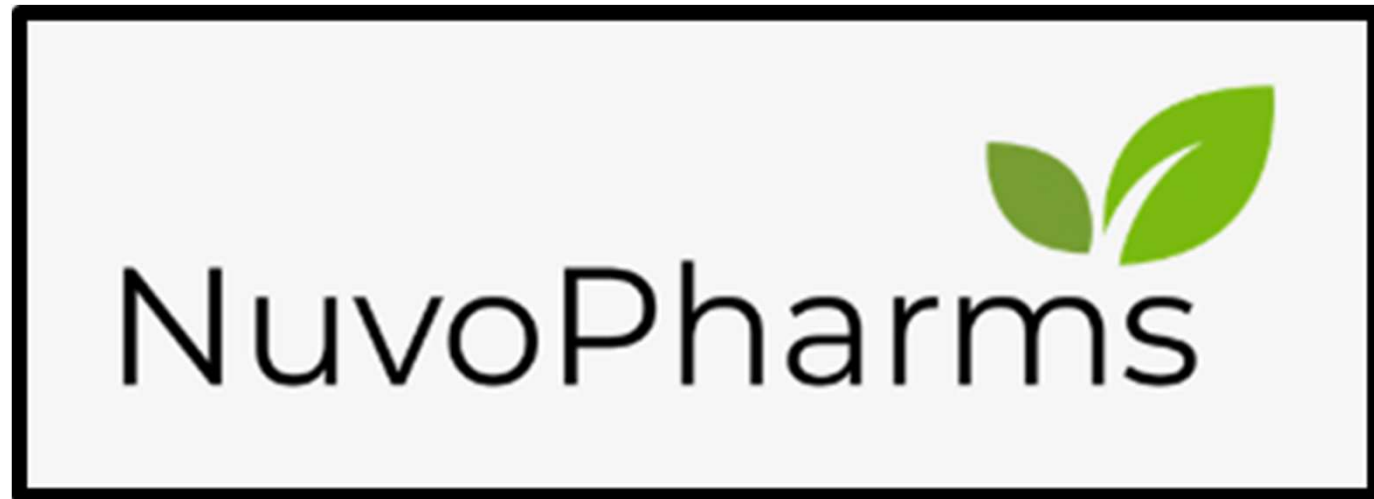


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# NUVOPHARMS INVESTOR PRESENTATION

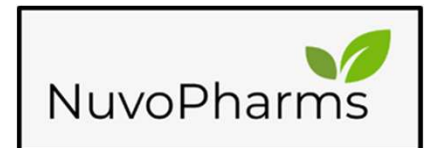
JANUARY 2020



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## NUVOPHARMS OPPORTUNITY

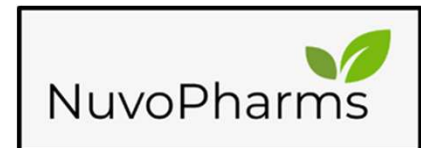
- NuvoPharms is a proposed cannabis business that will focus on cultivating, processing, and selling medical cannabis.
- The company will sell affordable, high-quality, medical cannabis to registered patients, wholesalers, and retailers.
- Initially it will produce and sell dried cannabis flower (Phase 1), eventually moving into cannabis extract processing and selling (Phase 2).
- NuvoPharms will be owned by a group of equity investors (i.e. shareholders) and governed by a board of directors that will be elected by the shareholders.



## NUVOPHARMS OPPORTUNITY

The NuvoPharms facility will be:

- Located on 15.93 acres, 2km north of Prince Albert, Saskatchewan in the Rural Municipality of Buckland
- Approximately 28,956 sqft., with 25,872 sqft. of growing space and office space.

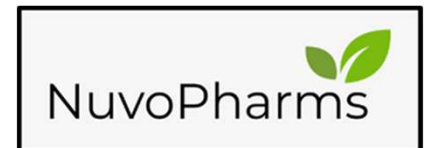


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## LICENSING NUVOPHARMS

Prior to opening its doors, Health Canada requires that new cannabis company's must have community support, a business plan, and a facility ready for production.

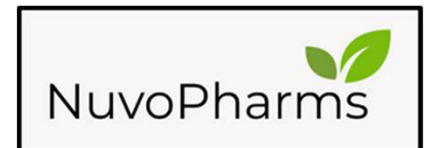
Requirements	Status
Community Support	Completed
Business Plan	Pre-development stage
Facility	Pre-development stage



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## LICENSING NUVOPHARMS

- To move the project forward (out of pre-development stage), NuvoPharms is searching for capital investments from interested parties.
- Since there is large capital investments and time spent on the aforementioned items, NuvoPharms will have to carefully navigate their application process to guarantee they receive the proper licenses.
- NuvoPharms will work with a cannabis industry consultancy, **Trichome Consulting Services Inc.**, to ensure they can gain the proper licenses.



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## NUVOPHARMS TIMELINE

NuvoPharms is projected to have its first full crop to market by August 2021.

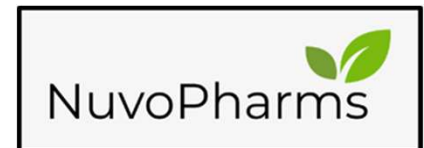
Task	Timeline
Begin development	February 1, 2020
Begin building retrofit	April 1, 2020
Complete building	February 1, 2021
Acquire all licenses	February 15, 2021
First test seed	February 15, 2021
First product testing	June 1, 2021
Second test seed	July 1, 2021
Test crop to market	July 1, 2021
First full crop to market	August 1, 2021

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## NUVOPHARMS TEAM

The NuvoPharms Team will consist of approximately 45 staff members including:

- President and Vice-president
- Operations Manager
- Production and Processing Team (Master Grower and 19 employees)
- Security Team (15 employees)
- Corporate Safety (1 employee)
- Sales and Procurement Team (2 employees)
- HR and Administration Team (4 employees)

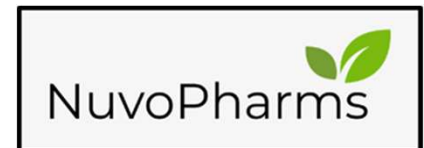


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## NUVOPHARMS TEAM

### **Jamie Novotny – President**

- Owner of NuvoMedic, a medical cannabis consulting firm based out of Prince Albert.
- Certified in Professional Management of Cannabis for Medical Purposes,
- Holds an Educational Assistant Certificate
- Worked with developmentally challenged inner city youth in the Regina Public school system.
- Prominent Medical Cannabis advocate and has dedicated the past three years to Medical Cannabis Advocacy.



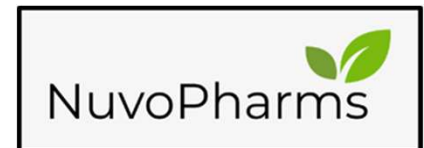


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## NUVOPHARMS TEAM

### **Roni Novotny – Vice President**

- Regional Program Development Advisor for Indigenous and Northern Affairs Canada (Federal Government of Canada) for over 11 years.
- In 2015, awarded the Deputy Minister's award for her outreach and support efforts during the fire evacuations in northern Saskatchewan.
- Holds a BFA in Film and Media Production from the University of Regina.
- Sits on the Research Advisory Panel for the Multiple Sclerosis Society of Canada.
- Holds an Indigenous Leadership certificate.

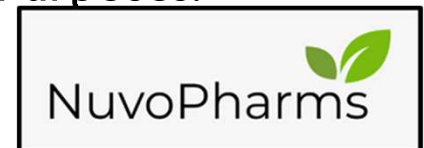


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## NUVOPHARMS TEAM

### **Scott Isbister – Operations Manager**

- Corrections Officer in Prince Albert with the Government of Saskatchewan for over 13 years.
- Member of the Emergency Response Team (ERT) for majority of his career.
- Team Lead of the ERT from 2017 - present.
- Involved in provincial government policy development and a facilitator for a multitude of training platforms within Corrections for frontline staff and ERT initiatives.
- Certified in Professional Management of Cannabis for Medical Purposes.

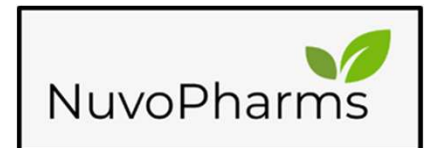


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## NUVOPHARMS TEAM

### **Dr. Joel Wolsey (MD, BSc, LMCC, CCFP) – Master Grower**

- Family Physician that practices balanced, broad scope medicine.
- Received his B.S. from the University of Lethbridge with a major in Neuroscience.
- Lived in the Caribbean and in Arizona while completing his degree as a Doctor of Medicine, and then moved back to Canada to complete a residency in Family Medicine with the University of Saskatchewan.
- Passionate about horticulture, gardening, and the science of how lighting influences humans, plant growth, and health.
- Currently working on specialized genetics for NuvoPharms.

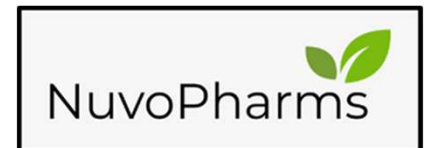


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## NUVOPHARMS TEAM

### **Mike Markell – Head of Sales and Procurement**

- Corrections Officer in Prince Albert with the Government of Saskatchewan for over 14 years.
- Certified in Professional Management of Cannabis for Medical Purposes.
- Member of the Emergency Response Team (ERT) for over 12 years
- Involved with facilitating self defence and defensive weapons training to frontline staff in multiple centres.
- Worked primarily in High Security areas.

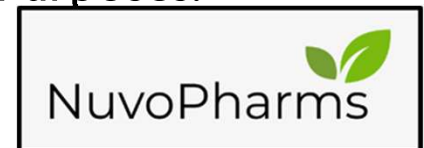


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## NUVOPHARMS TEAM

### **Cory Jones – Head of Security**

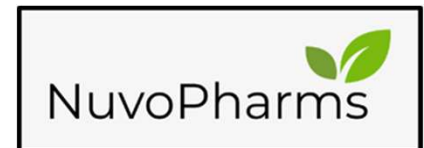
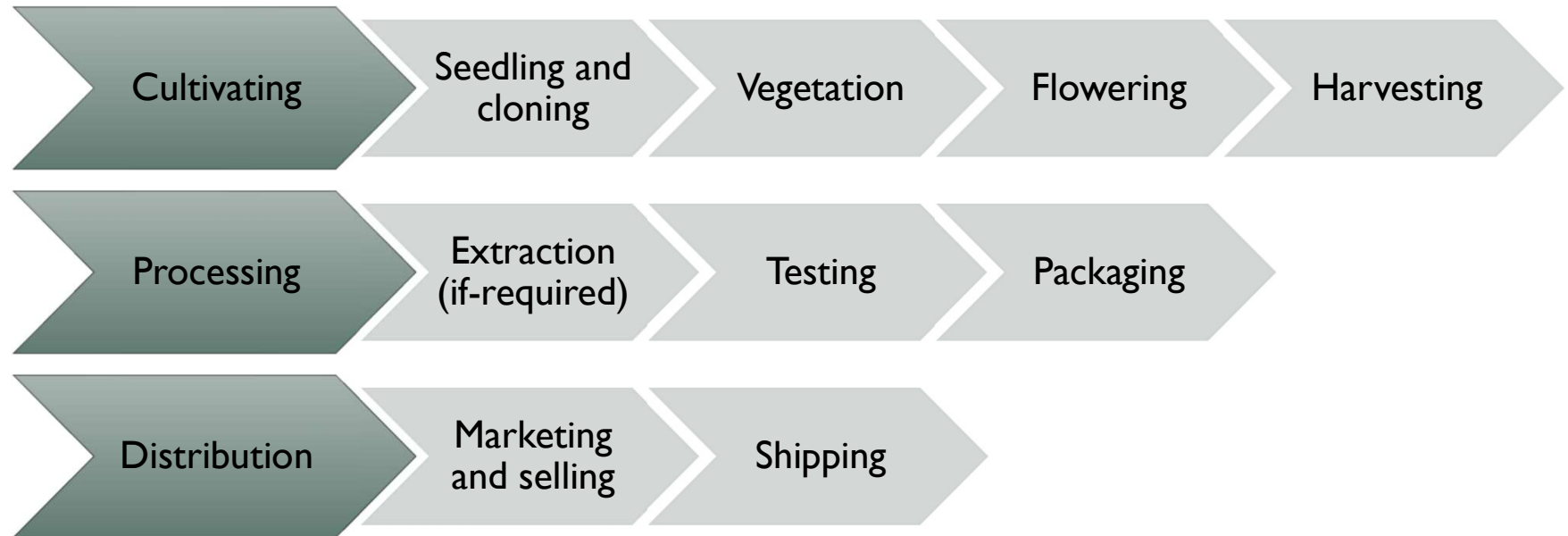
- Corrections Officer in Prince Albert with the Government of Saskatchewan for over 14 years.
- Co-Leader of the Emergency Response Team (ERT) for over seven years
- Involved in developing and implementing policies regarding responses to incidents, as well as facilitating training programs (e.x. Self Defense and Restraints Training).
- For over 12 years, he has worked in High Security Area and Gang Units.
- Certified in Professional Management of Cannabis for Medical Purposes.



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# NUVOPHARMS OPERATIONS

## Operational Plan (Seed-to-sale Process)

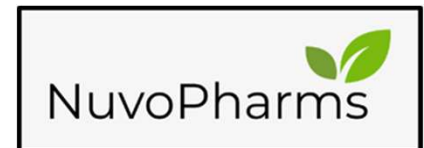


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## NUVOPHARMS OPERATIONS

The **cultivating stage** includes the processes involved in purchasing the seed to the point at which the dried flower bud is ready for processing. The cultivating stage includes:

- Seedling and cloning (2-3 weeks) – seeds/clones are planted and monitored until leaves start sprouting blades
- Vegetation (2-8 weeks) - sprouted seeds/clones are transported into larger pots
- Flowering (8-11 weeks) - plants will begin flowering and revealing their sex (plants will be separated by sex to reduce pollination)
- Harvest (4-6 weeks) – once ripe, the buds will be trimmed, packaged together and cured (dried) until they are ready for testing

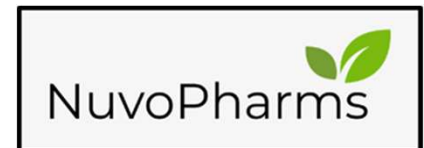


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## NUVOPHARMS OPERATIONS

The **processing stage** contains the procedures that get the product from its bud-form to a packaged-form that is ready for sale. The processing stage includes:

- Extraction (if-required) - cannabinoids are extracted and processed into an oil mixture with the correct concentration.
- Testing - cured buds are then tested for safety, potency, and moisture levels (for extracts, the oils are tested for safety, potency and alcohol levels)
- Packaging – tested buds or extracts are packaged into their final form and ready for sale



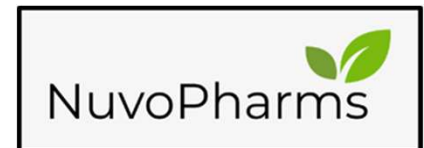


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## NUVOPHARMS OPERATIONS

The **distribution stage**, involves the steps taken to get the finished product from NuvoPharms inventory to the consumer. The distribution stage includes:

- Marketing & Selling - the sales and procurement team will communicate with potential buyers and sell the final product to purchasers
- Shipping –product will be prepared to customers specifications at the NuvoPharms location and distributed by a regulated cannabis courier.



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## NUVOPHARMS OPERATIONS

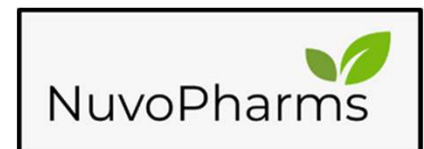
NuvoPharms' registered patients will have two ways to purchase products:

➤ Order from NuvoPharms' online store

**or**

➤ Call NuvoPharms Customer Care Specialists to process their order

The specialists will have one-on-one consultations with customers and provide recommendations (i.e. product and dosage) based on their health conditions.



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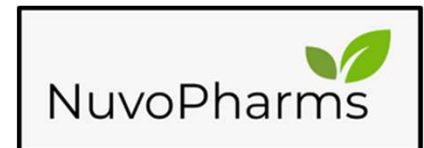
## NUVOPHARMS MARKET

NuvoPharms market will include local, provincial, national, and international:

- registered medical cannabis patients,
- medical cannabis retailers, and
- medical cannabis distributors.

Factors leading to international medical cannabis market growth include:

- Increasing awareness of medical cannabis's health benefits
- Loosening regulations around the globe
- Increasing development of new medical cannabis products

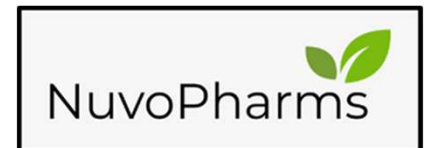


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## NUVOPHARMS MARKET

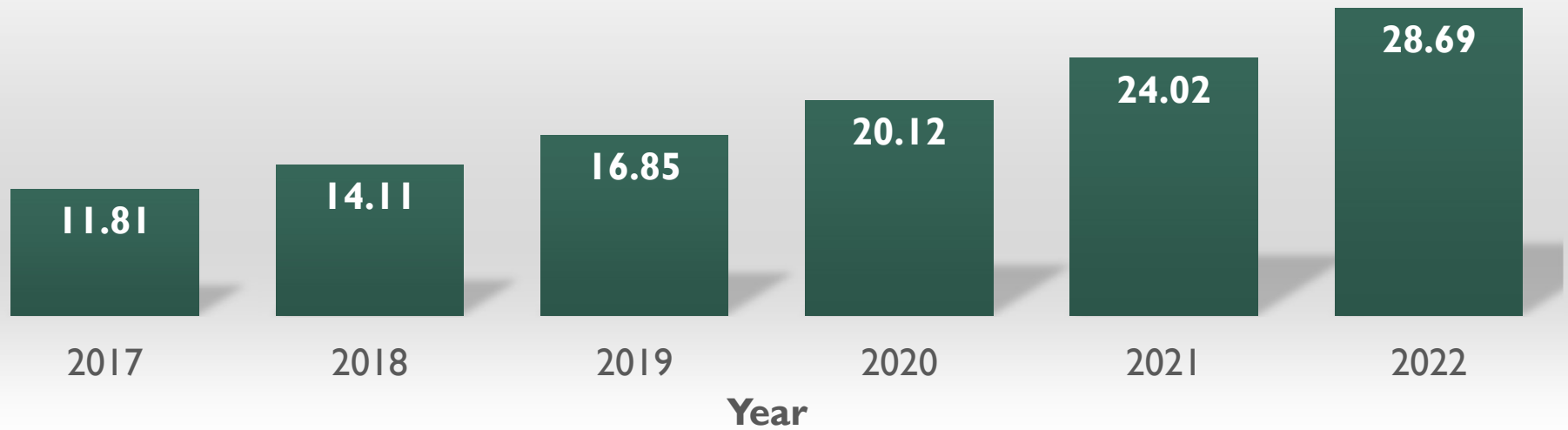
The projected 2020 medical cannabis monetary market sizes are as followed:

- International – USD 20.12 billion, growing at a 19.4% CAGR over the next three years (Zion Market Research, 2019)
- National – CAD 594 million, growing at a 2% CAGR over the next three years (George-Cosh, 2019; Statistic Canada, 2019)
- Provincial – CAD 14.46 million, growing at a 2% CAGR over the next three years (George-Cosh, 2019; Statistic Canada, 2019)
- Local – CAD 439,421, growing at a 2% CAGR over the next three years (George-Cosh, 2019; Statistic Canada, 2019)



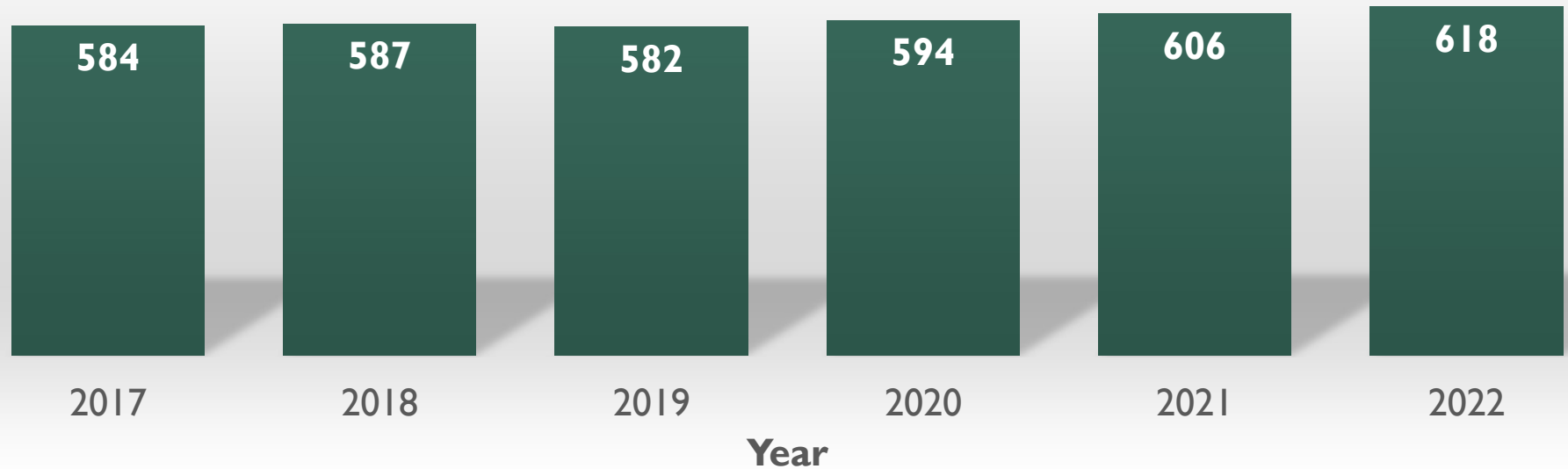
## NUVOPHARMS MARKET

International Medical Cannabis Market  
(USD Billion)



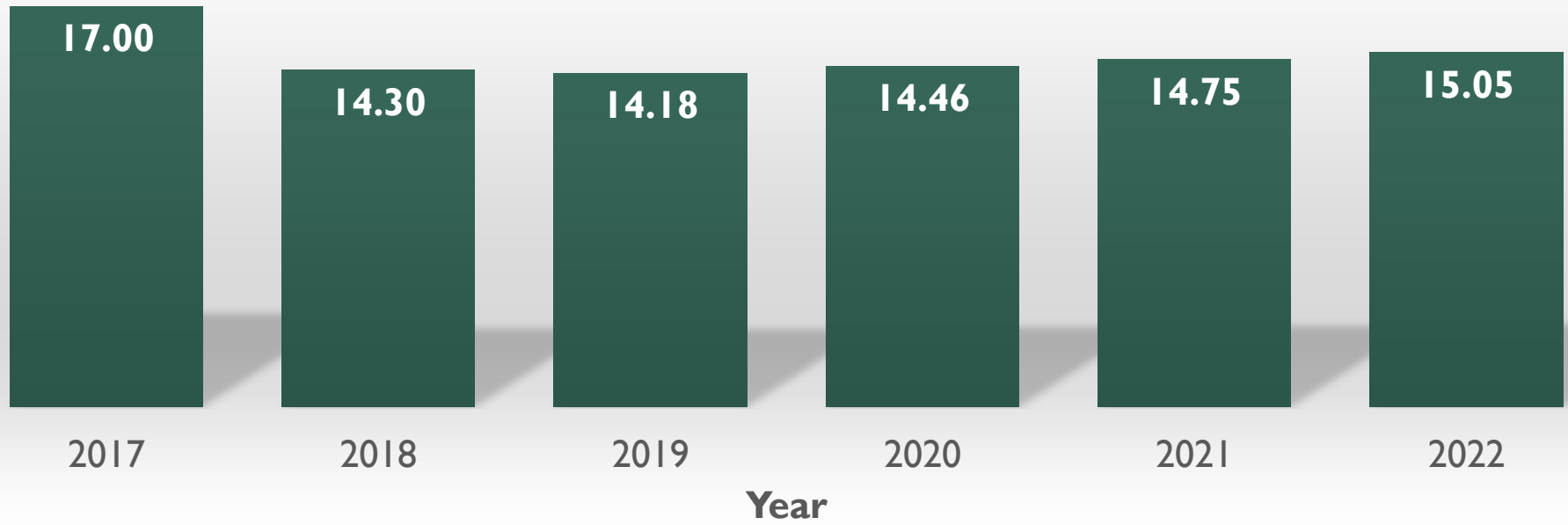
## NUVOPHARMS MARKET

Canadian Medical Marijuana Market  
(CAD million)



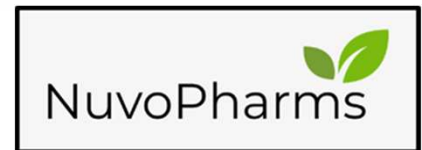
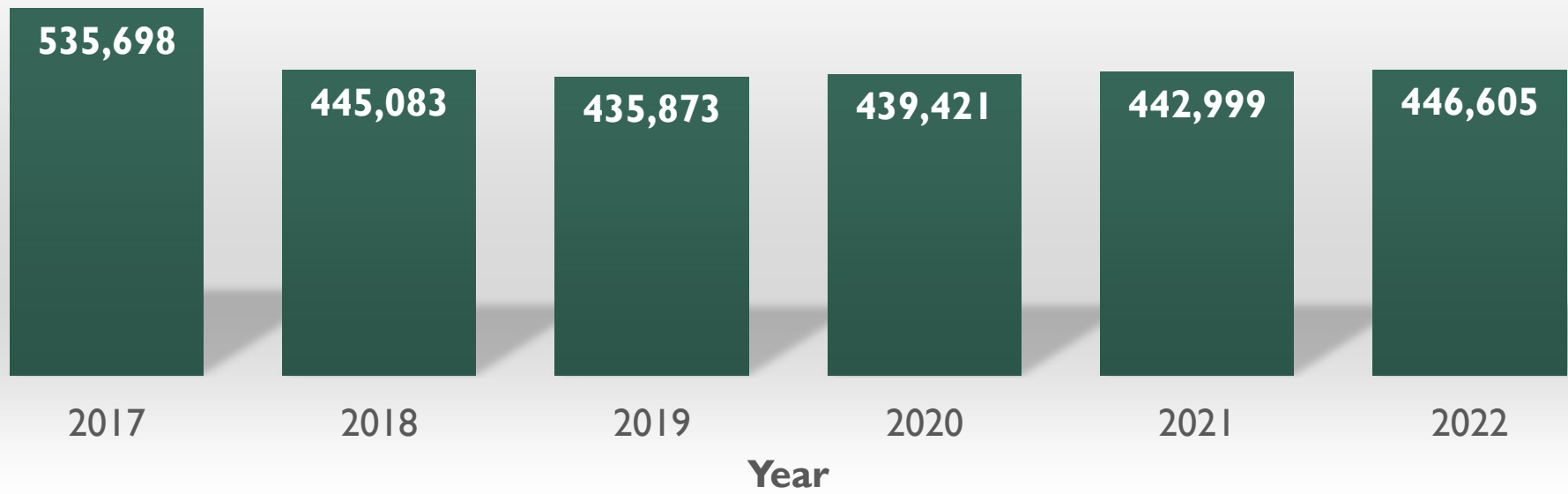
## NUVOPHARMS MARKET

Saskatchewan Medical Marijuana Market  
(CAD Million)



# NUVOPHARMS MARKET

Prince Albert Medical Cannabis Market  
(CAD)



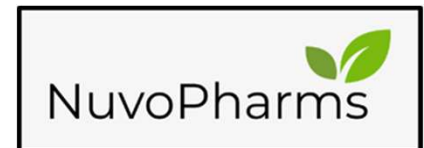


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## NUVOPHARMS MARKET COMPETITION

NuvoPharms competition will include:

- Legal recreational cannabis producers
  - Due to the low barriers of access of recreational cannabis, medical cannabis users have begun substituting recreational cannabis for medical cannabis (Pfeffer, 2019)
- Black-market cannabis producers
  - Due to not being regulated, the black-market cannabis producers have lower costs
- Legal medical cannabis producers
  - Major established players such as Aurora Cannabis, Aphria, Tweed, and Tilray

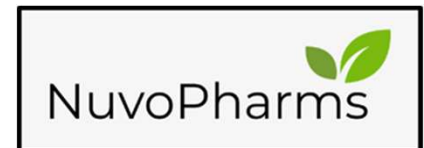


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## NUVOPHARMS MARKET COMPETITION

To differentiate from the competition, NuvoPharms will need to pursue the following key success factors:

- Understand government policies and their implications
- Develop effective cannabis strains
- Market differentiated products effectively
- Make fast adjustments to changing regulations

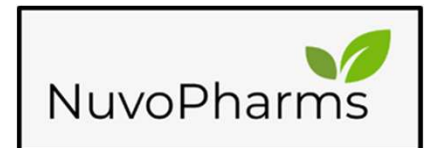


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## NUVOPHARMS MARKETING STRATEGY

NuvoPharms will position and market itself as a Canadian specialized medical cannabis product producer. The strains NuvoPharms will focus on producing are as followed:

- High in CBD – used for anxiety, depression, and neurological diseases
- High in CBG – used for spinal and neurological diseases
- High in THCV – used for diabetes
- High in THC – used for pain management and nausea
- High in THCA – used for anxiety, depression, and neurological diseases



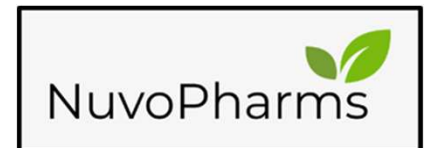
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# NUVOPHARMS MARKETING STRATEGY

## **Retailer and Distributor Marketing**

To market to retailers and distributors, an effective marketing strategy will be developed that includes:

- Jamie Novotny leveraging his established network and experience he has gained through NuvoMedic to position NuvoPharms competitively within the market
- Pitching products to potential customers
- Providing potential buyers with NuvoPharms marketing materials



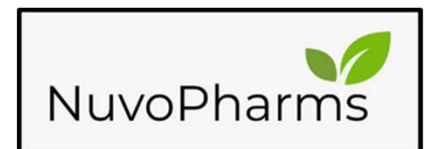
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# NUVOPHARMS MARKETING STRATEGY

## **Registered Patient Marketing**

To market to registered patients, an effective marketing strategy will be developed that includes:

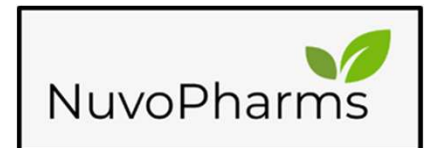
- Native Advertising (Advertising on Cannabis Websites)
- Print Advertising
- Social media
- Media releases
- Word-of-mouth marketing



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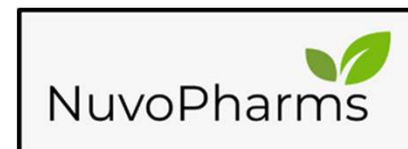
## NUVOPHARMS MARKET CAPTURE

- Since NuvoPharms will only be selling two harvests its first fiscal year, it is conservatively projected that NuvoPharms will capture 0.05% of the global market in year one.
- In 2022, when the company has its first full year of production (four harvests), it is projected that NuvoPharms will capture 0.08% of the market.
- As the global market grows by a CAGR of 19.4% and new competitors enter the market, NuvoPharms share of the market will fall, but it is conservatively projected that its revenues will increase annually with the rate of inflation, 2%.



## NUVOPHARMS MARKET CAPTURE

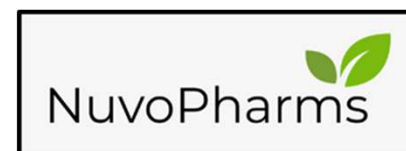
	2021	2022	2023	2024
Projected Global Medical Cannabis Market	\$31,709.11	\$37,865.75	\$45,217.76	\$53,997.24
NuvoPharms Market Share	0.05%	0.08%	0.07%	0.06%
NuvoPharms Revenues	\$15.14	\$30.88	\$31.49	\$32.12



# NUVOPHARMS FINANCIAL PROJECTIONS

## Project Costs – Phase I

Item Description	Item Cost
Leasehold Improvements	\$9,849,869
Production Equipment	\$379,138
Furniture, Equipment, Vehicles, and Small Tools	\$194,404
Computers & Software	\$34,629
Advertising and Promotion Expenses	\$115,000
Professional Fees	\$684,250
Other Soft Costs	\$884,902
<b>Total</b>	<b>\$12,142,192</b>



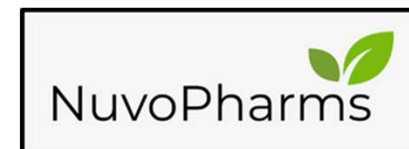


# NUVOPHARMS FINANCIAL PROJECTIONS

## Project Financing

Contributor	Finance Amount	Percentage of Total Contributions	Interest Rate	Repayment Term (in mo.)	Monthly Payment
Bank Loan	\$1,886,970	15.54%	10.00%	120	\$24,936
Seed Funding	\$10,255,222	84.46%	TBD	TBD	TBD
<b>Total</b>	<b>\$12,142,192</b>				

Shares will be sold at **\$1.00** per share; however, to gain initial interest, shares will be sold at a 20% discount (**\$0.80** per share) until the goal of \$1,500,000 in seed funding is achieved.

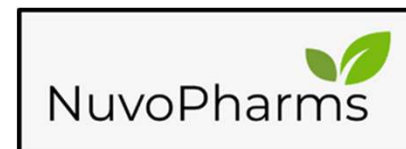


# NUVOPHARMS FINANCIAL PROJECTIONS

## Projected Income Statement

	2020	2021	2022	2023	2024
Total Sales	\$0	\$15,135,120	\$30,875,644	\$31,493,156	\$32,123,020
Total Cost of Sales	0	3,057,294	6,236,880	6,361,617	6,488,850
Total Operating Expenses	1,527,606	6,764,933	8,390,052	8,053,810	7,827,294
Income Taxes	0	1,434,480	4,387,151	4,610,985	4,807,854
<b>Net Earnings</b>	<b>\$(1,527,606)</b>	<b>\$3,878,413</b>	<b>\$11,861,561</b>	<b>\$12,466,744</b>	<b>\$12,999,022</b>

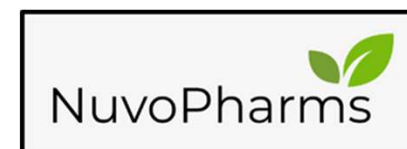
Note: NuvoPharms first full year (i.e. 12 months) of operations will be 2022.



# NUVOPHARMS FINANCIAL PROJECTIONS

## Projected Balance Sheet

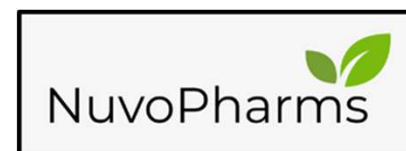
	2020	2021	2022	2023	2024
Total Assets	\$11,469,707	\$21,212,672	\$38,414,809	\$51,090,688	\$64,257,576
Total Liabilities	2,742,092	8,606,644	13,947,220	14,156,355	14,324,221
Total Equity	\$8,727,615	\$12,606,028	\$24,467,589	\$36,934,333	\$49,933,355



## NUVOPHARMS FINANCIAL PROJECTIONS

### Projected Net Profit Margins

	2020	2021	2022	2023	2024
Total Sales	\$0	\$15,135,120	\$30,875,644	\$31,493,156	\$32,123,020
Net Earnings	\$(1,527,606)	\$3,878,413	\$11,861,561	\$12,466,744	\$12,999,022
<b>Net Profit Margin</b>	<b>N/A</b>	<b>25.63%</b>	<b>38.42%</b>	<b>39.59%</b>	<b>40.47%</b>

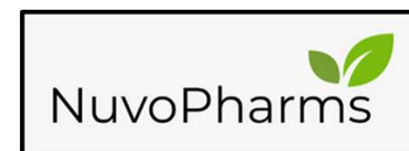


## NUVOPHARMS FINANCIAL PROJECTIONS

### Projected Return on Equity (ROE)

	2020	2021	2022	2023	2024
Net Earnings	\$(1,527,606)	\$3,878,413	\$11,861,561	\$12,466,744	\$12,999,022
Total Shareholders Equity	\$8,727,615	\$12,606,028	\$24,467,589	\$36,934,333	\$49,933,355
<b>Return on Equity</b>	<b>-17.50%</b>	<b>30.77%</b>	<b>48.48%</b>	<b>33.75%</b>	<b>26.03%</b>

Note: Due to multiple rounds of investment occurring we have taken the simple return on equity, so the time value of money and net present value of net benefits is not considered within the calculation



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# NUVOPHARMS

## References

George-Cosh, David. "Pot sales in Canada to hit \$3.16B in 2020 despite slower growth: Canaccord." BNN Bloomberg. October 31, 2019. Available from <https://www.bnnbloomberg.ca/sales-in-canada-s-pot-sector-forecast-to-hit-3-16b-in-2020-amid-slower-growth-canaccord-1.1340822> accessed November 29, 2019.

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Statistics Canada. "Detailed household final consumption expenditure, provincial and territorial, annual (x 1,000,000)." November 19, 2019. Available from <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610022501> November 19, 2019.

Zion Market Research. "Global Medical Marijuana Market Size Estimated to Reach USD 40,907 Million By 2024: Zion Market Research." July 10, 2019. Available from <https://www.globenewswire.com/news-release/2019/07/10/1880805/0/en/Global-Medical-Cannabis-Market-Size-Estimated-to-Rreach-USD-40-907-Million-By-2024-Zion-Market-Research.html> accessed November 29, 2019

