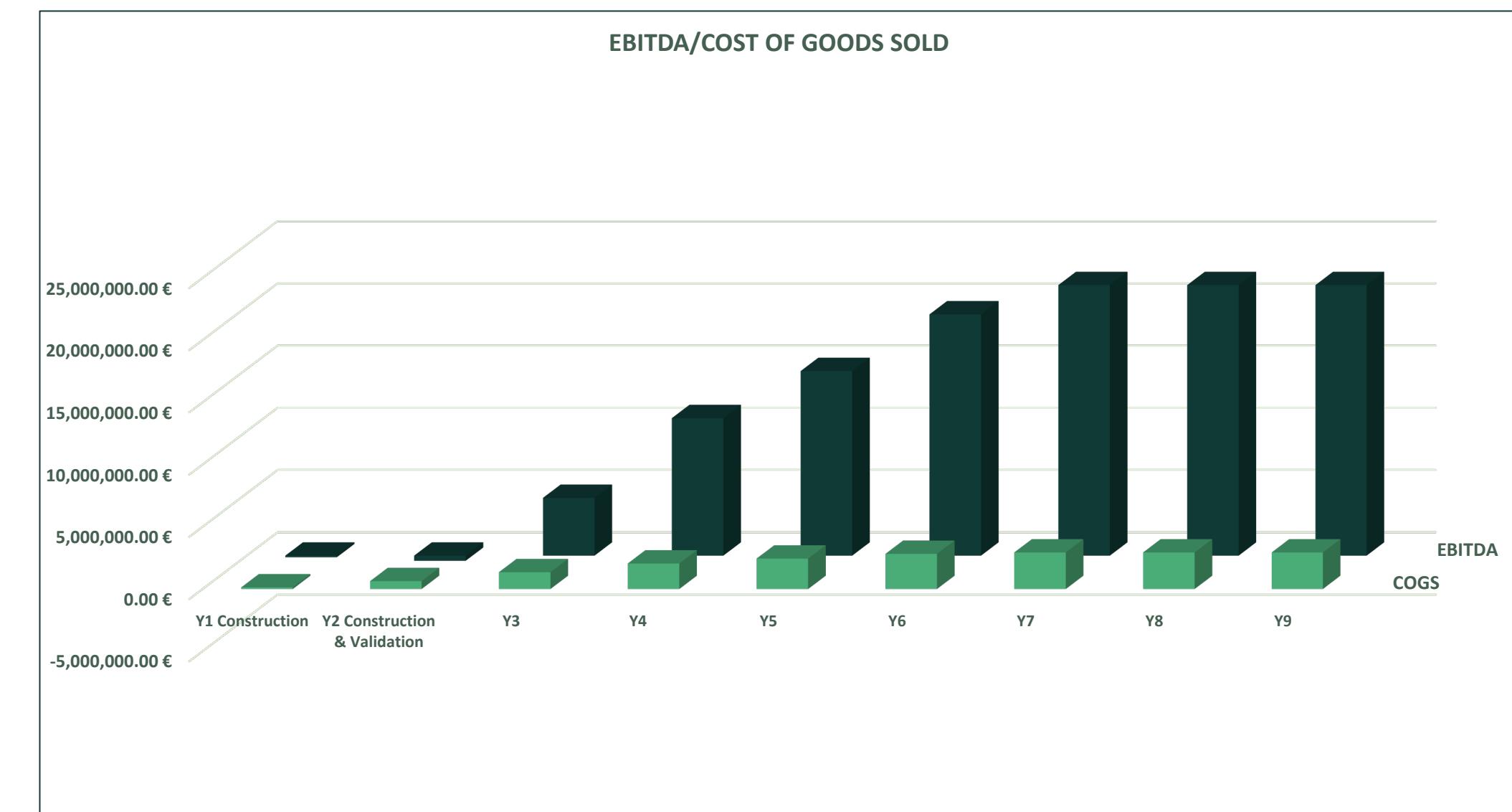
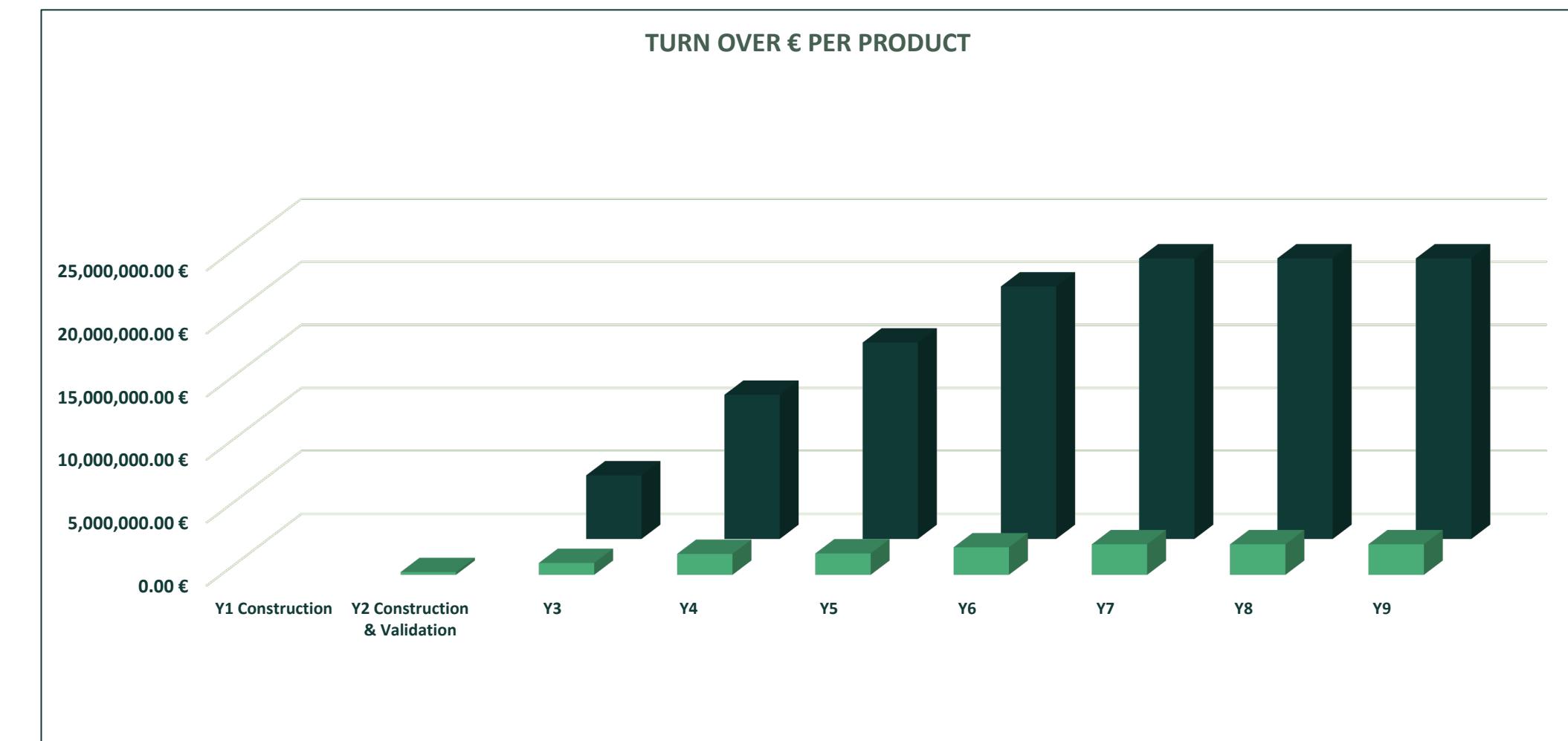
Sales grow with the market, extraction market in Spain second year added to adult use same year in Germany drive sales and profit margins steadily.

## Operating Needs

Low energy model and cloning on premises lead to low OPEX, expansion can perfectly be financed by cash Flow depending on shareholder decisions.

## Expense Cut

productivity per sq meter increase, optimization of consumption/crop ratio and operations efficiency lower COGS from 0.43€/gr third year to 0.288€ in the fifth, solar/wind energy is an optional advantage.



# Products Revenue Structure & Margin

2300€/KG whole sale Price of dry GMP flower (worst case), despite inflation and demand surge in Germany & Spain Price expected to stay as more offer hits the market, our production cost Will decrease gradually with production volume increase, vertical integration, process optimization and energy self sufficiency is achieved.

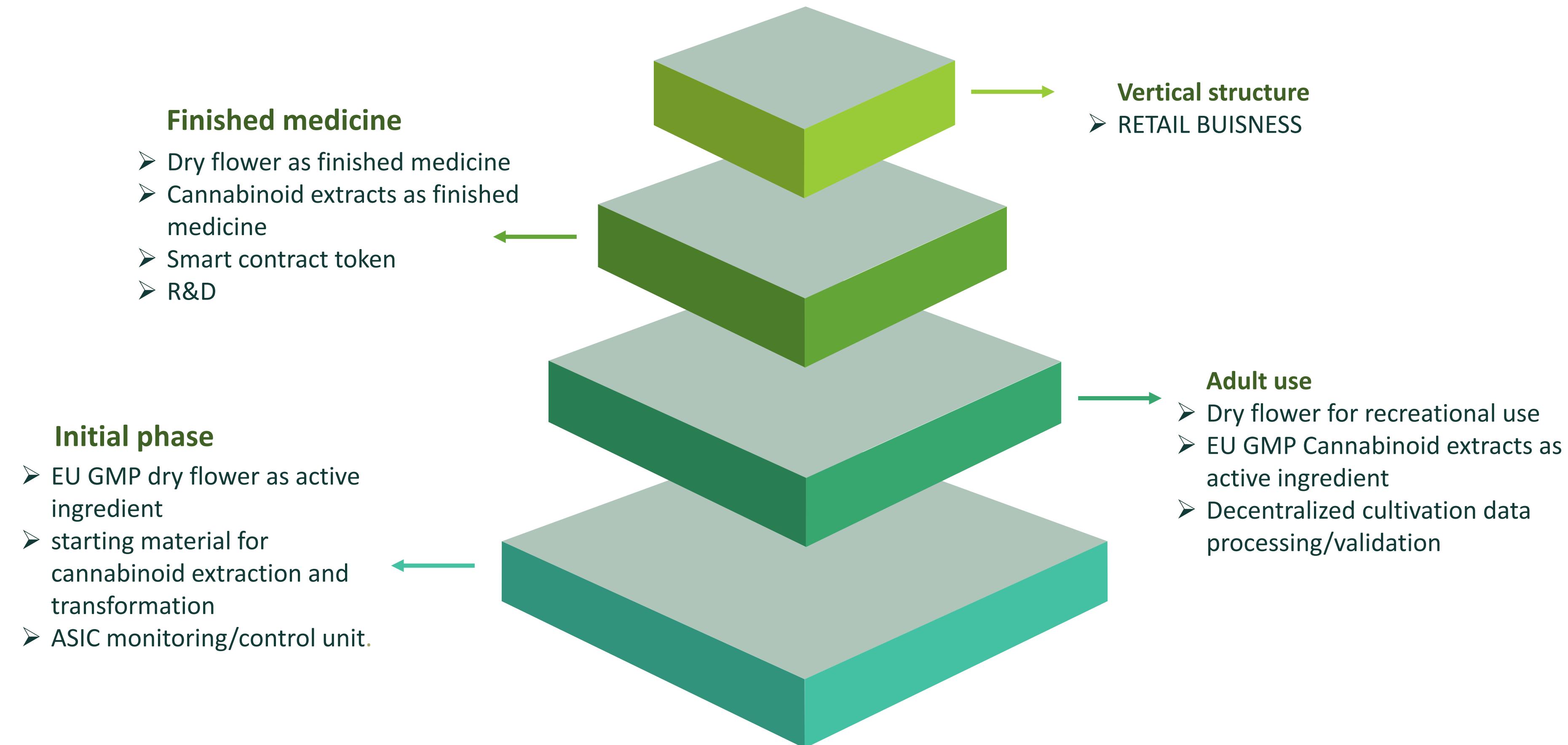
Dry flower for extraction purposes (starting material)is 1000€/KG with inferior quality control standards, less profit margin but the perfect solution when the primary product doesn't pass quality control.

Net results calculation (direct+ Indirect cost)	Y1 Construction	Y2 Construction & Validation	Y3	Y4	Y5	Y6	Y7	Y8	Y9
<b>COST PER GRAMS GMP</b>	€ -	€ 1.17	€ 0.43	€ 0.31	€ 0.29	€ 0.26	€ 0.24	€ 0.24	€ 0.24
<b>PROFIT MARGIN GMP DRY FLOWER</b>	0%	50%	81%	86%	87%	88%	89%	89%	89%
<b>PROFIT MARGIN STARTING MATERIAL</b>	0%	-17%	57%	69%	71%	74%	76%	76%	76%
<b>% gmp Dry Flower API</b>	0%	60%	70%	75%	80%	80%	80%	80%	80%
<b>% Dry Flower Starting Material</b>	0%	40%	30%	25%	20%	20%	20%	20%	20%

**% of Revenue & Margin by Product Category**

# Product Range Integration

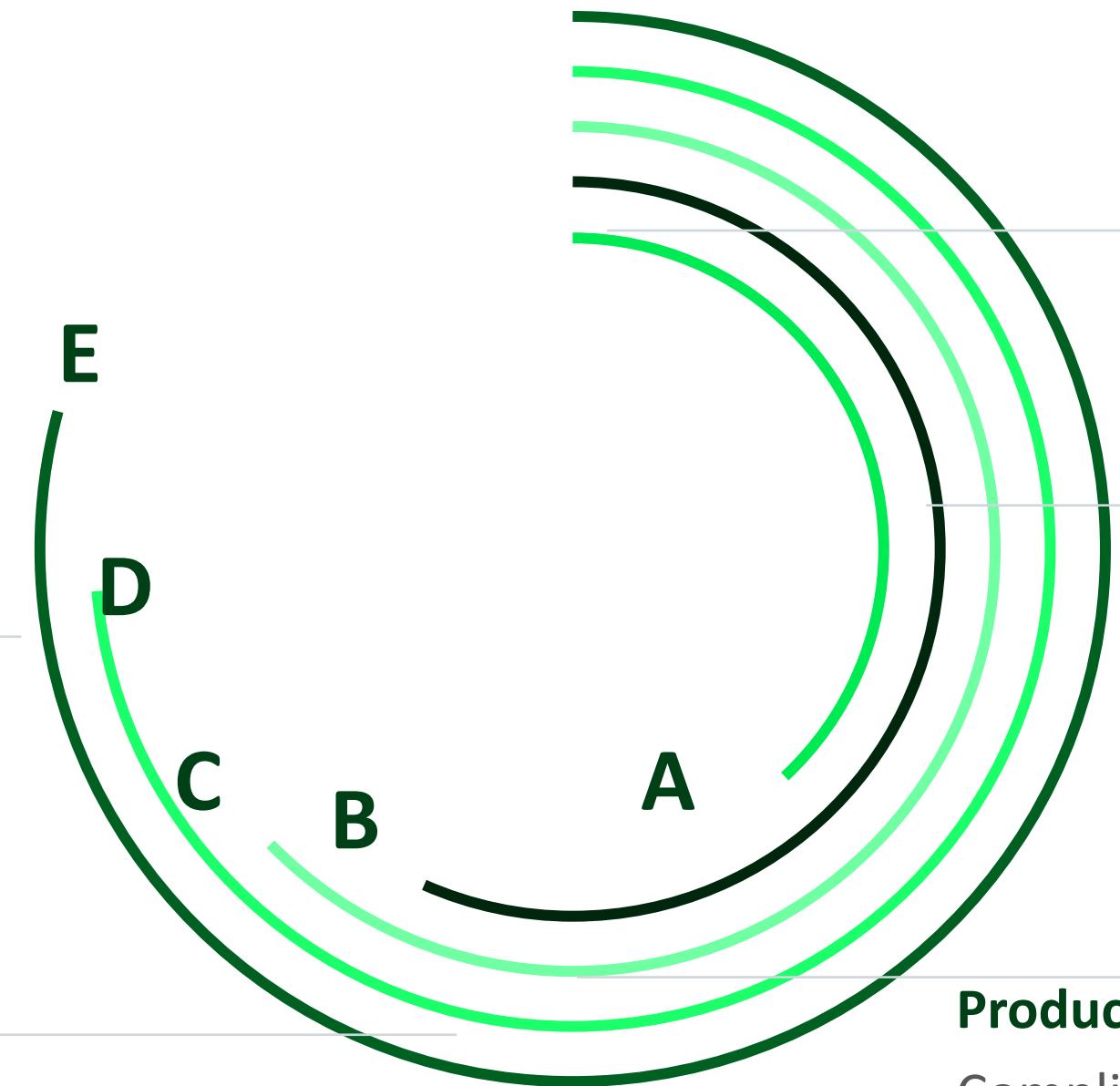
MEDICAL CANNABIS PRODUCTION IS OUR FIRST REVENUE SOURCE TOWARDS A VERTICALLY INTEGRATED CORPORATE STRUCTURE MAXIMIZING EFFICIENCY AND PROFIT ALONG THE VALUE CHAIN



# Marketing STRATEGY

CANNABIS PRODUCTS STILL FOLLOW THE INTERNATIONAL NARCOTICS CONVENTION LAWS,  
**CONVENTIONAL MARKETING CHANNELS DON'T APPLY!**

- Brochures, Information Kits, Merchandise, Event Sponsorships, Social Media**  
As cannabis acceptance consolidates conventional marketing is incorporated to our strategy
  
- Web presence**  
Search Engine Optimization with real time target audience  
Recipient sensitive mass mailing for existing site subscribers and potential ones.  
Educational access level for patients, pharmacists, physicians.  
Transaction enabled access for importers, distributors, final packaging companies,



## Direct Marketing

Our initial marketing and sales strategy must be based on generating strong personalized relationships with decision makers in the distribution, extraction and manufacturing pharmaceutical companies due to current restrictions on Cannabis marketing.

## Market Penetration

Our product launch is preceded by intensive networking exercises seeding our unique location, exotic product profile, product image based on the canary islands brand fully present in the EU. Low Production cost is key in market penetration allowing us to offer substantial discounts for European product grown under equator sun yet in a strictly controlled EU GMP indoor environment.

## Product range integration

Complimenting our base product with extracts, finished medicine formats, drug delivery systems backed up by decentralized data management, IoT for monitoring/control of operations, smart contract token-based transactions (validation, certificates..) are milestones in creating a holistic brand destined for excellence.

# Team Management



# MANAGEMENT

Pharmacist

GxP Quality systems, pharmaceutical logistics & regulatory affairs

10 years experience in business management

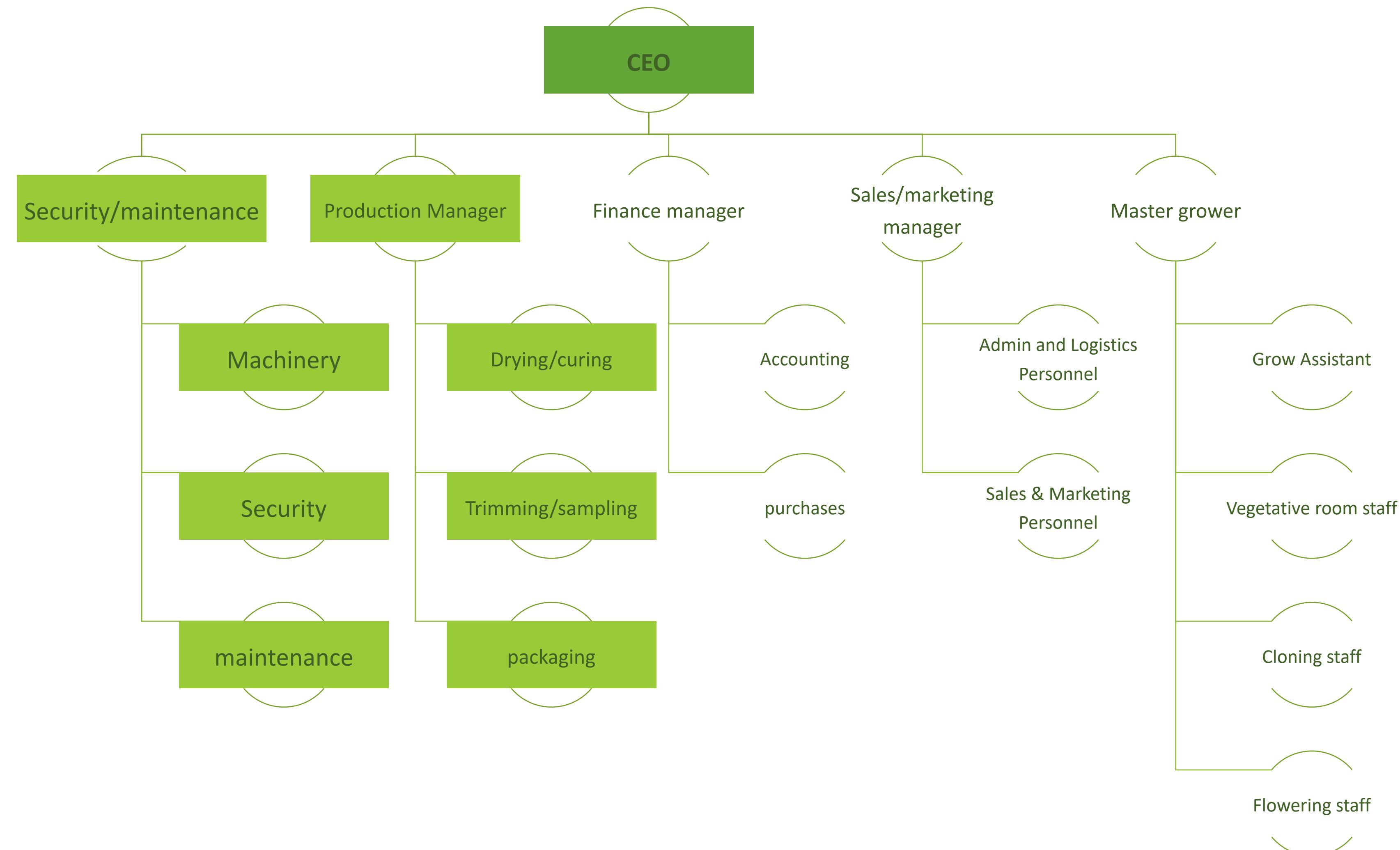
Extensive cultivation experience & knowledge

**Zak B.**  
*CEO/Cofounder*

**David Masson**  
*Founder & Head of director's board*

*COO*

# Organizational structure



# RECRUITMENT AND WAGES SCHEME

	<b>Y1 Construction</b>	<b>Y2 Construction &amp; Validation</b>	<b>Y3</b>	<b>Y4</b>	<b>Y5</b>	<b>Y6</b>	<b>Y7</b>	<b>Y8</b>	<b>Y9</b>
<b>Master Grower</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Salary		<b>56400</b>	<b>56400</b>	<b>56400</b>	<b>56400</b>	<b>56400</b>	<b>56400</b>	<b>56400</b>	<b>56400</b>
<b>Workers</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Salary		<b>152280</b>	<b>152280</b>	<b>152280</b>	<b>152280</b>	<b>152280</b>	<b>152280</b>	<b>152280</b>	<b>152280</b>
<b>Cloning manager</b>		<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Salary		<b>0</b>	<b>35250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Post Harvest</b>									
<b>drying manager</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Salary		<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>
<b>LAB PROD</b>									
<b>packaging manager</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Salary		<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>
<b>Others</b>									
<b>machine room supervisor</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Salary		<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>
<b>security gaurd</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Salary		<b>105750</b>	<b>105750</b>	<b>105750</b>	<b>105750</b>	<b>105750</b>	<b>105750</b>	<b>105750</b>	<b>105750</b>
<b>maintenance</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Salary		<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>
<b>purchasing manager</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Salary		<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>	<b>35250</b>
<b>Marketing Manager</b>			<b>1</b>						
Salary		<b>0</b>	<b>42300</b>						
<b>Account Financial</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Salary		<b>39480</b>	<b>39480</b>	<b>39480</b>	<b>39480</b>	<b>39480</b>	<b>39480</b>	<b>39480</b>	<b>39480</b>
<b>Office workers</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Salary		<b>28200</b>	<b>28200</b>	<b>28200</b>	<b>28200</b>	<b>28200</b>	<b>28200</b>	<b>28200</b>	<b>28200</b>
<b>head count</b>		<b>18</b>	<b>20</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>
<b>Sub Total direct Labour Cost</b>		<b>558360</b>	<b>600660</b>	<b>565410</b>	<b>565410</b>	<b>565410</b>	<b>565410</b>	<b>565410</b>	<b>565410</b>

# Financial FORECAST

# Projected Profit and Loss

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9
Revenue		215,040.00 €	5,989,760.00 €	13,095,040.00 €	17,273,088.00 €	22,208,256.00 €	24,675,840.00 €	24,675,840.00 €	24,675,840.00 €
COGS - Cost of Goods Sold	20,200.00 €	120,456.72 €	687,668.65 €	1,276,986.67 €	1,660,262.43 €	1,996,943.14 €	2,078,632.35 €	2,078,632.35 €	2,078,632.35 €
Gross Profit	-20,200.00 €	94,583.28 €	5,302,091.35 €	11,818,053.33 €	15,612,825.57 €	20,211,312.86 €	22,597,207.65 €	22,597,207.65 €	22,597,207.65 €
% of revenue	0%	44%	89%	90%	90%	91%	92%	92%	92%
SG&A Expenses									
G&A Expenses - Initial & General Costs	105,625.00 €	287,027.50 €	417,317.50 €	506,147.50 €	506,147.50 €	531,527.50 €	559,727.50 €	559,727.50 €	559,727.50 €
G&A Expenses - Cultivation	25,530.00 €	243,461.52 €	265,510.96 €	286,721.52 €	297,577.62 €	312,947.95 €	318,883.12 €	318,883.12 €	318,883.12 €
Total SG&A Expenses	131,155.00 €	530,489.02 €	682,828.46 €	792,869.02 €	803,725.12 €	844,475.45 €	878,610.62 €	878,610.62 €	878,610.62 €
Operating Income (EBITDA)	-151,355.00 €	-435,905.74 €	4,619,262.89 €	11,025,184.31 €	14,809,100.45 €	19,366,837.40 €	21,718,597.03 €	21,718,597.03 €	21,718,597.03 €
% of revenue		-203%	77%	84%	86%	87%	88%	88%	88%
Depreciation and Amortization	- €	227,824.21 €	455,648.43 €	455,648.43 €	455,648.43 €	455,648.43 €	455,648.43 €	354,627.71 €	253,607.00 €
Earnings Before Interest & Taxes (EBIT)	-151,355.00 €	-663,729.96 €	4,163,614.46 €	10,569,535.88 €	14,353,452.02 €	18,911,188.97 €	21,262,948.60 €	21,363,969.32 €	21,464,990.03 €
Interest Expense									
Earnings Before Taxes (EBT)	-151,355.00 €	-663,729.96 €	4,163,614.46 €	10,569,535.88 €	14,353,452.02 €	18,911,188.97 €	21,262,948.60 €	21,363,969.32 €	21,464,990.03 €
Income Tax	- €	- €	133,941.18 €	422,781.44 €	574,138.08 €	756,447.56 €	850,517.94 €	854,558.77 €	858,599.60 €
Net Income	-151,355.00 €	-663,729.96 €	4,029,673.28 €	10,146,754.45 €	13,779,313.94 €	18,154,741.42 €	20,412,430.66 €	20,509,410.55 €	20,606,390.43 €
% of revenue	N/A	-308%	67%	77%	79%	81%	82%	83%	83%

# Financial Statement

				Y1 Construction	Y2 Construction & Validation	Y3	Y4	Y5	Y6	Y7	Y8	Y9
<b>REVENUE</b>				0.00 €	215,040.00 €	5,989,760.00 €	13,095,040.00 €	17,273,088.00 €	22,208,256.00 €	24,675,840.00 €	24,675,840.00 €	24,675,840.00 €
Direct/indirect Production Cost				151,355.00 €	650,945.74 €	1,370,497.11 €	2,069,855.69 €	2,463,987.55 €	2,841,418.60 €	2,957,242.97 €	2,957,242.97 €	2,957,242.97 €
<b>EBITDA</b>				-151,355.00 €	-435,905.74 €	4,619,262.89 €	11,025,184.31 €	14,809,100.45 €	19,366,837.40 €	21,718,597.03 €	21,718,597.03 €	21,718,597.03 €
Interest on Capital			0.00%	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €
Depreciation	years											
Depreciation on long term	10	2,536,070.00 €		0%	50%	100%	100%	100%	100%	100%	100%	100%
				0.00 €	126,803.50 €	253,607.00 €	253,607.00 €	253,607.00 €	253,607.00 €	253,607.00 €	253,607.00 €	253,607.00 €
Depreciation on short term	7	1,414,290.00 €		0%	50%	100%	100%	100%	100%	100%	50%	0%
				0.00 €	101,020.71 €	202,041.43 €	202,041.43 €	202,041.43 €	202,041.43 €	202,041.43 €	101,020.71 €	0.00 €
<b>Total depreciation</b>				0.00 €	227,824.21 €	455,648.43 €	455,648.43 €	455,648.43 €	455,648.43 €	455,648.43 €	354,627.71 €	253,607.00 €
<b>NET RESULTS</b>												
EBT : Earnings Before Tax				-151,355.00 €	-663,729.96 €	4,163,614.46 €	10,569,535.88 €	14,353,452.02 €	18,911,188.97 €	21,262,948.60 €	21,363,969.32 €	21,464,990.03 €
Tax To pay	4%			-6,054.20 €	-26,549.20 €	166,544.58 €	422,781.44 €	574,138.08 €	756,447.56 €	850,517.94 €	854,558.77 €	858,599.60 €
				-6,054.20 €	-26,549.20 €	133,941.18 €	422,781.44 €	574,138.08 €	756,447.56 €	850,517.94 €	854,558.77 €	858,599.60 €
Tax to pay				0	0.00 €	133,941.18 €	422,781.44 €	574,138.08 €	756,447.56 €	850,517.94 €	854,558.77 €	858,599.60 €
<b>NET RESULTS</b>				-151,355.00 €	-663,729.96 €	4,029,673.28 €	10,146,754.45 €	13,779,313.94 €	18,154,741.42 €	20,412,430.66 €	20,509,410.55 €	20,606,390.43 €
<b>CASH FLOW &amp;NPV</b>												
Investment capital required			(3,950,360)	-2,803,548.00 €	-1,146,812.00 €							
Net Cash Flow				-2,954,903.00 €	-1,810,541.96 €	4,029,673.28 €	10,146,754.45 €	13,779,313.94 €	18,154,741.42 €	20,412,430.66 €	20,509,410.55 €	20,606,390.43 €
Net Present Value	NPV	1% Inflation	95,994,993.74 €	-2,954,903.00 €	-4,765,444.96 €	-735,771.67 €	9,410,982.77 €	23,190,296.72 €	41,345,038.13 €	61,757,468.79 €	82,266,879.34 €	102,873,269.77 €
Net Present Value	NPV	10% Inflation	53,360,796.95€									
Internal return rate 9 yrs	IRR	9 years	106%		Total Investment	3,950,360.00 €						
internal return rate 5 yrs	IRR	5 years	85%		OPEX first 2 yrs.	587,260.74 €						
					Total Capital Required	4,537,620.74 €						

# Investment Summary

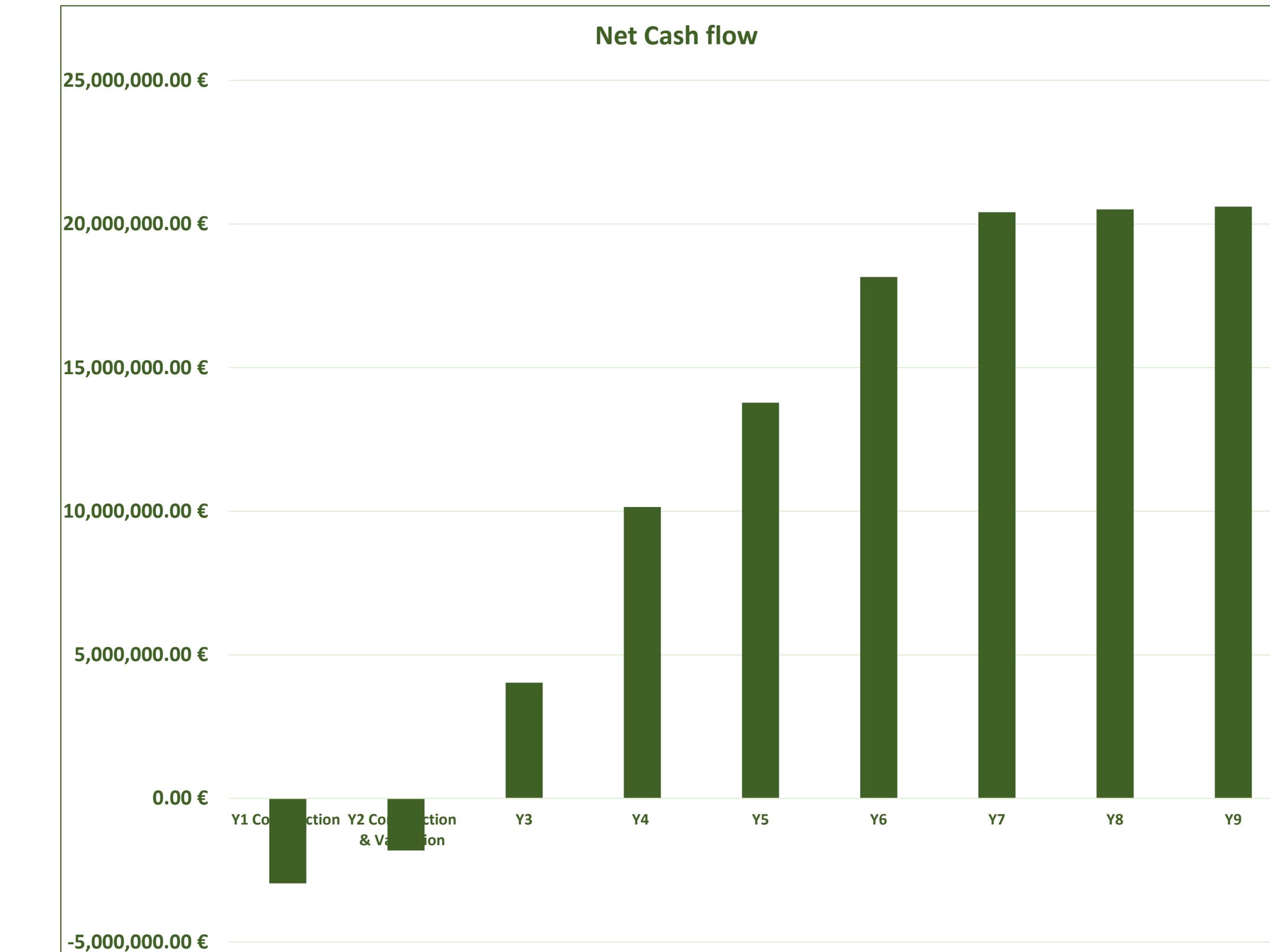
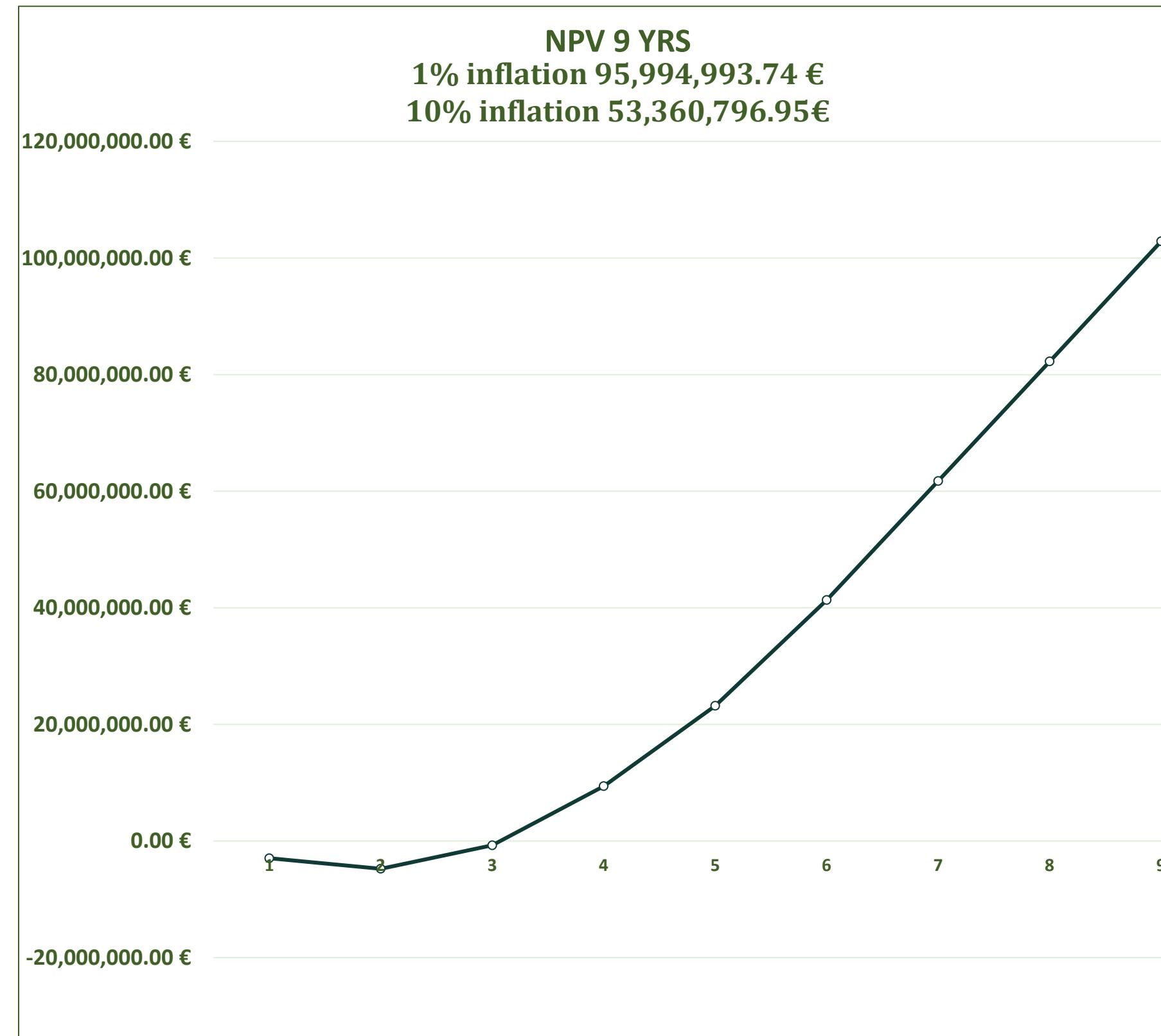
INVESTMENT SUMMARY	TOTAL	Y1 Construction	Y2 Construction & Validation
LAND PREPARATION&CONSTRUCTION	672,000 €	532,000 €	140,000 €
UTILITIES	205,000 €	125,000 €	80,000 €
PRODUCTION EQUIPMENT	272,290 €	42,998 €	229,292 €
Design, Engineering & other Services	265,000 €	180,000 €	85,000 €
SUBTOTAL	1,414,290.00 €	879,998.00 €	534,292.00 €
CULTIVATION : green house	1,529,970 €	982,650 €	547,320 €
Lab infrastrucure and GMP Premises	1,006,100 €	940,900 €	65,200 €
SUBTOTAL	2,536,070.00 €	1,923,550.00 €	612,520.00 €
<b>TOTAL CAPEX</b>	<b>3,950,360.00 €</b>	<b>2,803,548.00 €</b>	<b>1,146,812.00 €</b>
OPEX	587,260.74 €	151,355.00 €	435,905.74 €

# Investment details

LAND PREPARATION&CONSTRUCTION	Units	Cost / Ut €	INVEST TO	Y1 Construction	Y2 Construction & Validation
Land price	13500	0.00 €	0.00 €	0.00 €	
Construction cost	833	500.00 €	416,500.00 €	416,500.00 €	
Adaptation of existing Building	833.0	0.00 €	0.00 €	0.00 €	
Perimetral Closure - Detectors -€/m	700.0	150.00 €	105,000.00 €	105,000.00 €	
Perimetral CCTV - Cam - €/m	700.0	15.00 €	10,500.00 €	10,500.00 €	
Civil Work for Solar plant	0.00	35.00 €	0.00 €	0.00 €	
General Water treatment + General Electricity	1	140,000.00 €	140,000.00 €		140,000.00 €
<b>TOTAL</b>			<b>672,000.00 €</b>	<b>532,000.00 €</b>	<b>140,000.00 €</b>
CULTIVATION	Units	Cost / Ut €	INVEST TO	Y1 Construction	Y2 Construction & Validation
Green House - Isolation + Black out	5970	150	895,500.00 €	474,615.00 €	420,885 €
Civil Work Greenhouse	1791	35.00 €	62,685.00 €	62,685.00 €	
Lighting support for GH	750	20.00 €	15,000.00 €	15,000.00 €	
Lighting Flower Led	0	380.00 €	0.00 €	0.00 €	
Lighting Veg	220	380.00 €	83,600.00 €	83,600.00 €	
Lighting Mother	110	380.00 €	41,800.00 €	41,800.00 €	
Osmosis/irrigation system 0,8 m3/h			35,000.00 €	35,000.00 €	
Water System net	5970	5	29,850.00 €	29,850.00 €	
Fertilization system	5970	10	59,700.00 €	59,700.00 €	
Air Treatment for Green House			225,500.00 €	180,400.00 €	45,100.00 €
Co2 Control System + Ozone	5970	0.00 €	0.00 €	0.00 €	
Growing Tables for Veg & Mother	562.5	70	39,375.00 €		39,375.00 €
Growing Tables for Flower	3360	7	23,520.00 €		23,520.00 €
Rolling Container : 550 L	40	211	8,440.00 €		8,440.00 €
CLONE ROOM small equipment			5,000.00 €		5,000.00 €
MOTHER ROOM small equipment			5,000.00 €		5,000.00 €
<b>TOTAL</b>			<b>1,529,970.00 €</b>	<b>982,650.00 €</b>	<b>547,320.00 €</b>

Lab infrastructure and GMP Premises	Units	Cost / Ut €	INVEST TO	Y1 Construction	Y2 Construction & Validation
GMP Cleanroom - HVAC - Turn key GMP Area + Offices + Vault			840,100 €	840,100 €	- €
Drying tunnels	3	42,000.00 €	126,000 €	100,800 €	25,200 €
Computers and IT equipment			40,000 €		40,000 €
<b>TOTAL</b>			<b>1,006,100.00 €</b>	<b>940,900.00 €</b>	<b>65,200.00 €</b>
UTILITIES	Units	Cost / Ut €	INVEST TO	Y1 Construction	Y2 Construction & Validation
INSTALLATION POTENCY KW	619.5584371				
Solar Panel Cost : 85000€ / 100 kW - 900m2/ 100kW	0	0%	€		0.00 €
Emergency Generator	774.45	80,000.00 €	80,000 €		80,000 €
General Electrical Installation			50,000.00 €	50,000.00 €	
Compressor Air		35,000.00 €	35,000 €	35,000.00 €	
Fire protection System + Water Deposit			40,000 €	40,000.00 €	
<b>TOTAL</b>			<b>205,000.00 €</b>	<b>125,000.00 €</b>	<b>80,000.00 €</b>
PRODUCTION EQUIPMENT	Units		INVEST TO	Y1 Construction	Y2 Construction & Validation
Total Prod equipement investment			214,990.00 €	42998	171,992.00 €
Miscellaneous			30,000 €		30,000 €
Stock Maintenance (Spare Parts)	2100000		27300		27,300 €
<b>TOTAL</b>			<b>272,290.00 €</b>	<b>42,998.00 €</b>	<b>229,292.00 €</b>
Design, Engineering & other Services			INVEST TO	Y1 Construction	Y2 Construction & Validation
License request folder, Conceptual Design & Legal Advise			70,000 €	70,000 €	
Basic & Detail design Engineering : EPCMQ Cost			70,000 €	35,000 €	35000
Seed Characterization Cost			20,000 €	10,000 €	10,000 €
Initial Quality System development - GACP & GMP			50,000 €	30,000 €	20,000 €
QC Control - Analytical Method Validation			20,000 €		20,000 €
Legalization for Mechanical installation			35,000 €	35,000 €	
<b>TOTAL</b>			<b>265,000.00 €</b>	<b>180,000.00 €</b>	<b>85,000.00 €</b>

# Projected Cash Flow & NET PRESENT VALUE





# Thank You



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2022