Aldershot Resources Ltd. (d.b.a. Solo Growth Corp™) Announces Operational Update, Completion of Rights Offering and Third Quarter 2018 Results

20.12.2018 | GlobeNewswire

CALGARY, Dec. 19, 2018 - Aldershot Resources Ltd. d.b.a. Solo Growth Corp.™ (the “Company” or “Solo Growth”) (TSX-V:ALZ) announces an operational update, completion of the rights offering for proceeds of approximately $5.0 million and our financial and operating results for the three and nine months ended October 31, 2018. Selected financial and operational information is outlined below and should be read in conjunction with Solo Growth’s consolidated interim financial statements for the three and nine months ended October 31, 2018 and related management’s discussion and analysis (“MD&A”) which are available on SEDAR at www.sedar.com.

Discovery Table Vermilion Store front, Yss store front

Continued Operational and Strategic Execution

Solo Growth’s strategy is to command market share by delivering a superior customer experience and instill lasting brand loyalty while pursuing operational efficiencies within our YSS by Solo™ retail locations. Management has maintained a long-term view of the cannabis industry and continues to carefully control corporate costs and financial commitments while building the foundation to become the trusted retail destination for cannabis in Canada. As a result, the Company has been able to pivot successfully and shift short-term strategies to most effectively respond to unexpected changes in operating and regulatory environments.

Within the last four weeks, the national shortage of cannabis has resulted in significant regulatory changes for retail cannabis. The Alberta Gaming, Liquor and Cannabis Commission (“AGLC”) issued a temporary suspension in the licensing process while Ontario’s Alcohol and Gaming Commission of Ontario (“AGCO”) has elected to conduct a lottery process on January 11, 2019 to select the first 25 applicants eligible to apply for Retail Operator Licenses.

Through ongoing dialogue with Canadian Licensed Producers (“LPs”), the Company understands the current constraints within the cannabis supply chain and appreciates the process clarity provided by both the Alberta and Ontario regulatory bodies. Only two months past legalization, we are still in the infancy of the legal cannabis industry and short-term hurdles were always anticipated. Above all, Solo Growth has been incredibly encouraged by the demand for legal cannabis and the continuing socio-cultural perception shift towards cannabis in North America and globally.

In Alberta, three of our stores are fully constructed and ready for AGLC inspection while four additional locations are in the process of being completed. Solo Growth had been on target to open five Alberta stores by year end 2018, as originally forecasted, until the cannabis supply shortage resulted in the suspension of the AGLC licensing process. Consistent with management’s long-term view of the cannabis industry, Solo Growth will further high-grade our Alberta locations, continue preparation for the launch of initial stores, and seek to capture efficiencies that are expected to result in capital cost reductions of 10 to 15% per store over initial investments.

Once supply issues are resolved, Solo Growth has secured an exceptional opportunity to quickly expand our asset base in Alberta, due in large part to the Company’s strong alliance with Solo Liquor Stores Ltd.

(“Solo Liquor”). Subsequent to quarter end, the Company acquired the leases to two premier locations from Solo Liquor in Calgary for total consideration of $0.8 million with an option to acquire up to an additional 13 locations. Both the acquired and option locations have been selected to be ideal cannabis locations based on profile, area traffic and zoning and bylaw readiness. This transition reflects the strategic benefits of the relationship between Solo Growth and Solo Liquor.

Concurrent with our efforts to establish a strong Alberta presence, Solo Growth has also been actively building an Ontario footprint in advance of the privatization of retail cannabis on April 1, 2019. Management has leveraged commercial real estate expertise to build a high-graded portfolio of 25 premier locations in Ontario from a list of over 100 prospective locations. The premier locations were selected by evaluating each location’s merits relative to the required financial commitments. Management has negotiated termination clauses and/or refundable deposits into agreements on all Ontario locations such that if the supply issues persist, the total capital-at-risk required to hold locations into mid-2019 will not exceed $1.0 million.

On December 13, 2018, the AGCO announced that the province would conduct a lottery on January 11, 2019 to select applicants eligible to apply for the first 25 Retail Operator Licenses that will give holders the ability to open retail locations on April 1, 2019. In response to this announcement, Solo Growth intends to submit Expressions of Interests in each of the five Ontario census regions in advance of the lottery. Amidst this continued uncertainty, the Company is well positioned with financial flexibility and a long list of premier locations in both Alberta and Ontario that will enable us to react quickly once the supply issues are resolved.

Corporately, Solo Growth has successfully scaled-up to eight employees currently and we expect to maintain an efficient annual general and administrative (“G&A”) cost of ~$2.3 million / year. On December 18, 2018, the Company closed the previously announced rights offering (the “Rights Offering”) for proceeds of approximately $5.0 million, issuing 99,017,714 common shares and 13,010,618 warrants. After closing of the rights offering, the Company has approximately $23.2 million in working capital to execute our business plan.

In addition, on December 17, 2018, Solo Growth joined the Global Cannabis Partnership (the “GCP”). Consistent with our core principles of trust and customer service, the GCP is a collaboration of cannabis industry leaders from government agencies, private-sector organizations and other affiliate organizations who share the vision of establishing worldwide corporate social responsibility standards related to the production, marketing/public education, sale, after-sales service and informed consumption of legal market cannabis. Through the establishment of standards for best practices and accountability beyond local regulations, the GCP will build credibility for the industry, align practices across jurisdictions, help to alleviate the socio-cultural stigma related to cannabis and protect the social license for industry stakeholders to operate. For more information on the GCP and its members please visit www.globalcannabispartnership.com.

Q3 2018 Financial & Operating Highlights

- Solo Growth exited the quarter with $20.9 million in working capital (including $21.8 million in cash). Coupled with the flexible leasing arrangements in Ontario and the $5.0 million proceeds from our rights offering, which closed December 18, 2018, the Company has the financial capability to manage commitments through 2019, with a line of sight to first revenue as soon as the supply shortage issues are resolved.

- We invested $1.6 million in capital activities in Q3/18 primarily directed to ongoing design, licensing and buildout costs for the first YSS stores in Alberta. In addition to building out the physical locations, Solo Growth also focused on meaningful investments in technology across the stores, development of a robust product catalogue, as well as extensive staff training and development tools, all of which are critical components for an exceptional retail experience within a highly regulated industry. The investments made are expected to help drive future profit and are aligned with the Company’s goal of being a trusted, responsible supplier of cannabis in Canada.

- To date, Solo Growth has achieved an efficient, all-in cost per store of approximately $420,000 on the first three stores and believes that future per store costs in Alberta can be brought down to $350,000 through learnings plus capturing synergies. This will enable the Company to maintain a low-cost model while delivering comfortable, convenient service and an exceptional customer experience at a very efficient investment rate.

- Total G&A expenses were $694,411 during Q3/18, with costs largely allocated to start-up expenses associated with advancing the Company’s YSS by Solo retail cannabis business, including adding experienced and talented human capital to help execute our long-term vision.
- A net loss was recorded for the nine months ended October 31, 2018 of $14.3 million ($0.05 per share), driven by non-cash stock-based compensation expense of $13.4 million which is predominantly related to recognizing the derivative value of performance warrants issued to the new management and board in conjunction with the June 2018 private placement, as well as the write-off of the exploration and evaluation assets associated with the previous business. Excluding these expenses, the net loss would have been $0.8 million for the nine months ended October 31, 2018.

Rights Offering

On December 18, 2018 the Company completed the previously announced Rights Offering to holders (“Shareholders”) of common shares of Solo Growth (“Common Shares”). Under the Rights Offering, Shareholders subscribed for and purchased an aggregate of 99,017,714 Common Shares at a price of $0.05 per Common Share, resulting in proceeds to the Company of approximately $5.0 million.

Of such Common Shares, an aggregate of 13,010,618 were purchased by Shareholders who are directors or officers of the Company or are identified by such persons (collectively referred to as “Management”). In addition to the Common Shares, Management was issued an aggregate of 13,010,618 performance-based Common Share purchase warrants (“Performance Warrants”) in accordance with the prior arrangement for the issuance of such Performance Warrants.

Each Performance Warrant entitles the holder to purchase one Common Share at a price of $0.05 until December 17, 2023. In the event the 20-day volume weighted average trading price of the Common Shares equals or exceeds $0.175, each Performance Warrant shall be exercisable for 1.5 Common Shares, provided that, at the time of exercise in respect of the additional 0.5 of a Common Share per Performance Warrant, the Common Shares are: (i) listed on the facilities of a recognized stock exchange (other than the TSX Venture Exchange (the “TSXV”)); (ii) acquired for cash; or (iii) acquired for the securities of a company listed on a recognized stock exchange (other than the TSXV).

The proceeds from the Rights Offering will be held in trust until such time as the Company receives final approval from the TSXV in respect of the series of transactions which collectively constitute a “Change of Business” of the Company from a mining company to a retail cannabis company. Upon completion of the Change of Business, the Company intends to use the proceeds of the Rights Offering to continue exercise on our retail cannabis business strategy.

Following the completion of the Rights Offering, the Company has 670,064,847 Common Shares and 129,990,618 Performance Warrants outstanding.

About Solo Growth Corp.™

Operating as YSS by Solo ™, Solo Growth Corp ™ is a cannabis retailer with the vision to become a premier retailer and the trusted destination for retail cannabis in Canada. Since we launched in June of 2018, YSS has leveraged management’s expertise in commercial real estate to build a strategic portfolio of future locations while managing financial commitments and has completed construction on our first three stores in Alberta. With over 22 years’ experience gained through profitably operating the Solo Liquor retail brand, YSS management brings operational excellence in responsible controlled-substance retail to the newly legalized cannabis industry. The YSS by Solo retail experience is built on our five fundamental pillars: convenience, value, selection, team, and above all else, trust.

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Forward-Looking and Cautionary Statements

This news release may include forward-looking statements including opinions, assumptions, estimates, the Company’s assessment of future plans and operations, and, more particularly, statements concerning Solo Growth’s business plan and proposed retail cannabis operations in Canada, including: its ability to secure retail locations in Alberta and Ontario; its ability build, own and operate retail cannabis stores; the receipt of necessary permits and licenses to open stores; the alliance with Solo Liquor; membership in the GCP; the release and use of proceeds from the Rights Offering; and the completion of the Change of Business. When used in this document, the words “will,” “anticipate,” “believe,” “estimate,” “expect,” “intent,” “may,” “project,” “should,” and similar expressions are intended to be among the statements that identify forward-looking statements. The forward-looking statements are founded on the basis of expectations and assumptions made by the Company which include, but are not limited to, the timing of the receipt of the required regulatory and third-party approvals, including the receipt of development permits and retail cannabis licenses in Alberta and Ontario, and the future operations the Company. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to, permits, licenses and regulatory and third party approvals not being obtained in the manner or timing anticipated by the Company, construction delays, changes to cannabis laws and regulations, the availability of cannabis-retail products from licensed producers, the ability to implement corporate strategies, the state of domestic capital markets, the ability to obtain financing, changes in general market conditions and other factors more fully described from time to time in the reports and filings made by the Company with securities regulatory authorities. Except as required by applicable laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

A photo accompanying this announcement is available at http://www.globenewswire.com/NewsRoom/AttachmentNg/9a52a5c0-6ac1-4259-97d7-d9cd90083b0e