



GSRX Industries Inc. (OTCQB: GSRX)

May 17, 2019
Recent Price: \$1.18

Market Data

| | |
|---------------------|-------------------|
| Fiscal Year | December |
| Industry | Medical Marijuana |
| Market Cap | \$54.2M |
| Shares Outstanding | 46.0M |
| Avg. Volume (3 mo.) | 7,466 |

As of May 17, 2019

Balance Sheet Snapshot

| | |
|------|--------|
| | MRQ |
| Cash | \$0.4M |
| Debt | \$0 |

Income Statement Snapshot

| | |
|---------|--------|
| | TTM |
| Revenue | \$5.5M |
| Debt | \$0 |

Company Overview

GSRX Industries Inc. (OTCQB: GSRX) develops, owns, and operates assets in the multi-billion-dollar markets for CBD and legal medical and recreational cannabis. The Company owns and operates six medicinal cannabis dispensaries in Puerto Rico and has pre-qualified licenses for an additional five locations, including two slated for final licensure inspection in Spring 2019; the first location began sales operations in April 2018. In 2018, GSRX entered the California market through a joint venture with established Bay-Area cultivator and branded extractions business, Sunset Connect SF Inc., and established manufacturer, Spirulinex, LLC and the acquisition of a dispensary in Point Arena, California.

Value Proposition

Led by former Chairman and CEO of Macy's Midwest, Leslie Ball, GSRX is a rapidly expanding its operations in the medical and recreational marijuana market in the U.S., which is projected to reach \$21.8 billion by 2020. The Company has an early-mover advantage in Puerto Rico, where six dispensaries are operational, two set to open in the near-term, and three additional locations under construction. Puerto Rico has an estimated 200,000 eligible patients and reciprocity regulations with registered users from 28 U.S. states, effectively doubling its market size due to large tourism trade. The Company doubled revenue at its Point Arena, California dispensary within months of completing the acquisition of location, and has since expanded into the lucrative CBD market, buoyed by the passage of the 2018 Farm Bill which effectively legalized hemp-derived products. The company has already debuted its Pure and Natural branded CBD line and is generating sales online as well as through its first kiosk in Tennessee. Two bricks-and-mortar locations in Texas and Tennessee are under construction and additional growth is expected in 2019 and beyond. As of the end of the first quarter of 2019, GSRX was generating revenue at an \$11.2 million annual run rate.

Investment Highlights

- **Surpass \$11 million annual revenue run rate in Q1 2019**
 - 1Q19 revenue of \$2.8 million, up from \$2 million in the December quarter
- **Led by CEO Leslie Ball, former Chairman and CEO of Macy's Midwest**
 - Senior executive positions at Montgomery Ward
 - CEO of Corral West Ranchwear; grew operation into leading western and workwear retailer with 140+ locations across the US
- **Large retail footprint in Puerto Rico provides strong competitive advantage**
 - First five locations opened in key high-traffic and affluent markets in Puerto Rico
 - First location began retail sales in April 2018
 - State-of-the-art facilities selling medical marijuana, edibles, and paraphernalia
 - Patients receive specific dispensary licenses under regulations in Puerto Rico; greatly benefiting multi-site operators like GSRX
 - Additional locations opening in 2019 (2 awaiting final licensure inspection)
- **First California dispensary acquired in April 2018**
 - Established operation in popular Mendocino area of Northern California
 - More than doubled sales in first quarter of operations after acquisition
- **Entered CBD market in Q1 2019**
 - Launched Pure and Natural brand of CBD products
 - Opening bricks-and-mortar locations in Tennessee and Texas
 - Proprietary branded line in partnership with Grammy-award winner Matt Sorum
- **Significant market opportunity with unique and compelling industry dynamics**
 - Medical and recreational marijuana market in the U.S. projected to reach \$21.8 billion by 2020
 - CBD market expected to surpass \$22 billion by 2022 according to Brightfield Group

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