

FRANCHISE INFORMATION BOOKLET





1533

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HISTORY

For more than 35 years PROHIBITON has been a symbol of counterculture in Montreal.

Innovating since its inception in 1984, they've inspired change in the marketplace and the counter-culture accessory community.

It all started when, Johnny Mennillo, the inventor of the quintessential smoking accessory boutique, was born in Campobasso, Italy on April 16, 1958. At the age of twelve, his family moved to Montreal, Canada in the pursuit of a better life. Johnny adjusted quickly to his new environment, embracing two new languages and continuing his education. After graduating, he realized his entrepreneurial drive, venturing into his passion for social smoking. This led to him giving birth to the first retail smoking accessory store, PROHIBITION.

This first PROHIBITION was little more than a flea market stall, but even then, he believed that the recipe for success was to offer high quality products alongside excellent customer service. These values enabled the business to grow quickly, and the first storefront location was established in Laval, Quebec.

Over the next 30+ years, PROHIBITION has grown exponentially, opening more than 25 locations Canada-wide, and continuing to add to that total yearly. It is now an established staple in the smoking accessory industry.

PROHIBITION has become a symbol of quality and is now offering franchises with the intention of expanding and offering its brand throughout Canada.

PROHIBITION intends to grow in both locations and brand equity, without ever losing sight of their humble beginnings.

PROHIBITION

ACCESSOIRES POUR FUMEURS



ABOUT US

PROHIBITION is the premium choice for all smokers in Canada. We take pride in supplying a vast selection of high quality smoking accessories, coupled with excellent customer service and an inviting ambiance. At any given location you will find a wide array of Cuban cigars, the latest electronic cigarettes, hookah pipes, unique handblown glass pipes, high end bong, innovative vaporizers and everything in between.

ACHIEVEMENTS

- Established in 1984
- Numerous retail locations
- Canada's first smoking boutique franchise
- In-house distribution
- Impressive financial record
- Founded on excellent customer service
- Family run for 30+ years
- Established brand recognition



SELECTION PROCESS

Our goal is to establish PROHIBITION boutiques in every province across the country. We are looking for enthusiastic entrepreneurs to join our franchise team and help us in our quest to establish PROHIBITION as Canada's leading chain of smoking accessory stores.

That being said, we are not willing to sacrifice quality for quantity. Only franchisees that meet our criteria will be selected to join our team. We need to ensure that each of our franchisees possess the necessary skills and entrepreneurial drive that are required to succeed. To help you decide if PROHIBITION is the right business for you, please see our list of requirements below:

FRANCHISEE PROFILE | REQUIREMENTS

- Exceptional ability to build and lead a team
- Passion for delivering superior customer service consistently
- Strong business acumen
- Superior and committed work ethic
- Hands-on entrepreneurial drive to do what it takes to succeed.
- Adherence to PROHIBITION's business system



FRANCHISEE TRAINING

We offer a comprehensive training program, including a theory-based classroom module and onsite training.

During the in-store training, PROHIBITION will cover all aspects of day-to-day operations, such as managing inventory, staff, administration and finances; providing the franchisee with the necessary tools to ensure the future growth of their PROHIBITION franchise.

TRAINING INCLUDES

- Effective sales techniques
- Product knowledge and handling
- PROHIBITION team building
- Focus on customer service
- Purchasing and inventory control
- Effective management practices
- Staff development

CAPITAL REQUIREMENTS

The capital requirements may vary depending on a few variables. It is important to note that the geographic location, size and general condition of a given site will affect the overall build out cost. We estimate the overall cost to be between \$250,000 - \$400,000 for a PROHIBITION Boutique, \$130,000 - \$250,000 for a PROHIBITION Express and \$80,000 - \$118,000 for a PROHIBITION Kiosk.

COST OF THE FRANCHISE INCLUDES:

- Assistance with site selection and lease negotiation by  and the PROHIBITION leasing team
- All equipment, furniture, display counters & signage
- Complete buildout including leasehold improvements
- Full inventory including back store overstock
- 2 weeks of in-store training at a corporate location
- PROHIBITION set-up team will prepare the location for opening
- District manager to assist in opening and training employees for 1 week after opening
- The use of all PROHIBITION proprietary manuals, systems and authorized suppliers
- Right to use the recognized and respected PROHIBITION trademarks and logos
- Comprehensive marketing and merchandising programs
- Ongoing support from head office and field personnel

ESTIMATED INITIAL INVESTMENT

	EXPRESS	BOUTIQUE
Site Selection Fee - Oberfeld Snowcap	\$0 - \$15,000	\$0 - \$15,000
Franchise Fee	\$20,000	\$25,000
Construction	\$40,000 - \$120,000	\$70,000 - \$145,000
Furniture, Fixtures, Equipment	\$40,000 - \$65,000	\$50,000 - \$65,000
Inventory	\$50,000 - \$120,000	\$90,000 - \$150,000
Total Required	\$180,000 - \$305,000	\$250,000 - \$400,000
Royalty Payments	5%	5%
Marketing Fund	2%	2%

* ACTUAL COSTS CAN BE ABOVE OR BELOW THE ABOVE ESTIMATES DEPENDING ON SITE SPECIFICS.



EXTENDED SUPPORT

MARKETING

We provide diverse forms of marketing, including social media, an interactive website, search engine optimization, in-house graphic designer, public relations support and both local and national advertising programs. We cover the cost of all advertising development.

FINANCE

Our financial assistance offers detailed analysis of your sales breakdown to pinpoint possible areas for improvement. A detailed review of all variable costs (labour, cost of goods sold, etc.), including advanced recommendations to improve your bottom line.

PURCHASING

Franchisee will be able to benefit from PROHIBITION's group purchasing power, thus enabling competitive pricing and services with our authorized suppliers. Additionally, franchisees have the added benefit of our in-house distributor, INHAL'NATION.

OPERATIONS

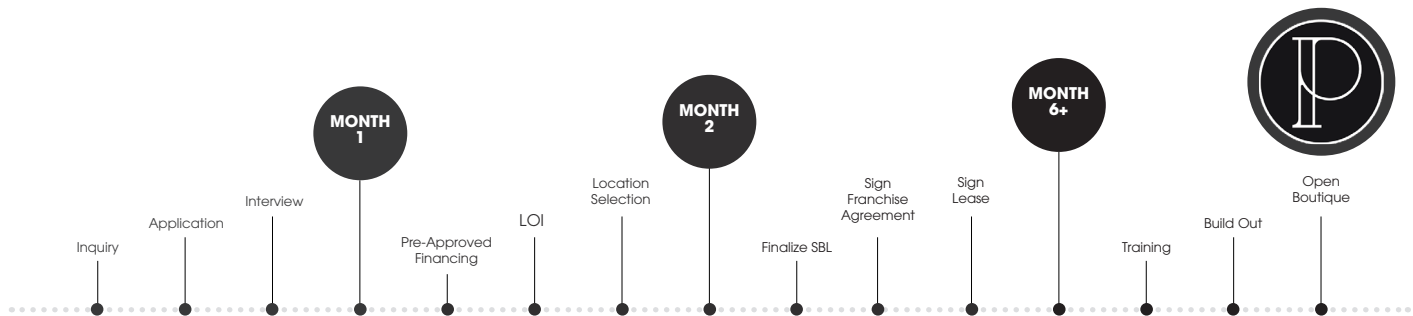
PROHIBITION assists their Franchisees by offering the services and experienced knowledge of a District Manager. Our District Managers are responsible for a designated territory to assure the utmost focus and commitment to our franchise partners.

In addition to providing experience, knowledgeable feedback and guidance, they also work to ensure that our standards of quality, value, and customer service are consistently met in all locations within their district.

FRANCHISE TIMELINE

MONTH 1

- Prospective franchisee fills out the downloadable franchise inquiry form found in the FRANCHISE section of PROHIBITION.COM
- Upon reception of the form the PROHIBITION franchise team will contact the potential franchisee with information on possible opportunities, to answer any additional questions they may have and finally to schedule a meeting



MONTH 2

- Upon completing the initial interview, if the prospective franchisee is deemed to have met all of PROHIBITION's criteria, the due diligence process commences
- The prospective franchisee will contact a financial institution to determine if financing is possible
- The prospective franchisee will be asked to sign a letter of intent ("LOI") and submit a deposit. They will also be given a copy of the franchise agreement for their review
- Members of our franchise team work with real estate professionals and the franchisee to locate potential sites

MONTHS 3-6

- During this stage the prospective franchisee will be required to get final approval for any financing they may require
- Once financing is secured, the franchisee signs the franchise agreement and pays the balance of the franchise fee to PROHIBITION
- Once approved, the site is secured, the lease is signed and the possession date is finalized

MONTHS 6+

- PROHIBITION training dates are set and build out begins (6 – 12 weeks)
- Training is completed
- Boutique opens



CONTACT-US

Still have questions? Contact-us by e-mail or phone, or check out the FRANCHISE section on our website at PROHIBITION.COM

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Thank you for your interest.

We look forward to receiving your application and working with you during the next steps of our due diligence process.



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