



## Sweetlife Flora Biotech Division

### REVENUE CHANNELS & CASH FLOW SOURCES

#### Construction-to-Term Commercial Mortgage Request

**Subject Property:** 651 Mountain Road, Moncton, New Brunswick

#### Purpose of This Document

This document outlines the sources of operating revenue generated from the completed facility and explains how these revenues support stable cash flow and long-term debt service under a conventional commercial mortgage.

The emphasis is on diversification, predictability, and operational control, rather than expansion or upside potential.

#### Revenue Structure Overview

Sweetlife Flora Inc. generates operating income through multiple complementary revenue channels, all supported by the same owner-occupied facility and production infrastructure.

This structure:

- Diversifies income sources
- Reduces reliance on any single customer or channel
- Improves resilience across market conditions

All revenue is generated directly by the borrower's operations within the subject property.

#### Primary Revenue Channels

##### A. On-Site Retail Sales

Direct-to-consumer sales are conducted through the owner-occupied storefront.

Credit-relevant characteristics:

- Immediate cash receipts
- Full control over pricing and inventory
- Rapid inventory turnover
- No third-party tenant or lease dependency

Retail sales provide a consistent baseline of operating income.

## **B. E-Commerce Sales**

Online sales supplement local retail activity and utilize the same production, storage, and fulfillment infrastructure.

Credit-relevant characteristics:

- Extends market reach without additional fixed assets
- Smooths local demand variability
- Utilizes existing staff and space

E-commerce revenue is incremental and operationally efficient.

## **C. Living Wall Installations & Maintenance**

The business supplies plant material and maintenance services for commercial and residential living wall installations.

Credit-relevant characteristics:

- Higher per-unit returns on plant material
- Recurring maintenance-related demand
- Project-based revenue complemented by service continuity

This channel provides both transactional and recurring revenue components.

## **D. Wholesale & Trade Supply**

Surplus or scaled production is sold to wholesale and trade customers.

Credit-relevant characteristics:

- Volume-based, predictable orders
- Lower marketing and customer acquisition costs
- Efficient utilization of production capacity

Wholesale activity supports baseline cash flow and inventory management.

## **Revenue Diversification & Stability**

The combined revenue structure offers:

- Multiple independent demand drivers
- Reduced exposure to retail-only volatility
- Flexibility to shift production between channels based on demand
- No reliance on a single customer, contract, or distributor

This diversification enhances operating resilience and supports consistent cash flow.

## **Relationship to Operating Costs**

All revenue channels share:

- The same production systems
- The same facility and fixed cost base

- Overlapping staffing and operational resources

This shared infrastructure improves margin efficiency and reduces incremental cost as revenue shifts between channels.

### **Cash Flow Timing & Predictability**

From a debt-service perspective:

- Retail and e-commerce sales generate frequent, short-cycle cash inflows
- Living wall projects provide periodic lump-sum inflows with follow-on maintenance revenue
- Wholesale orders provide predictable, planned revenue

The mix of revenue timing supports regular operating cash flow rather than reliance on infrequent large payments.

### **Relationship to Financial Projections**

The financial projections provided separately reflect:

- Conservative assumptions for each revenue channel
- Gradual stabilization following renovation
- No reliance on aggressive channel expansion

This revenue structure underpins the borrower's ability to service long-term mortgage obligations.

### **Credit Relevance Summary**

The borrower's revenue model supports credit underwriting through:

- Diversified and complementary income streams
- Owner-operated control over pricing, production, and sales
- Predictable cash flow timing
- Alignment of operations with the collateral asset

These characteristics support the suitability of the project for construction-to-term commercial mortgage financing.

***Prepared for evaluation by regulated financial institutions in connection with a construction-to-term commercial mortgage facility.***