

APPLICANT LETTER
Vertical Four, Inc.
1990 Harbor Blvd.

STATEMENT OF INTENT: VERTICAL FOUR, INC. ("V4") seeks a business permit from the City and a Type-10 Cannabis Retail Storefront License from the State. The business of V4 at this location will be limited to retailing licensed, compliant, pre-packaged cannabis and cannabis goods. Our ownership team has over 15 years of combined experience owning and operating cannabis retail stores.

FACILITY ADDRESS & USE: Our facility, located at 1990 Harbor Blvd., consists of 2,446 sq. ft. located within the C1 Local Business District zone, outside of 1000' of a k-12 school, day care facility, playground, and homeless shelter as well as 600' from any youth center. The square footage of the building will be used in the following way: 1) Lobby and Check-In Area; 2) Retail Sales Floor; 3) Limited Access Inventory Storage Area; 4) Security Room; 5) Offices; and 6) Restrooms.

HOURS OF OPERATION: Hours of operation shall be limited to: 7:00 a.m. to 10:00 p.m. daily. V4 will not be open to the public between the hours of 10:01 p.m. and 6:59 a.m.

SECURITY: As described in our professionally prepared security plan, the facility will have a state-of-the-art security system throughout. The facility will include digital key fob readers on all doors, panic alarm devices, security cameras strategically placed throughout the interior and exterior of the facility.

OBJECTIVES: The first objective of V4 is to be a best-practice operator by staying educated and informed of regulation updates so that our operation is always compliant.

Our second objective is to be a good neighbor. Our business model and Standard Operating Procedures have been crafted to ensure compatibility and consistency with neighboring businesses. From security procedures to odor control protocols, to directing traffic flow, our goal is to be the best neighbors we can be.

Our Odor Control Plan will ensure that no cannabis odors are detected outside our premises. We will only carry products that have been factory sealed. Our building will fully be airtight and contained, and all doors and windows will remain closed. We will utilize both HEPA and "activated" carbon filters throughout the facility to ensure all traces of cannabis odors to the outside environment are eliminated.

Finally, to mitigate any risk of product diversion, every single product is tracked and recorded from the time it arrives on our premises to the time it leaves our premises, including every time a product moves within our premises.

STORAGE: Of the 2,446 square feet of space, including "limited access areas" which will securely house inventory of packaged cannabis products. The limited access area refers to the area in which any cannabis is held, quarantined, or stored, including our retail floor, storage room, and security room. All inventory is kept in a secure vault like room. Cannabis Product is stored with limited access rules and protocols. All Doors are controlled to prevent access to limited and secure access areas of premise, are Solid Core, Self-Closing with non-residential commercial locks. The storage room is equipped

with both alarms and cameras to ensure all product is secure during both operating hours as well as during non-operating hours.

OPERATIONS: All customers and guests must check-in with our Security Guard at the main entrance prior to entering our business. Pursuant to 16 CCR §5402(a) all customers will be required to show a valid form of government issued photo identification 2 times prior to purchase: once prior to entry and another time prior to actual check out. Once the age of the person and the validity of his/her identification has been established, the customer will be allowed entry into our store. All identification documentation will be scanned and stored via the Veriscan electronic system.

PRODUCTS. V4's customers will be able to choose from over 400 SKUs and 12 different types of products, including flower, concentrates, edibles, lotions, tinctures, pre-rolls, accessories & topicals. Whether the customer is looking for physical pain relief, assistance sleeping or is simply looking to unwind, our wide array of products will ensure there is something for every customer. All products will be strictly tested and their manufacturing and cultivation sites will be inspected to ensure that such products also meet our rigid safety, testing, and purity standards. We anticipate that 50% of our sales at our Costa Mesa store will be cannabis flower and pre-rolls and 50% other cannabis products.

We will only conduct business with other State licensed cannabis businesses who can provide proof of legal and regulatory compliance, including valid State license certification. Historically, the traditional dispensary model has focused heavily on flower. However, our business model is also focused on high-CBD, low-THC products and a variety of topicals, edibles and tinctures to meet the health and wellness needs of customers including our aging population. This model deviates from the traditional emphasis on 'getting high' and will require a highly knowledgeable staff focused on providing patient and consumer education on the variety of cannabis consumption methods available and their respective benefits.

We believe this category breakdown will be similar in Costa Mesa as our team members are trained to educate consumers on the values of enrichment instead of the traditional focus on getting high. We have found that when consumers are educated, they often opt for products that are not formulated solely for their ability to get the consumer high which we believe is critical from a public health and safety perspective. Products will include the following:

1. Flower & Pre-Rolls.
2. Extracts & Concentrates.
3. Vaproizers.
4. Edibles.
5. Topicals.
6. Beverages.
7. Tinctures.
8. Capsules.