

Just Grapes

A. Garcia, Esteban
Riberas, Francisco (Paco)
Rivero, Rodrigo
San Martin, Mauricio

Just Grapes



Just Grapes **simplifies the wine shopping experience** by prioritizing customer service and education.

- **Curated Wine Selection:** The store offers over 350 artisan wines, with a focus on \$15-\$25 bottles. Each wine is tasted and vetted before selection.
- **Innovative Retail Format:** Just Grapes features an organizational system by grape type and flavor profile, allowing exploration within preferred taste ranges.



Goal - Establish the Midwest's leading **wine retail environment** emphasizing the true "customer experience."



Keys to success - Strategic **location**, quality **service**, trained staff, competitive **pricing**, diverse **product** selection, and innovative **technology**.



Geographic presence – The company opened their first store in **Chicago**



Team – Don Sritong, a certified **Master Sommelier** with over **15 years of experience** in the wine industry

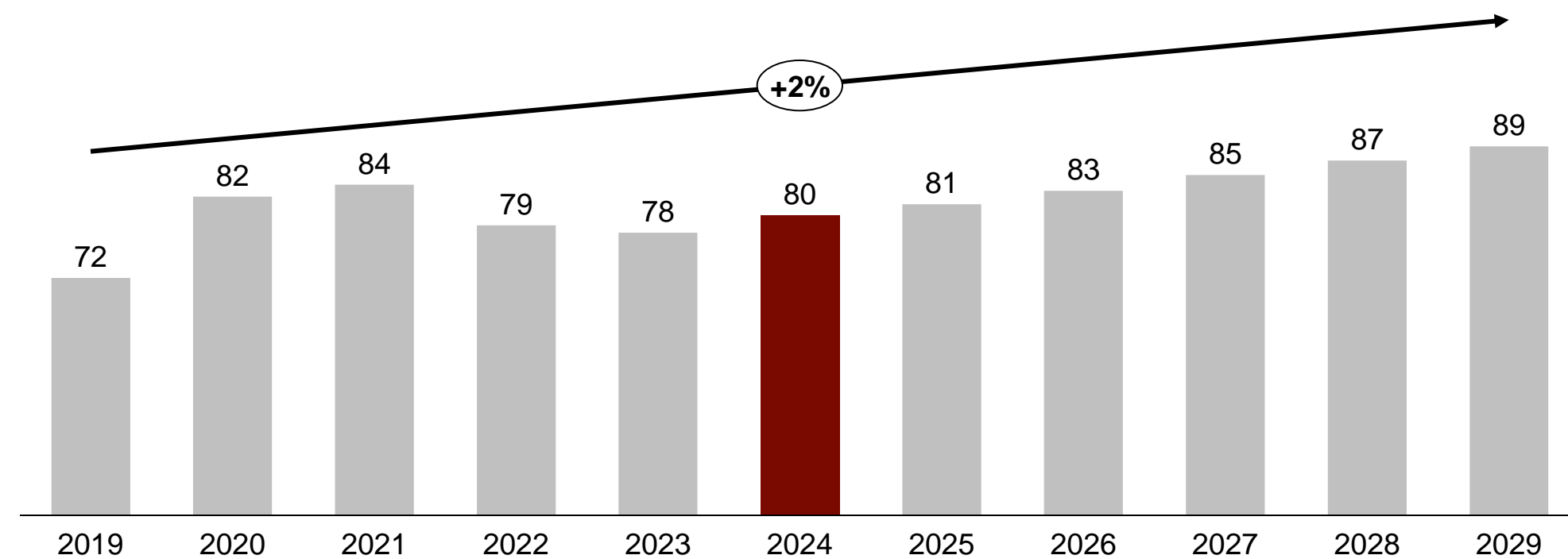
SUCCESS yields a stable outlook for Just Grapes

Metric	Grade	Key Insights
Size of Generic Market	A	<ul style="list-style-type: none"> Beer, Wine & Liquor stores in the US have revenues of \$80B (20.7% wines) with expected CAGR of 2.2% next 5yrs in US
Uncertainty	B	<ul style="list-style-type: none"> Decrease in alcohol consumption over past 5yrs, 1.8% average decrease in wine
Customer / Relative Strength	B	<ul style="list-style-type: none"> By age group, most engaged customers are younger people However, alcohol consumption has decreased in these generations
Competitive Interaction	C	<ul style="list-style-type: none"> Direct Competition: Brick&Mortar Retailers, there are over 2k locations in IL, also corporate event hosts that will provide personalized experiences Indirect Competition: Wineries and other entertainment
Entry threats / barriers	B+	<ul style="list-style-type: none"> Regulations are high for the industry and obtaining licenses is time consuming Unique knowledge and personalized customer experience is hard to find
Substitute Products	B-	<ul style="list-style-type: none"> Other products such as spirits, beer and non-alcoholic beverages Entertainment and other corporate event activities are substitute services
Suppliers / Relative Strength	B-	<ul style="list-style-type: none"> Don has a good understanding of the wines required for the operation 300 SKUs to run the store and still gets good prices purchasing small quantities

The market has a good trend in size, but there is uncertainty

Size of Generic Market (A)

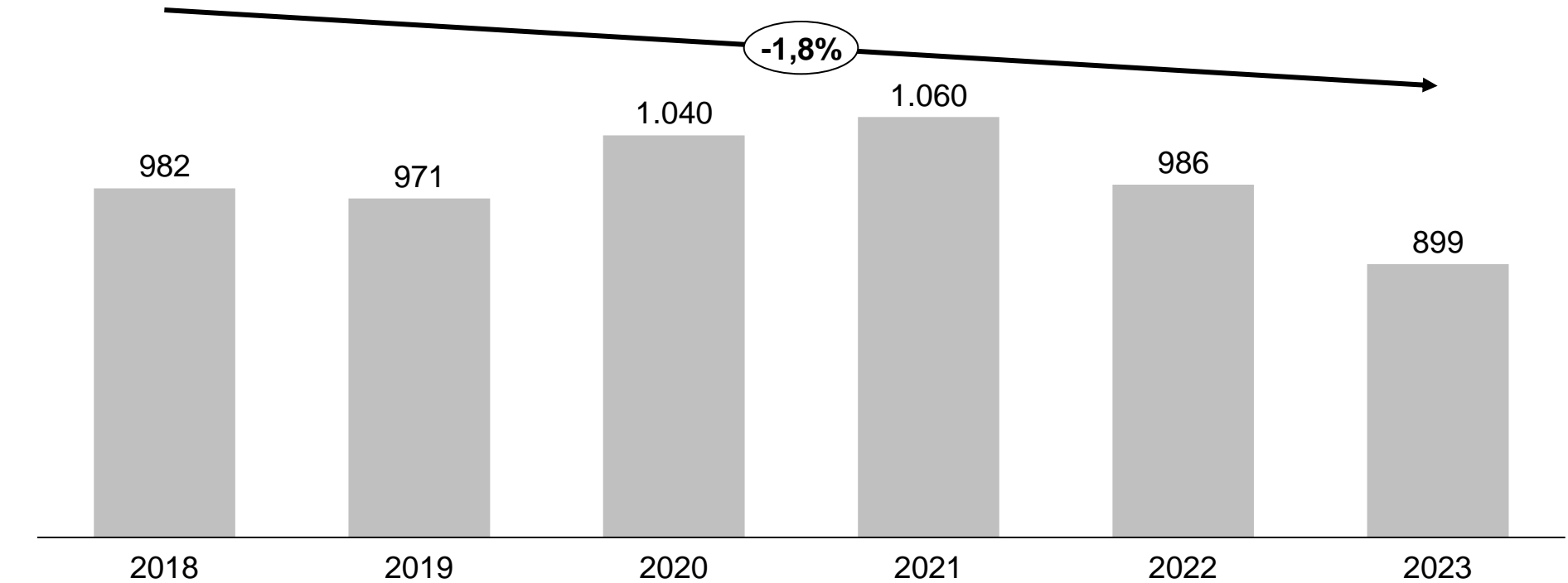
Annual Revenues Beer, Wines & Spirits in US (\$Bn)



- Large established market with steady growth outlook
- Growth in Illinois is expected to be slower than countrywide
- Margins in the industry are increasing, currently 3.6% 0.4pp increase YoY

Uncertainty (B)

Wine Consumption in US (million Gallons)



- Wine consumption has decreased in society
- Regulations around liquor licenses might limit expansion outside Illinois
- Taxes might provide shift of consumption towards wine rather than beer and spirits

Customer base is shifting to other types of products, while there is a fierce competition

Customer (B)

Individual Purchasers

- Don categorizes its target customer as an adventurous young adult that is willing to try new types of wine
- However, the number of young adults that consume alcohol has declined over the past decades by 10pp

Corporate Events

- Another customer group is those seeking for corporate events. These are mainly seeking experiences, and they rent the classroom located at the store to host the event
- Also, they attend wine tastings within the store and end up purchasing wines they liked

Competition (C)



- Direct competition includes B&M stores around Chicago, in Illinois there are more than 2k liquor stores
- Online retailers are becoming more popular in the industry
- Other types of entertainment options present as a competition for corporate events

There are barriers to entry in the industry, but there are multiple substitutes, and JG lacks bargaining power over suppliers

Entry threats / barriers (B+)

- Online firms represent a potential threat
- Supermarkets are entering the wine selling business
- Regulations are high for the industry and obtaining licenses is time consuming
- Unique knowledge and personalized customer experience is hard to find in the industry; part of the store personnel

Substitutes (B-)

- Other products such as spirits, beer and non-alcoholic beverages
- Entertainment and other corporate event activities are substitute services
- New services like wine subscriptions are a major substitute to the wine experience

Suppliers / relative strength (B-)

- Finding the right providers for artisan producers is time consuming and expensive due to frequent traveling
- 300 SKUs are needed to run the store
- Don argues that he can get good prices without purchasing large quantities due to the liberal laws in Illinois

The Four M's (1/2)

B+

Market¹

- Illinois liquor stores \$3bn market's expected 1.2% 5Y growth decreased from 1.7% in last 5Y
- High concentration in Cook County (\$1.4bn) with 925 establishments (45% of IL)
- 1.7m adults in Chicago (18-64 years old)

B

Money

- Initial Investment: **\$261k per unit**
- 24-month cash need: **\$1.3m**
- Peak cash need: **\$3.4m**
- Years to cash flow positive: **5 Years**

Model

- **Store Based Model**
- **Avg. Store** – 1,500 sqft
- **Revenue** – (i) wine retail sales (ii) corporate events (iii) local restaurant supply
- **Costs** – (i) Advertising (ii) Don Sritong's wage (iii) cost of acquiring the wine bottles (iv) rent
- **Working Capital** – (i) low inventory turnover as expensive bottles take longer to sell
- **Initial Investment** – (i) equipment and fixtures (ii) inventory
- Hard to create franchises as it requires highly trained store operators

B-

Sources: ¹Ibis World

The Four M's (2/2): Management



C

Don has high industry knowledge, one of 170 Master Sommeliers in America and has 15+ years of experience as a corporate sommelier across the world

Experienced operating in a cash constrained environment as a serial entrepreneur with 3 start-ups that generate over \$20mn of sales and 35% of annual growth rate (according to Don)

Unknown if his start-ups have yielded any returns for its investors

Capability to scale businesses yet to be proven

Business is very reliant on one key-man

Key Hires:



Rich Bergsund (CEO)

(wine.com - CEO)

Bergsund built Wine.com into one of the largest online wine retailers. Vast expertise in wine retail, both online and in-person



Doug Jeffirs (CMO)

(Binny's – Director of Wine Sales)

Expertise in sales within the wine industry and retailers. Currently working in improving wine sales at Binny's

Analogs – Qualitative Metrics

Highly Relevant



Less Relevant

Metric	Desired Characteristic	Rationale
Private/Public	Public	Publicly-listed companies are required to disclose a wider array of financial information that we will use in our projections
Channel/Business Model	Brick & Mortar Retail Stores	Online retailers and marketplaces have different cost structures and brands often use stores as marketing (not good analogs)
Customer Experience	Learning Environment	Friendly & knowledgeable staff can boost sales but imply higher personnel costs
Industry	Wine & Liquor Stores	Similar regulations, market dynamics, margins, etc.
Store Characteristics	Urban, Prime RE	High traffic areas will increase revenue/sqft and stores will probably be smaller in size due to renting costs
Product Selection	Wide Variety	WC requirements and inventory turnover impacted by SKUs
Price	Affordable Luxury	Impacts margins and valuation but Just Grapes not clearly defined in the price spectrum
Labor force Skill	Highly Knowledgeable Staff	Relevant but included in customer experience
Geographical Footprint	Large Cities in the Midwest	Other cities in the US show very similar dynamics
Client Development Campaigns	Corporate Events, customer rewards	Non-corporate clients to be the main revenue driver
Technology	POS, website & blogs	Online players have more technological capabilities

Analogs – Qualitative Matrix

Analogs	Private/Public (Ticker)	Channel/Buss. Model	Customer Experience	Industry	Store Characteristics	Product Selection	Price	Labor Force Skill	Geographic Footprint	Client Development	Technology	Limited Marketing	Logistics	Cyclical
Apple	NASDAQ: AAPL		X				X	X	X	X		X		
Total Wine & More	Private	X		X		X		X		X		X	X	X
Alcanna	TSX: CLIQ (1)	X	X	X	X	X	X	X		X		X	X	X
Southern Glazer Wine & Spiits	Private		X	X		X	X			X		X	X	X
Crate & Barrel	Private	X	X			X	X	X	X			X		
Warby Parker	NYSE: WRBY		X		X	X		X	X	X	X		X	X
Williams Sonoma	NYSE: WSM	X	X		X	X	X	X	X	X		X	X	
Starbucks	NASDAQ: SBUX	X		X	X		X		X	X	X			
Binny's Bervage Depot	Private	X		X		X	X		X			X	X	
Fleet Feet	Private	X	X		X			X	X			X		X
Eataly	Private	X	X			X	X	X	X				X	X
Nordstrom	NYSE: JWN	X	X			X	X	X	X	X	X	X		
Whole Foods	NASDAQ: WFM (2)	X	X	X		X	X		X	X		X	X	
Canada Goose	NYSE: GOOS		X		X			X	X	X				X
Naked Wines	OTCMKTS: NWINF			X	X	X	X					X	X	X
Lululemon	NASDAQ: LULU	X	X		X		X		X		X			
Footlocker	NYSE: FL	X	X		X	X	X	X	X	X				X
Party City	OTC: PRTYQ	X			X	X			X			X		X
Rocky Mountian Chocolate Factory	NASDAQ: RMCF	X	X		X	X	X		X	X		X	X	X
Restoration Hardware	NYSE: RH	X	X			X	X	X	X	X	X			
Best Buy	NYSE: BBY	X	X			X		X	X		X			
Pandora	OTCMKTS: PANDY	X	X		X			X	X	X				
Cresco Labs Inc.	CNSX: CL	X	X		X	X	X		X			X	X	X
Ulta Beauty	NASDAQ: ULTA	X	X			X	X	X	X		X	X		
Lowes	NYSE: LOW	X	X			X			X	X	X			
PetCo	NASDAQ: WOOF	X			X	X			X		X			X
The Home Depot	NYSE: HD	X				X		X	X	X	X			
Leslie's Pools	NASDAQ: LESL	X	X			X	X	X	X	X		X		X

Similar liquor/wine store chains are non-listed companies, which compromises financial information gathering

Therefore, we have **sacrificed industry alignment** in favor of analogs with a **B&M retail** business model, strong **customer experience**, **urban** presence and a wide **variety** of 3rd party products

Key Analogs

ALCANNA

Wine and liquor store chain in Canada operating under several brands (Liquor Depot, Ace Liquor, Wine & Beyond)¹

- (+) Same industry and similar product mix
- (+) Strong customer experience
- (-) Different geography and regulations

**WILLIAMS
SONOMA**

American retailer specializing in high-quality home goods with focus on kitchenware and furniture (Pottery Barn)

- (+) Similar store characteristics
- (+) Related industry and skilled laborforce
- (-) Different product mix and less cyclical

**ROCKY MOUNTAIN
CHOCOLATE FACTORY**

US-based retail company specializing in the sale of premium chocolates

- (+) Unit model with wide product variety
- (+) Affordable luxury category
- (-) Different industry and store size
- (-) Company struggling financially


Foot Locker

Global retailer specializing in athletic footwear, apparel and accessories

- (+) 3rd party retailer without own brands
- (+) Wide SKU range
- (-) Very different product characteristics
- (-) Different store size and location

NORDSTROM

Luxury department store chain that offers a wide variety of products including clothing, jewelry and beauty products

- (+) Focus on customer experience and shopping experience
- (-) Different store size
- (-) Complicated mix of products

**C R E S C O
L A B S**

Publicly traded American manufacturer and retailer of cannabis products for recreational and medical purposes

- (+) Similar industry in terms of regulation
- (+) Aligned in terms of store size and shopping experience
- (-) Vertically integrated in the production process

ULTA
B E A U T Y

Largest beauty retailer in the US, offering a wide variety of cosmetics, skincare, fragrance, haircare and beauty tools.

- (+) Wide product range in terms of price points
- (+) Strong customer experience offering consultation services
- (-) Different store size and product mix

Analogs – Quantitative Matrix

Analogs	PrivatePublic (Ticker)	Revenue	Sales Growth (CAGR)	Gross Margin	SG&A	EBITDA Margin	D&A	EBT Margin	Net Income	CapEx	# of stores	Market Cap (\$B)	Days Receivable	Inventory Turnover	Days Payable
Alcanna	TSX: CLIQ (1)	\$ 726	11.7%	22.7%	\$ 125	4.5%	\$ 31	0.2%	\$ 39	\$ 23	171	\$ -	-	5.4	12.4
Williams Sonoma	NYSE: WSM	\$ 8,674	13.1%	41.8%	\$ 2,163	18.8%	\$ 214	16.3%	\$ 1,127	\$ 354	518	\$ 19.0	6.1	3.9	43.4
Nordstrom	NYSE: JWN	\$ 15,530	20.4%	33.9%	\$ 4,372	4.0%	\$ 604	-0.7%	\$ 245	\$ 473	359	\$ 3.0	6.7	4.4	67.6
Footlocker	NYSE: FL	\$ 8,759	7.7%	31.7%	\$ 1,903	10.6%	\$ 208	8.3%	\$ 342	\$ 285	2,600	\$ 2.2	5.6	4.8	28.9
Rocky Mountian Chocolate Factory	NASDAQ: RMCF	\$ 30,432	18.3%	24.0%	\$ 11,221	-3.2%	\$ 765	-6.1%	\$ (5,681)	\$ 1,000	255	\$ 0.4	32.9	5.1	30.0
Cresco Labs Inc.	CNSX: CL	\$ 756	-3.1%	49.1%	\$ 260	13.7%	\$ 25	10.8%	\$ (240)	\$ 55	62	\$ 1.0	21.6	3.4	25.0
Ulta Beauty	NASDAQ: ULTA	\$ 10,208	28.8%	41.7%	\$ 2,801	15.7%	\$ 241	12.3%	\$ 1,291	\$ 312	1,374	\$ 26.0	8.8	3.4	38.0
Apple	NASDAQ: AAPL	\$ 383,285	11.8%	44.1%	\$ 24,932	32.8%	\$ -	29.8%	\$ 96,995	\$ 10,959	510	\$ 3,432.2	27.9	38.0	109.1
Total Wine & More	Private	\$ 6,167								250	\$ -				
Southern Glazer Wine & Spiits	Private	\$ 26,120								-	\$ -				
Crate & Barrel	Private	\$ 2,500	23.0%							102	\$ -				
Warby Parker	NYSE: WRBY	\$ 670	19.4%	54.5%	\$ 422	-4.5%	\$ 12	-10.3%	\$ (63)	\$ 54	212	\$ 2.0	0.9	4.6	26.5
Starbucks	NASDAQ: SBUX	\$ 35,976	15.2%	27.4%	\$ 2,441	19.4%	\$ 1,363	15.4%	\$ 4,125	\$ 2,334	36,201	\$ 109.0	12.6	13.1	21.1
Binny's Bervarge Depot	Private	\$ 260								45	\$ -				
Fleet Feet	Private	\$ 497								250	\$ -				
Eataly	Private	\$ 500								8	\$ -				
Whole Foods	NASDAQ: WFM (2)	\$ 18,000								500	\$ -				
Canada Goose	NYSE: GOOS	\$ 1,217	8.3%	67.0%	\$ 562	15.8%	\$ 100	12.5%	\$ 73	\$ 45	52	\$ 1.6	14.0	0.9	46.9
Naked Wines	OTCMKTS: NWINF	\$ 428	16.0%	39.0%	\$ 137	1.0%		0.3%	\$ (17)	\$ 2	-	\$ 0.2			
Lululemon	NASDAQ: LULU	\$ 8,111	26.8%	55.4%	\$ 2,757	24.9%	\$ 9	21.3%	\$ 855	\$ 639	610	\$ 34.0	4.7	2.9	20.7
Party City	OTC: PRTYQ	\$ 2,350	9.0%	39.0%		14.7%		11.1%	\$ 63	\$ 77	723	\$ -			
Restoration Hardware	NYSE: RH	\$ 3,590	10.7%	50.5%	\$ 1,081	23.4%	\$ -	20.4%	\$ 529	\$ 174	70	\$ 6.0	6.0	2.3	40.2
Best Buy	NYSE: BBY	\$ 46,298	2.0%	21.4%	\$ 7,884	6.2%	\$ 86	4.2%	\$ 1,419	\$ 930	1,121	\$ 21.1	8.6	6.6	63.9
Pandora	OTCMKTS: PANDY	\$ 28,136	13.0%	78.6%		28.3%		25.0%	\$ 4,740		2,700	\$ 9.0			
Lowes	NYSE: LOW	\$ 97,059	10.4%	33.2%	\$ 18,271	14.6%	\$ 1,766	12.6%	\$ 6,437	\$ 1,829	1,718	\$ 155.0	-	3.6	61.7
PetCo	NASDAQ: WOOF	\$ 6,036	10.8%	40.2%	\$ 2,199	7.0%	\$ -	3.8%	\$ 91	\$ 278	1,504	\$ 1.6	3.2	5.4	35.3
The Home Depot	NYSE: HD	\$ 157,403	12.6%	33.5%	\$ 26,284	17.2%	\$ 2,455	15.3%	\$ 17,105	\$ 3,119	2,300	\$ 411.4	6.6	4.5	42.2
Leslie's Pools	NASDAQ: LESL	\$ 1,451	9.3%	37.8%	\$ 433	10.3%	\$ -	8.0%	\$ 27	\$ 39	932	\$ 0.5	8.1	2.7	45.9

Analog Aggregation – Applied Rates

	Alcanna	Williams Sonoma	Nordstrom	Footlocker	RMCF	Cresco Labs	Ulta Beauty	Analog Average	Applied Rates	Assumptions
Sales Growth (CAGR)	12%	13%	20%	8%	18%	-3%	29%	13.8%	11.3%	10Y CAGR of 11.3% (excluding Ulta Beauty - outlier) driven by rapid growth in first years and decreasing growth rates given unit capacity and maturity
% of Revenue										
COGS	78%	58%	66%	68%	76%	51%	58%	65.1%	50.0%	High bargaining power with both consumers and suppliers due to nature of artisan, low production wines
Gross Profit	22%	42%	34%	32%	24%	49%	42%	34.9%	50.0%	
G&A (1)	18%	25%	30%	21%	30%	35%	29%	26.9%	18.0%	Based on industry average personnel and rent costs (excluding marketing)
R&D	0%	0%	0%	0%	0%	0%	0%	0.0%	0.0%	Assuming no R&D
Selling and Marketing	0%	0%	0%	0%	0%	0%	0%	0.0%	4.0%	Based on industry average (2). 5% spend during first 5 years, 3% last 5.
EBITDA	4%	16%	4%	11%	-6%	14%	12%	8.0%		
D&A	4%	3%	5%	2%	3%	3%	3%	3.3%	3.2%	Based on fixed assets analysis (3) and IRS guidelines (aligned with analog avg)
EBIT	0%	14%	-1%	8%	-8%	11%	9%	4.7%		
Capex	3%	3%	3%	3%	2%	10%	3%	3.8%	2.8%	Analog Average excluding Cresco Labs (outlier)
Balance Sheet										
Days Receivable	0	6	7	6	33	22	9	11.67	6.80	Analog Avg. - Excluding RMCF & Cresco Labs (outliers)
Inventory Turnover	5	4	4	5	5	3	3	4.36	5.43	Based on Alcanna Analog level
Days Payable	12	43	68	29	30	25	38	35.06	12.43	Based on Alcanna Analog level (4)

Initial Investment

(Dollars in Thousands)

Initial Investment

Assumption

Initial fixed assets per unit	150.0	\$100/sqft is the average investment needed for a retail store
Depreciation life	7.0	IRS guidelines is 10y, adjusting to it 7 as we assumed
Fixed assets as % of initial investment	57.4%	better technology to ensure quality
Maintenance capex as % of sales	3.0%	Industry average: 2-5%, Analogs: 2.9%
Initial inventory	12.6	300 cases is the full capacity of the store. Assuming
Inventory as % of initial investment	4.8%	safety inventory (150 cases) given sales ramp-up
Initial accounts payable	(5.0)	
Initial accounts payable as % of inventory	40.0%	Based on Mark-up due to bargaining power
Initial inventory as % of initial investment	-1.9%	
Pre-opening expenses	103.7	Three-month pre-opening expenses: salaries,
Pre-opening expenses as % of initial investment	39.7%	utilities, rent + opening event and licenses & permits
Total initial investment per unit	261.3	Sanity Check: New liquor store retailer investment is between
Total investment per sqft	\$ 174	\$100-170/sqft, according to Toast a POS restaurant provider

See Exhibit 1, and 2 for more details

Assumptions

(Dollars in Thousands)

Revenue assumptions

Selling Sq Footage (HPV & Mgmt Assumption)
Average Sales Per Square Foot
Growth Rate (HPV Assumption)
Mature Year Same Store Sales
Total Revenue

Initial Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
\$ 336	\$ 336	\$ 504	\$ 630	\$ 693	\$ 721	\$ 750	\$ 780	\$ 811	\$ 843	\$ 877
		50.0%	25.0%	10.0%						
	504	756	945	1,040	1,081	1,124	1,169	1,216	1,265	1,315

Comments

(1) Traditional liquor stores that handle higher volumes usually range between 1,000 to 3,000 square feet
(2) 10-year CAGR of Sales per Sqft of 11.2% in line with recent performance of Analogs

Direct expense assumptions

COGS as % of revenue (excl. depreciation)
(Source: Analogs A and B)
Total COGS

50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
	252	378	473	520	541	562	585	608	632	658

(3) In line with Analogs

In store manager
Salary (Source: HPV assumption)
Percent annual raise
FTEs
Total Manager Expense

90	90	93	95	98	101	104	107	111	114	117
3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	90	93	95	98	101	104	107	111	114	117

(4) Glassdoor: store manager median salary in Chicago

Sales Associates
Salary (Source: HPV assumption)
Percent annual raise
FTEs
Total Salespeople Expense

48	48	49	51	52	54	56	57	59	61	63
3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
	96	99	102	105	108	111	115	118	122	125

(5) Glassdoor: William Sonoma sales associate \$18.0/hour + 30% premium given the skills of the labor force needed

In-store expenses (Rent and utilities)
Expenses per Sqr Foot (Source: HPV Assumption)

	42	42	42	42	42	42	42	42	42	42
28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0

(6) Avg. rent of \$28/sqft. in the Loop of retail space

Unit Model: Income Statement

(Dollars in Thousands)

		Projected										Comments
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Operational												
Total Revenue		504	756	945	1,040	1,081	1,124	1,169	1,216	1,265	1,315	
COGS		252	378	473	520	541	562	585	608	632	658	
Gross profit		252	378	473	520	541	562	585	608	632	658	
Operating expenses												
In store manager		90	93	95	98	101	104	107	111	114	117	
Sales associates		96	99	102	105	108	111	115	118	122	125	
In-store expense (rent and utilities)		42	42	42	42	42	42	42	42	42	42	
Total Operating Expenses		228	234	239	245	251	258	264	271	278	285	
	Growth	Normalized Y6 onwards										
SG&A	5.0%	3.0%	25	38	47	52	54	34	35	36	38	39
Total SG&A			253	271	287	297	305	291	299	307	316	324
EBITDA		(1)	107	186	223	235	271	285	301	317	334	
% margin		-0.2%	14.1%	19.7%	21.4%	21.8%	24.1%	24.4%	24.7%	25.0%	25.4%	
Depreciation & Amortization		21	24	27	31	35	40	45	50	55	60	
EBIT		(23)	83	159	192	200	231	241	251	262	273	
% margin		-4.5%	11.0%	16.8%	18.4%	18.5%	20.5%	20.6%	20.6%	20.7%	20.8%	
Taxes	26.0%	(6)	22	41	50	52	60	62	65	68	71	
Net income		(17)	61	118	142	148	171	178	186	194	202	
% margin		-3.3%	8.1%	12.5%	13.7%	13.7%	15.2%	15.2%	15.3%	15.3%	15.4%	
Memo:												
Unit profit contribution		24	144	233	275	289	305	321	337	355	373	
% margin		4.8%	19.1%	24.7%	26.4%	26.8%	27.1%	27.4%	27.7%	28.0%	28.4%	

Unit Cash Flow and Return

(Dollars in Thousands)

[illegible]

Investors get their money back by year 5

Consolidated Roll-up

(Dollars in Thousands)

Operational	Projected							
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Initial Units	-	-	1	3	7	13	19	25
New Stores Opened	-	1	2	4	6	6	6	6
Total Units	-	1	3	7	13	19	25	31
Total revenue		504	1,764	4,473	8,978	14,500	20,674	27,209
Unit profit contribution		24	192	618	1,463	2,781	4,390	6,143
% margin		4.8%	10.9%	13.8%	16.3%	19.2%	21.2%	22.6%
Corporate Expenses								
CEO/President		158	165	174	200	210	250	263
CFO		147	154	162	180	189	220	231
VPs		0	0	0	120	126	150	158
VPs		0	0	0	0	0	120	126
Pre-opening Expenses		104	207	415	622	622	622	622
Corporate Selling and Marketing		15	53	134	269	435	620	816
National Headquarters rent and other		0	0	0	75	77	100	103
Total Corporate Expenses		423	580	885	1,467	1,659	2,082	2,318
EBITDA		(399)	(388)	(267)	(4)	1,122	2,308	3,824
% margin		(79.2%)	(22.0%)	(6.0%)	(0.0%)	7.7%	11.2%	14.1%
Depreciation		21	66	160	307	475	665	882
EBIT		(421)	(454)	(426)	(311)	647	1,643	2,942
NOLs		-	-	-	-	(647)	-	-
Taxes		-	-	-	-	-	426	763
Net income		(421)	(454)	(426)	(311)	647	1,216	2,179
Free cash flow								
Net income		(421)	(454)	(426)	(311)	647	1,216	2,179
Depreciation		21	66	160	307	475	665	882
Capital expenditures		(135)	(247)	(466)	(631)	(465)	(280)	(84)
Working capital		(47)	(118)	(254)	(422)	(517)	(578)	(612)
Free cash flow		(581)	(753)	(986)	(1,056)	140	1,024	2,365
Cumulative cash flow		(581)	(1,334)	(2,320)	(3,377)	(3,237)	(2,213)	153
Peak Cash Need		3,377						

Comments

- (1) We assume growing number of new openings per year, to a max of six. Alcanna, one of our analogs, opened six stores on average during their first years of operation
- (2) C-Suite compensation depend on two things: (i) initial salary, and (ii) revenue per year. When revenues >7.5m, there's the first step-up, and the second when revenues >15m
- (3) VPs are needed as the company scales
- (4) Corporate marketing 2% of revenues leading us to a consolidated 7% of advertising and marketing expense considering expenses at unit level, which is the lower end of the retail industry
- (5) EBITDA stays low (or negative) as the company scales
- (6) Peak Cash Need of 3.4m to execute the roll-out and roll-up business plan laid out in the model

F.A.C.E.S.

Focus	A-	<ul style="list-style-type: none"> Clear focus on creating a one-stop-shop for all liquor needs driven by customer service The new restaurant servicing channel deviates from focus as it removes the customer experience and reduces Just Grapes to an ordinary supplier
Ash	B-	<ul style="list-style-type: none"> The management team possesses extensive experience in the wine industry and holds multiple certifications. However, this expertise may hinder our ability to effectively coach the team in navigating business matters
Capability	C	<ul style="list-style-type: none"> The management lacks the business experience to profitably grow the company We will need to hire an experienced CEO and CMO to scale the company
Exit	B	<ul style="list-style-type: none"> The only foreseeable exit strategy is through a sale to a strategic acquirer. Potential buyers may include other online and brick-and-mortar liquor stores, retailers, and high-end grocery chains seeking to enhance their value propositions
Scalability	B+	<ul style="list-style-type: none"> The largest hurdle when scaling will be staffing the stores. The main source of value are the sommeliers operating the floor



Just Grapes

Thank you!

Appendix

Exhibit 1: Initial Fixed Assets and Initial Inventory

Improvements per square foot	\$ 100.0
Average square feet	1,500
Leasehold Improvements	150.0
<hr/>	
Initial Inventory	12.6
Average unit size	1,500
Average monthly sale per Sqft.	\$ 28.0
Bottles per case	12
Number of cases	150
Monthly bottles purchased	1,800
Average ticket	\$ 35.0
Mark up	80%
Average cost per bottle	\$ 7.0

Ranges from \$50 to \$150. Lower end includes standard modifications and higher-end custom fixtures and high-end finishes

Avg. store size of all JustGrapes stores (incl. already closed)
(Avg. bottles sold x Average ticket) / Unit size

300 cases is the full capacity of the store
Assuming safety inventory given sales ramp-up

According to Don
Bargaining power

Exhibit 2: Pre-Opening Expenses

Staffing & Payroll	46.5	
Upfront rent	21.0	
Pre-opening marketing	10.0	Digital mkt, Opening event, print and in-store displays
Licensing and permits	8.8	Chicago liquor permit cost
Tech	6.4	POS software/hardware and security systems
Utilities	6.0	Three month pre-opening
Insurance	3.0	Average liquor stores
Office supplies	2.0	Tablets, name tags, and basic stationary
Pre-opening expenses	103.7	
Store manager	7.5	Glassdoor: store manager median salary in Chicago
Sales associate	4.0	Glassdoor: William Sonoma sales associate \$18.0/hour
Sales associate	4.0	+ 30% premium given the skills of the labor force needed
Monthly Staffing & Payroll	15.5	
Pre-opening months	3.0	
Staffing & Payroll	46.5	
Average yearly rent per sqft	28.0	Average rent in the Loop (tenantbase.com)
Average monthlhy rent per sqft	2.3	
Square feet per store	1,500	
Pre-opening months	6.0	Deposit + three pre-opening months
Upfront rent	21.0	
Gran opening event	5.0	
Digital marketing	3.0	
Local advertising	2.0	
Pre-opening marketing	10.0	
Package goods license	4.4	City of Chicago
Consumption on premises	4.4	City of Chicago
Licensing and permits	8.8	

Exhibit 3: Analog’s Operating Performance (1/4)

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Analog A

(Dollars in millions)

Alcanna Inc Operating Performance

	2019	2020	2021	CAGR
Net sales	\$582	\$680	\$726	11.7%
COGS	456	522	568	11.6%
Gross Profit	126	158	158	12.0%
SG&A	116	110	125	3.8%
EBITDA	10	48	33	81.7%
D&A	27	27	31	7.8%
EBIT	(17)	21	2	#NUM!
Capex	26	13	23	(4.6%)
Balance sheet				
Days Receivable	0	0	0	#DIV/0!
Inventory Turnover	5	5	6	14.9%
Days Payable	19	14	5	(46.5%)

Common Size	2019	2020	2021	Average
Sales growth		16.8%	6.8%	11.8%
COGS	78.4%	76.8%	78.2%	77.8%
Gross Profit	21.6%	23.2%	21.8%	22.2%
SG&A	19.9%	16.2%	17.2%	17.8%
EBITDA	1.7%	7.1%	4.5%	4.4%
D&A	4.6%	4.0%	4.3%	4.3%
EBIT	(2.9%)	3.0%	0.3%	0.2%
Capex	4.4%	2.0%	3.2%	3.2%
Balance sheet				
Days Receivable	0.0	0.0	0.0	0.0
Inventory Turnover	4.7	5.4	6.2	5.4
Days Payable	18.5	13.5	5.3	12.4

Strengths of this Analog:
Same industry and product mix
Same business model (3d party brand retailer)
Similar store size and characteristics

Weaknesses of this Analog:

No days receivable data on Capital IQ
Combination of three types of liquor stores. Only one (Wine & Beyond) is focused on premium liquor and wine.
Acquired in 2022 so information from 2019-21 period

Analog B

(Dollars in millions)

Williams Sonoma Operating Performance

	2021	2022	2023	CAGR
Net sales	\$6,783	\$8,245	\$8,674	13.1%
COGS	\$4,146	\$4,614	\$4,997	9.8%
Gross Profit	2,637	3,631	3,677	18.1%
SG&A	1,698	2,178	2,163	12.9%
EBITDA	939	1,453	1,514	27.0%
D&A	188	196	214	6.7%
EBIT	751	1,257	1,300	31.6%
Capex	169	227	354	44.7%
Balance sheet				
Days Receivable	7	6	5	(13.2%)
Inventory Turnover	4	4	4	(2.6%)
Days Payable	48	43	39	(9.4%)

Common Size	2021	2022	2023	Average
Sales growth		21.6%	5.2%	13.4%
COGS	61.1%	56.0%	57.6%	58.2%
Gross Profit	38.9%	44.0%	42.4%	41.8%
SG&A	25.0%	26.4%	24.9%	25.5%
EBITDA	13.8%	17.6%	17.5%	16.3%
D&A	2.8%	2.4%	2.5%	2.5%
EBIT	11.1%	15.2%	15.0%	13.8%
Capex	2.5%	2.8%	4.1%	3.1%
Balance sheet				
Days Receivable	6.9	6.1	5.2	6.1
Inventory Turnover	3.9	4.1	3.7	3.9
Days Payable	47.8	43.3	39.2	43.4

Strengths of this Analog:

Similar store characteristics and skilled laborforce.
Gross margins in line with founder's indications.
Product mix is related to wine industry (food and restaurants) - similar clients

Weaknesses of this Analog:

Pottery Barn is a subsidiary of Williams Sonoma and can affect financials with products of very different nature

Exhibit 3: Analog’s Operating Performance (2/4)

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Analog C

(Dollars in millions)

Nordstrom Operating Performance

	2021	2022	2023	CAGR
Net sales	\$10,715	\$14,789	\$15,530	20.4%
COGS	\$7,575	\$9,344	\$10,019	15.0%
Gross Profit	3,140	5,445	5,511	32.5%
SG&A	3,428	4,338	4,372	12.9%
EBITDA	(288)	1,107	1,139	#NUM!
D&A	671	615	604	(5.1%)
EBIT	(959)	492	535	#NUM!
Capex	358	521	473	14.9%
Balance sheet				
Days Receivable	8	6	6	(8.3%)
Inventory Turnover	4	5	5	8.4%
Days Payable	86	65	52	(22.0%)

Common Size	2021	2022	2023	Average
Sales growth		38.0%	5.0%	21.5%
COGS	70.7%	63.2%	64.5%	66.1%
Gross Profit	29.3%	36.8%	35.5%	33.9%
SG&A	32.0%	29.3%	28.2%	29.8%
EBITDA	(2.7%)	7.5%	7.3%	4.0%
D&A	6.3%	4.2%	3.9%	4.8%
EBIT	(9.0%)	3.3%	3.4%	(0.7%)
Capex	3.3%	3.5%	3.0%	3.3%
Balance sheet				
Days Receivable	7.5	6.3	6.3	6.7
Inventory Turnover	4.0	4.5	4.7	4.4
Days Payable	85.6	65.0	52.1	67.6

Strengths of this Analog:

Simila client characteristics (affordable luxury)
Known for strong cutomer support and skilled labor force, so SG&A should be aligned.

Weaknesses of this Analog:

Larger stores and huge variety of products sold, complicating some comparisons
Struggling financially

Analog D

(Dollars in millions)

Footlocker Operating Performance

	2021	2022	2023	CAGR
Net sales	\$7,554	\$8,968	\$8,759	7.7%
COGS	\$5,365	\$5,878	\$5,995	5.7%
Gross Profit	2,189	3,090	2,764	12.4%
SG&A	1,583	1,844	1,903	9.6%
EBITDA	606	1,246	861	19.2%
D&A	176	197	208	8.7%
EBIT	430	1,049	653	23.2%
Capex	159	209	285	33.9%
Balance sheet				
Days Receivable	5	5	6	6.3%
Inventory Turnover	5	5	4	(9.4%)
Days Payable	26	29	31	9.1%

Common Size	2021	2022	2023	Average
Sales growth		18.7%	(2.3%)	8.2%
COGS	71.0%	65.5%	68.4%	68.3%
Gross Profit	29.0%	34.5%	31.6%	31.7%
SG&A	21.0%	20.6%	21.7%	21.1%
EBITDA	8.0%	13.9%	9.8%	10.6%
D&A	2.3%	2.2%	2.4%	2.3%
EBIT	5.7%	11.7%	7.5%	8.3%
Capex	2.1%	2.3%	3.3%	2.6%
Balance sheet				
Days Receivable	5.4	5.2	6.1	5.6
Inventory Turnover	5.0	5.4	4.1	4.8
Days Payable	26.3	29.2	31.3	28.9

Strengths of this Analog:

Similar store size and margins
3rd party brand retailing model (no private labels)
Learning experience required to shop for technical footwear

Weaknesses of this Analog:

Very different nature of products and fixed assets
investments in stores

Exhibit 3: Analog’s Operating Performance (3/4)

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Analog E

(Dollars in millions)

Rocky Mountain Chocolate Factory Operating Performance

	2021	2022	2023	CAGR
Net sales	\$21,763	\$29,489	\$30,432	18.3%
COGS	\$17,721	\$21,133	\$22,819	13.5%
Gross Profit	4,042	8,356	7,613	37.2%
SG&A	6,085	7,061	11,221	35.8%
EBITDA	(2,043)	1,295	(3,608)	32.9%
D&A	779	740	765	(0.9%)
EBIT	(2,822)	555	(4,373)	24.5%
Capex	150	941	1,000	158.2%
Balance sheet				
Days Receivable	51	24	24	(31.6%)
Inventory Turnover	5	5	6	12.5%
Days Payable	36	24	30	(7.9%)

Strengths of this Analog:

Similar store size
Same product perception (affordable luxury)
Strong customer service

Common Size

	2021	2022	2023	Average
Sales growth		35.5%	3.2%	19.3%
COGS	81.4%	71.7%	75.0%	76.0%
Gross Profit	18.6%	28.3%	25.0%	24.0%
SG&A	28.0%	23.9%	36.9%	29.6%
EBITDA	(9.4%)	4.4%	(11.9%)	(5.6%)
D&A	3.6%	2.5%	2.5%	2.9%
EBIT	(13.0%)	1.9%	(14.4%)	(8.5%)
Capex	0.7%	3.2%	3.3%	2.4%
Balance sheet				
Days Receivable	50.8	24.2	23.8	32.9
Inventory Turnover	4.5	5.1	5.7	5.1
Days Payable	35.8	23.9	30.4	30.0

Weaknesses of this Analog:

Financially struggling (negative EBITDA margins)
Vertically integrated (chocolate manufacturing)

Analog F

(Dollars in millions)

Cresco Labs Operating Performance

	2021	2022	2023	CAGR
Net sales	\$805	\$825	\$756	(3.1%)
COGS	\$375	\$430	\$408	4.3%
Gross Profit	430	395	348	(10.0%)
SG&A	276	310	260	(2.9%)
EBITDA	154	85	88	(24.4%)
D&A	22	21	25	6.6%
EBIT	132	64	63	(30.9%)
Capex	94	83	55	(23.2%)
Balance sheet				
Days Receivable	17	22	26	25.2%
Inventory Turnover	4	3	3	(4.1%)
Days Payable	23	26	27	8.2%

Strengths of this Analog:

Similar regulatory environment and product perception
Store characteristics aligned (location and fixed assets requirement)

Common Size

	2021	2022	2023	Average
Sales growth		2.5%	(8.4%)	(2.9%)
COGS	46.6%	52.1%	54.0%	50.9%
Gross Profit	53.4%	47.9%	46.0%	49.1%
SG&A	34.3%	37.6%	34.4%	35.4%
EBITDA	19.1%	10.3%	11.6%	13.7%
D&A	2.7%	2.5%	3.3%	2.9%
EBIT	16.4%	7.8%	8.3%	10.8%
Capex	11.7%	10.1%	7.3%	9.7%
Balance sheet				
Days Receivable	16.6	22.1	26.0	21.6
Inventory Turnover	3.7	3.2	3.4	3.4
Days Payable	22.7	25.7	26.6	25.0

Weaknesses of this Analog:

Negative CAGR driven by regulatory headwinds
Verically integrated and higher margins

Sources:

- Capital IQ
- Analogs Investor Presentations
- Yardi/Commercial Edge: US National Retail Report

Exhibit 3: Analog’s Operating Performance (4/4)

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Analog G

(Dollars in millions)

Ulta Beauty Operating Performance

	2021	2022	2023	CAGR
Net sales	\$6,152	\$8,630	\$10,208	28.8%
COGS	\$3,817	\$4,873	\$5,758	22.8%
Gross Profit	2,335	3,757	4,450	38.1%
SG&A	1,968	2,450	2,801	19.3%
EBITDA	367	1,307	1,649	112.0%
D&A	297	268	241	(9.9%)
EBIT	70	1,039	1,408	348.5%
Capex	152	172	312	43.3%
Balance sheet				
Days Receivable	10	9	8	(11.4%)
Inventory Turnover	3	4	4	7.8%
Days Payable	44	36	35	(11.4%)

Common Size	2021	2022	2023	Average
Sales growth		40.3%	18.3%	29.3%
COGS	62.0%	56.5%	56.4%	58.3%
Gross Profit	38.0%	43.5%	43.6%	41.7%
SG&A	32.0%	28.4%	27.4%	29.3%
EBITDA	6.0%	15.1%	16.2%	12.4%
D&A	4.8%	3.1%	2.4%	3.4%
EBIT	1.1%	12.0%	13.8%	9.0%
Capex	2.5%	2.0%	3.1%	2.5%
Balance sheet				
Days Receivable	9.8	9.0	7.7	8.8
Inventory Turnover	3.1	3.6	3.6	3.4
Days Payable	43.9	35.7	34.5	38.0

Strengths of this Analog:

Financially stable company with 3rd party brand retailing
Strong customer support and skilled laborforce

Weaknesses of this Analog:

Outlier in terms of revenue growth (strong store expansion plans which are not aligned with unit model perspectives)
Different store characteristics