

TOKYO SMOKE

On September 18, 2024, Alvarez & Marsal Canada Inc., in its capacity as CCAA Monitor, commenced a sale and investment solicitation process (the "SISP") in connection with Tokyo Smoke's restructuring proceedings under the Companies Creditors' Arrangement Act ("CCAA").

Overview

- Tokyo Smoke operates and franchises retail stores in Canada. The Company enjoys a loyal customer base, supported by exceptionally strong brand equity and an award-winning retail platform.
- Generating over \$90 million in FY24 sales, Tokyo Smoke is a go-to destination for premium cannabis products and accessories across Ontario, Saskatchewan, Manitoba, and Newfoundland & Labrador.
- Post restructuring, Tokyo Smoke will consist of approximately 40 corporate stores, 20 franchised locations, an online sales and delivery platform and a complimentary banner business.
- The SISP provides a unique opportunity to acquire a market leading cannabis brand, with a significant Canadian retail network and high-growth complimentary businesses.



Investment Highlights

ICONIC BRAND

Tokyo Smoke enjoys a loyal customer base supported by strong brand awareness, and has won numerous Canadian and international awards for its brand and retail concepts. The Company's loyalty program, The High Rollers Club, boasts over 500,000 members.

NATIONAL FOOTPRINT

With a large store and franchise network across Canada, Tokyo Smoke offers an exceptional opportunity to continue to grow and leverage a premium brand with a broad and deep product offering, and a uniquely positioned consumer offering.

IN-STORE EXPERIENCE

Tokyo Smoke has invested significantly in its store fixturing, which provides an elevated and immersive retail experience and allows the Company to attract a broad demographic and recurring customer base.

DIVERSIFIED CHANNEL

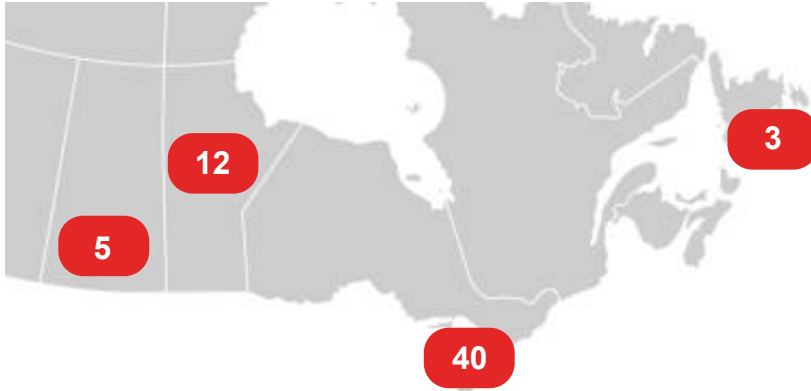
In addition to a strong corporately owned store network, the Company offers unique opportunities within its growing banner business and established franchise platform.

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THE
High Roller
CLUB

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Store Network



Key Statistics (Post-Restructuring)

40
Corporate
Stores*

20
Franchise
Stores*

500k+
High Roller
Members

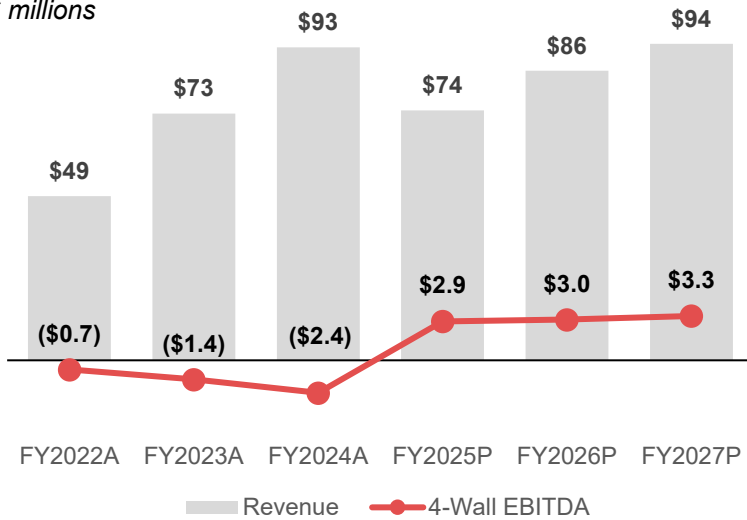
350+
Team
Members

* Target footprint pending on-going restructuring.

Key Financials

Historical & Projected Revenue & 4-Wall EBITDA¹

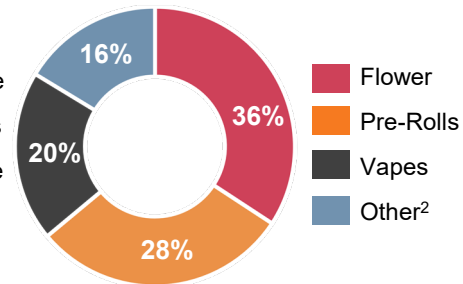
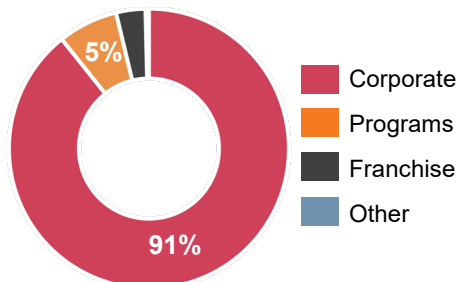
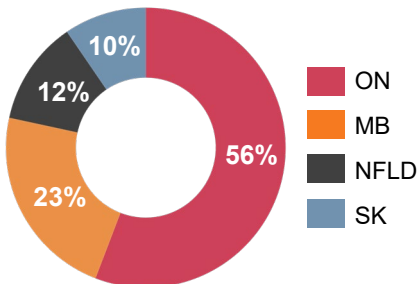
\$ millions



Summary Balance Sheet

C\$ millions	30-Jun-24
Cash	1.0
Inventory & A/R	9.4
Lease & Capital Assets	107.7
Other Assets	25.1
Total Assets	143.2
A/P & Accrued Liabilities	16.8
Lease Liabilities	105.5
Other Liabilities	12.8
Bank Debt	37.9
Related Party Grid Note	52.5
Other Due to Related Party	11.9
Total Liabilities	237.4
Net Deficit	(94.2)

Revenue by Segment



1. Historical 4-Wall EBITDA excludes certain overhead costs. Pro-forma 4-Wall EBITDA excludes restructuring costs and contribution from certain business segments (including stores anticipated to be closed during the proceedings, the programs business and franchise business).
2. Retail sales from corporate stores only.

CCAA & Restructuring Plan

- Against the backdrop of a saturated and competitive retail environment, regulatory restrictions and increasing operating costs, Tokyo Smoke commenced restructuring proceedings pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") on August 28, 2024.
- The CCAA will allow the Company to right size its store network, reduce its fixed cost structure, and emerge as a more efficient and resilient retailer, with an exceptional brand and loyal customer base.
- Key highlights of the restructuring plan include the closure of unprofitable stores and the renegotiation of leases, together with a streamlining of overhead costs including headcount reductions and exiting an onerous head-office lease.
- On September 18, 2024, the Court authorized the Stalking Horse Transaction and approved the commencement of the SISP to solicit proposals for the sale of Tokyo Smoke's assets or an investment in its business. Key dates in the SISP are as follows:

September 18, 2024	<ul style="list-style-type: none"> SISP Commencement
October 21, 2024	<ul style="list-style-type: none"> Phase 1 Bid Deadline Non-binding letters of intent
November 11, 2024	<ul style="list-style-type: none"> Phase 2 Bid Deadline Binding Offers
November 13, 2024	<ul style="list-style-type: none"> Target Date for selection of Successful Bid, including an Auction (if required)

- The Stalking Horse Transaction includes a purchase price of ~\$77 million.
- Phase 1 LOIs must, at a minimum, provide cash consideration to pay the stalking horse purchase price of ~\$77 million (plus certain additional amounts) as set out in the SISP.
- Additional information regarding the CCAA proceedings and the SISP is available on Monitor's website at: www.alvarezandmarsal.com/TokyoSmoke.

Next Steps

Interested parties who wish to pursue a transaction and receive additional information will be required to sign a Non-Disclosure Agreement, which can be obtained by contacting A&M by email or telephone as noted below.

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