



*Feb 2018*

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# 253 Organic, LLC Business Plan

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# Scope

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- ❖ This presentation outlines a business plan for a fully integrated Recreational Marijuana Company located in Montague Massachusetts.
- ❖ Our mission is to participate in the creation of healthier lives within the community. To provide services in a fiscally responsible manner which contribute to the physical, psychological, social and spiritual well-being of the customers and community which it serves.



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# Outline

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# Executive Summary

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- ❖ 253 LLC, established in February 2018 is developing a vertically integrated recreational Cannabis facility located at 253 Millers Falls Road, River Hills Massachusetts. In Jan of 2018 253 began the licensing process to facilitate Cultivation, Product Manufacturing, and Retail at their 33,000 sq ft facility. The companies primary executives who will be operating the day to day activities are Seth Rutherford and Chris Gallant. Seth is a Certified Landscape Irrigation Auditor, has 20 years of experience in soil management and has experience in the cultivation of Cannabis extraction. Chris has had his own construction business for the last 17 years and will oversee construction and facility management for the operation as well as overseeing various operations of the business. Seth and Chris are currently consulting for a cultivation/product manufacturing facility in Maine called Maine Jane LLC using Co2 extraction. The owner of that location is Adam Lerner. Adam has 5 years of experience running that operation and will become the Master Grower for 253. Support personnel to Seth and Chris are Lee Olesen, Marcia Wagner and Reynolds Graves. Lee has extensive experience in the Cannabis industry by way of owning multiple retail stores, cultivation and product manufacturing facilities in Colorado. Lee attended UC Berkeley for Industrial Engineering and has applied that education in designing large scale cultivation facilities in Colorado, Arizona and California. Lee also has a background in lighting technology designing the industries first sunlight viewable LCD display. Marcia Wagner owns The Wagner Law Group. Marcia is a graduate of Cornell and Harvard Law and has been practicing law for 31 years. Reynolds is part of the Rasky group which is a lobbyist in the cannabis business in Massachusetts.

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# Adult Use & Statistics

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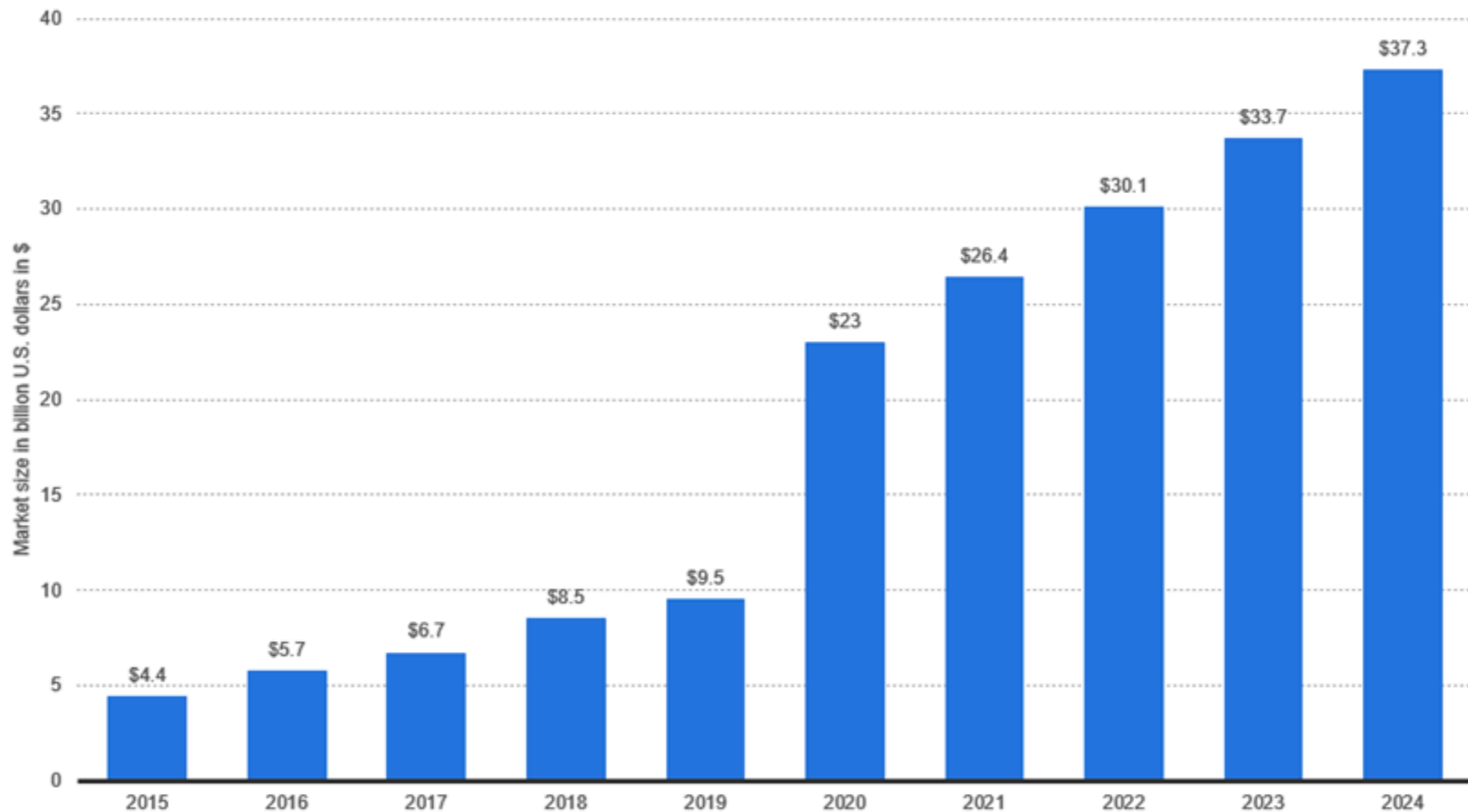
Marijuana is made from the dried leaves and flowers of the hemp plant, *Cannabis Sativa*. The plant grows in many tropical climates. However, nowadays it can be cultivated by means of indoor technologies almost everywhere in the world. The main active ingredient of cannabis is delta-9-tetrahydro-cannabinol, commonly known as THC.

The federal law regarding marijuana in the U.S. allows state legislators to decide for themselves whether to prohibit marijuana or not. Many state authorities in the U.S. have allowed marijuana for medical use. In addition, more administrative districts are legalizing marijuana for adult use usage. As of 2017, there are nine states in the U.S. in which the adult use of marijuana is legal or the legalization is planned to be approved : Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, Vermont and Washington. The sales of cannabis, for adult use, have grown considerably since 2014, amounting to about ten billion U.S. dollars in 2017.

Marijuana is the least potent of all the cannabis products and is usually smoked in hand-rolled cigarettes. However, marijuana edibles are becoming a popular alternative to smoking. In 2017 the sales of solid and liquid edibles in Colorado averages 35-40% of cannabis sales.

# Industry Growth Forecast

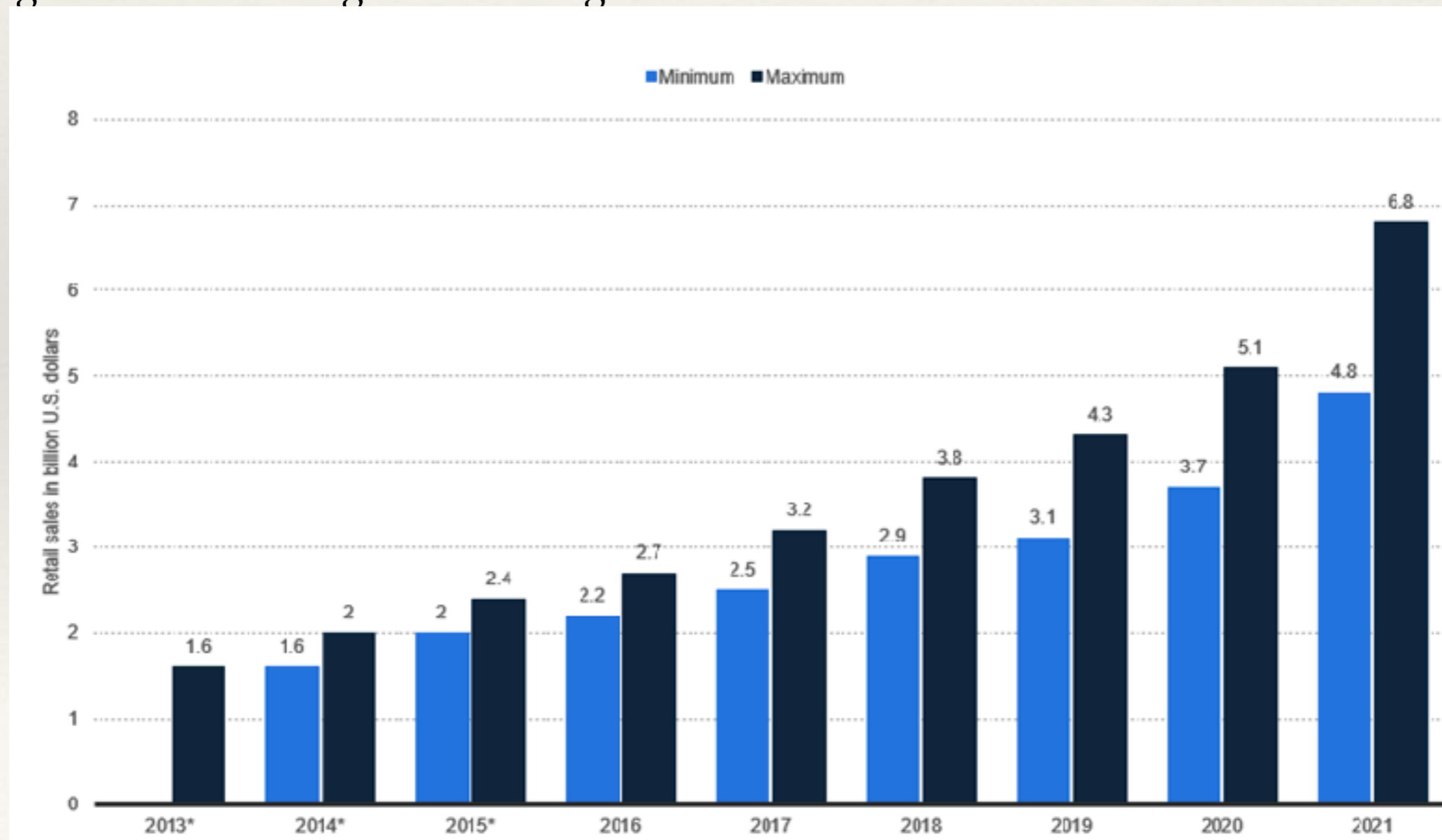
**Projected combined recreational and medical marijuana consumer market in the U.S. from 2015 to 2024 (in billion U.S. dollars)\***



Source: Statista did-37623-1

# Dispensaries/ Retailers

As the sector that interacts with patients and customers, medical and adult use retailers are truly the face of the industry. These businesses are at the end of the supply chain, so their financial performance is one of the more reliable indicators of demand, market size and future opportunities. As seen in the chart below, the retail side of the marijuana industry is expected to see significant revenue growth through 2020.



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# Retail

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The retail location will be designed as a high end “boutique” store. Successful stores in Colorado have proven that customers are looking for an “experience” when visiting a Marijuana store for the first time. In addition, upscale stores attract higher end clientele with more disposable income.





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# Cultivators

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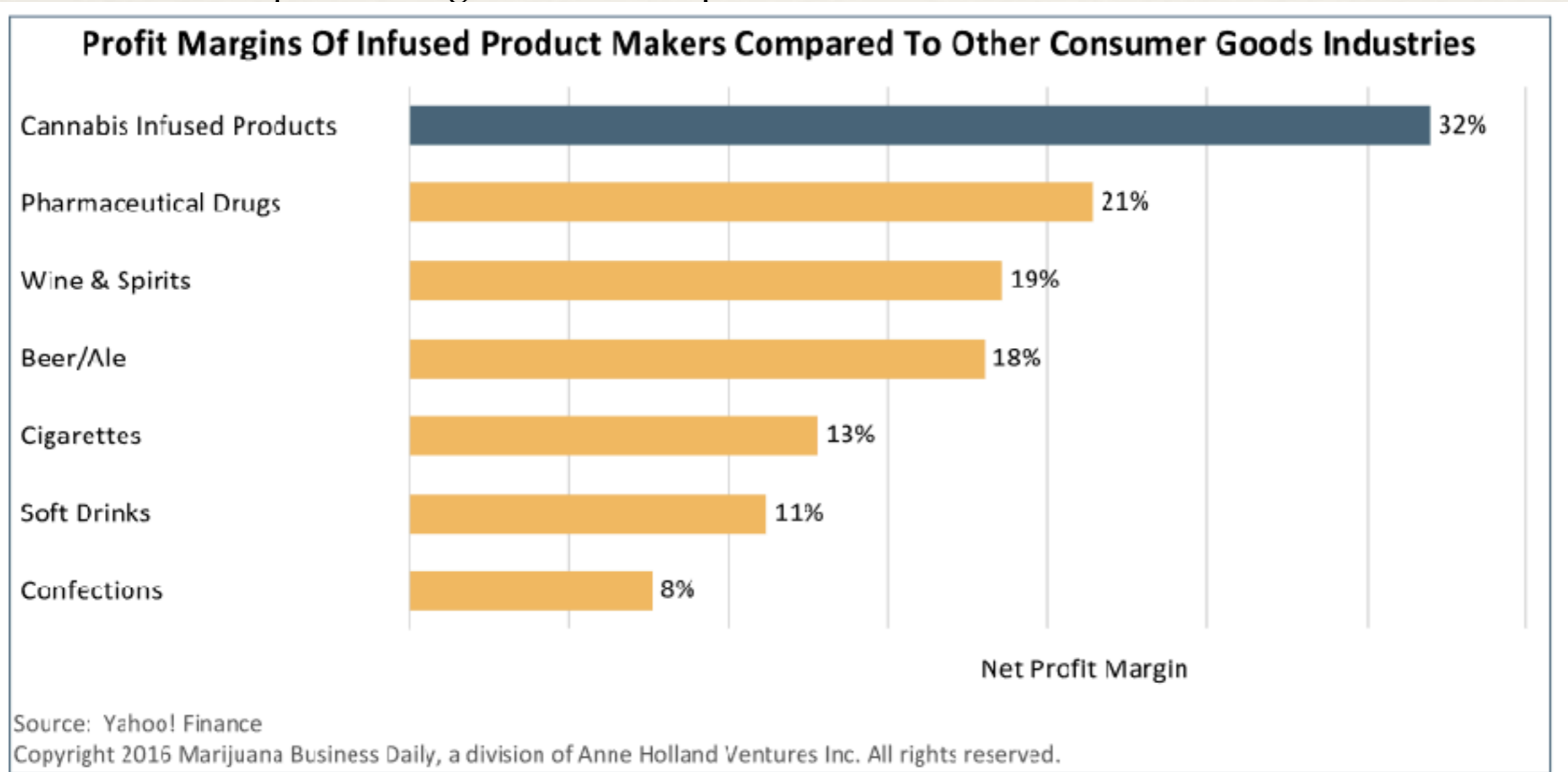
At the heart of the industry are the businesses that actually grow cannabis, whether vertically integrated dispensaries / stores or wholesale cultivators that sell to infused product makers and retailers. One of the most widely discussed topics within the industry is the overall health and safety of the final product, which is almost entirely the result of cultivation practices. Use of pesticides, solvents and even nutrients with heavy metals are frequently the impetus for detailed and complex regulations. We plan on maintaining State approved organic pesticides in the cultivation of 253 cannabis and will make our own nutrients using salts.

By controlling cultivation we will be vertically integrated and we can control the quality of all our products from seed to sale.

Our goal is to provide our customers with consistent high quality products and controlling the supply chain in a new market is critical.

# Infused Products/ Edibles

Cannabis infused products – which include concentrates, edibles and topicals – have proven immensely popular in states that allow them. Based on early data out of Colorado and Washington State, where both medical and adult use markets are operational, these products account for a growing portion of overall retail sales with each passing month. The following chart shows the profit margin of infused products.



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# Product Marketing Strategy

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With the limited number of licenses, 253 has decided to not allocate resources on the wholesaling of flower. The fastest growing markets at the retail level is a combination of “edibles” and “concentrates”. Edibles consisting of baked goods, hard / soft candy, tinctures and drinks. Concentrates consisting of oil cartridges for vape pens, wax, shatter and clear. With 253’s CO2 extraction experts we are positioned to manufacture products in these two categories. So based of 800 number of flower lights the forecast for lbs of flower per month is approximately 295 lbs. Trim will contribute approximately 88 lbs. The strategy henceforth will be to top the best flowers for sale thru our retail location. The balance of the plants yields will be used in the processing of edibles and concentrates. This will give us a first mover advantage into the Massachusetts market.

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# Demographics

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Our Montague location is strategically located within 23 minutes from Amherst, home of the University of Massachusetts with a population of 37,000, within 26 minutes of North Hampton, Greenfield and Sunderland combining for a total population of 50,000 and Springfield, population of 154,074 is a 42 minute drive away.

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# Operations For 2018

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- ❖ 1. Submit license applications for Marijuana Cultivator, Marijuana Retailer and Marijuana Product Manufacturer by April 1, 2018
- ❖ 2. Submit Documents to obtain building permits for the build out of the three licenses by May 2018
- ❖ 3. Begin build out of the Retail portion by mid June. Note: dependent on local planning department review and issuing of the permit.
- ❖ 4. Open the Retail store by Sept/Oct 2018 to generate revenues while the cultivation facility is under construction.