

# FinCanna Capitalizes on California's Surging Cannabis Market

Cannabis sentiment in the United States has surged since the November election.

Tailwinds pushing the legal cannabis industry include being deemed "essential" during the current COVID-19 health crisis, five U.S. states passing legalization ballot initiatives, and the Joseph Biden election win that could result in easing some of the cannabis restrictions at the federal level.

This year could be another inflection point in the U.S. cannabis industry and the beginning of a multi-year growth cycle as more states legalize medical and recreational cannabis use.

A top cannabis market research firm recently pegged the United States cannabis market at more than US\$18 billion in 2020 and expects it to grow by a staggering 33% to US\$24 billion in 2021.

## **FinCanna is a Royalty Company**

FinCanna Capital Corp. (CSE: CALI | OTCQB: FNNZF) is a cannabis-focused royalty company and does not operate as a cultivator, manufacturer, or dispensary. Instead, it is a capital company, looking to invest in businesses in California's cannabis industry and earns revenue from royalties paid by its investee companies.

FinCanna's royalty structure focuses on top-line revenue, enabling the company to fully benefit as sales grow and not be impacted by cost inflation. Currently, the company owns a diversified portfolio of royalties, lowering the overall

company risk, and continues to search for other investment opportunities.

As a royalty business, FinCanna operates with low corporate overhead, making the business easily scalable as it does not have to worry about operations and can focus on the next investment. Also, as the cannabis supply increases, retail prices have been under pressure which makes royalties a better business to be in.

FinCanna's investment model is to seek "best in class" businesses, provide capital to reduce the need for debt or equity financing, and are structured to align with the business' long-term goals.

To fund the coffers, in July 2020, FinCanna closed a \$2.5 million convertible debenture financing with FinCanna's management subscribing to \$500,000 of the offering.

### **Portfolio Companies**

FinCanna made its first investment in Cultivation Technologies Inc. (CTI) in 2017. CTI, operating as Coachella Manufacturing, runs a 5,200 square foot cannabis extraction facility in Palm Desert, California.

CTI produces butane hash oil (BHO), which is a type of cannabis concentrate that is produced using butane. CTI has been operating for three years and FinCanna started receiving royalties in the second half of 2020.

CTI provides licensed BHO concentrates for white label manufacturing, toll processing, and packaging to brands and cultivators in California. FinCanna recently commented that CTI's management team is working on growing their core business and expanding into other large-scale activities. FinCanna expects these activities to result in an increase in royalty revenues in 2021.

FinCanna's second portfolio company is QVI Inc (QVI), doing business as The Galley, and is FinCanna's largest investment and potentially the largest source of royalty revenues.

The Galley is a modern, 8,300 square foot, cannabis facility located in Santa Rosa, California. It operates as a co-manufacturer to provide large scale production and packaging for all types of edibles, topicals, and tinctures in California.

The Galley began operations in July 2020 and has already onboarded 25 established brands. FinCanna expects to start receiving recurring royalty payments from QVI starting in early 2021.

An important note to make is that edibles market growth outperformed the overall cannabis industry growth in 2020 as consumers chose edibles over inhalables. This surge prompted edible manufacturers to invest more in product development and manufacturing making QVI an important player in that market.

FinCanna's third portfolio company is ezGreen Compliance, which offers Health Insurance Portability and Accountability Act (HIPAA) compliant point-of-sale (POS) software for cannabis dispensaries. Features include integrated management and multi-store functionality with taxation and reporting functionalities.

In August 2020, FinCanna announced the acquisition of ezGreen and in October completed the transition of ownership. Recently, ezGreen began a marketing initiative with a marketing partner to focus on sales efforts, targeting dispensaries in California.

### **California is King of the Cannabis Market**

California ranks as one of the largest legal cannabis market in the world and over 30% of the U.S. legal cannabis market. The COVID-19 shut-in measures resulted in higher purchase

volumes and a very substantial and positive shift for the cannabis industry.

In California, legal cannabis retail sales are expected to exceed US\$5 billion in 2020, up almost 70% from US\$3 billion in 2019.

## **2021 Outlook**

FinCanna's management recently reported that it expects to see a "sizeable increase" in royalty revenues in 2021 and the positive cannabis market outlook, especially in California, should help generate operating profits that will grow throughout the year.

FinCanna is currently trading at \$0.11 with a market cap of \$8.5 million.

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# **Sixth Wave's Dr. Jon Gluckman talks about the election and the 2nd wave of cannabis investment**

In a recent InvestorIntel interview, Tracy Weslosky speaks with Dr. Jon Gluckman, President, CEO and Founder of Sixth Wave Innovations Inc. (CSE: SIXW | OTCQB: ATURF) about what a Biden presidential win means for an energized and revitalized cannabis sector.

"We're pretty excited," said Dr. Gluckman, "that in addition to the Biden win it was pretty clear that the referendums on the state ballots in the U.S. were extremely positive and

forward-looking for the future of cannabis and the significant expansion in the United States which is obviously a huge market.”

Asked about what it means, Dr. Gluckman said that Sixth Wave sees it “as a tremendous opportunity for licensed producers to expand their footprints into different spaces and certainly for new equipment requirements which will include Affinity, so we’re stoked.” Affinity™ is Sixth Wave’s cannabinoid purification system.

Discussing the Affinity cannabinoid purification system revenue model, Dr. Gluckman explains that it work on a “total system performance license” basis, where Sixth Wave provides the technology to licensed cannabis producers on a “small profit margin basis”, but then partners to provide upgrades and maintenance in exchange for a portion of the producer’s revenue stream. As Sixth Wave’s Affinity optimization can save a projected 50% of a producer’s production costs, this mutually beneficial arrangement can create a substantial revenue stream for both the producer and Sixth Wave.

Dr. Gluckman explains to Tracy how the application of Sixth Wave’s patented Molecular Imprint Polymers (#MIPs) technology creates “consistent and high purity” cannabinoid from a producer’s raw material that is essential to creating a commercial product.

Regarding revenue expectations, Dr. Gluckman said that they expect to see revenue through a deal with Green Envy as early as December, and ramping up in the first quarter of 2021. Answering Tracy’s question about investors who missed the “first wave” of cannabis investment, he said that “the very interesting thing now is that what we have seen is that the growers are all growing,” and that “as new states come on board they are all going to need new licensed producers.” And since there are federal restrictions on interstate movement of cannabis, production will have to be local to each state,

requiring multiple production facilities

“We’re really looking forward to it and scaling up significantly next year,” Dr. Gluckman said.

To watch the full interview on YouTube, [click here](#).

More videos: [click here](#) to subscribe to the InvestorIntel Channel

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## **Biden’s win brings a “green” market wave and cannabis extraction team attracts the Sixth Wave**

**“Waves are inspiring not because they rise and fail, but because each time they fall. They never fail to rise again.” – Josh Billings**

The Democratic “blue” wave failed to materialize during the recent U.S. elections but the “green” cannabis wave continues to build. Five states (Arizona, Mississippi, Montana, New Jersey, and South Dakota) easily passed ballot initiatives for the legalization of either recreational or medical cannabis use.

Currently, the medical use of cannabis is legalized in 35 states and the recreational use of cannabis is legalized in 15 states. Although federally illegal in the U.S., there is speculation that the Biden win is an important first step on the path towards the federal decriminalization of cannabis.

In the U.S., medical and recreational cannabis sales are on pace to exceed US\$15.5 billion by the end of 2020, an increase of approximately 40% over 2019, and grow by 30% in 2021.

To meet the higher demand, technology advancements have manifested in all parts of the supply chain, especially in the extraction and purification process.

## **Extraction**

The three main methods of cannabinoid extraction are (1) ethanol or alcohol extraction; (2) hydrocarbon extraction, using butane or propane; and (3) carbon dioxide ("CO2") extraction. If higher purity levels are required, a distillation process, often using chromatography technology, can increase purity levels into the high 90%.

As the industry shifts into pharmaceutical-grade production to meet medical and cannabis-infused products, cannabis extract producers continue to search for innovative ways to improve the purity of cannabinoid isolates and control costs.

One of the challenges for cannabis extract producers is that organic material has varying properties from batch-to-batch and a potential processing risk when scaling operations.

## **Sixth Wave – Cannabis Extraction Using Nanotechnology**

Sixth Wave Innovations Inc. (CSE: SIXW | OTCQB: ATURF) is a nanotechnology company focused on the detection and extraction of target substances (e.g. cannabinoid, gold, or Covid-19) at the molecular level using patented technologies.

Led by a team of PhDs and scientists, Sixth Wave's Affinity™

System uses a proprietary Molecular Imprinted Polymers technology in the process of extracting cannabidiol (“CBD”) and tetrahydrocannabinol (“THC”) from hemp and cannabis.

The extraction process uses porous polymer beads and the polymer is designed to attract a specific molecule. As CBD and THC are both molecules, Sixth Wave created proprietary polymers to specifically target those molecules in the extraction process.

### **Benefits of Sixth Wave’s Technology**

Unlike other batch processes that purify components out of a product in various stages, Sixth Wave’s process can take a wide variety of input materials, run it through the solution, and the polymer will selectively extract the specific cannabinoids. The resulting cannabinoid isolate can be up to 99.9% pure.

Chromatography, the legacy technology for purifying cannabinoid extractions, is considered to have issues with high capital and operating costs, efficiency, and scalability.

The Affinity™ System was designed to be highly automated and user friendly, requiring minimal training and human intervention. The system uses lower-cost components, minimizes the need for intermediate batch processing, and can be operated continuously, making it a more cost-effective solution.

Dr. Jonathan Gluckman, President and CEO of Sixth Wave, said, “As we know, a major challenge for the cannabinoid purification industry will be the delivery of customization and flexibility, with medicinal and recreational applications demanding exceptional product diversity. The Affinity™ System is highly capable in this regard, with the potential to tailor extraction media to recover any one of the hundreds of cannabinoids available to us.”



## Market Size


According to a recent study, the cannabis extraction market is expected to be worth US\$28.5 billion by 2027, growing at 16.6% annually.

The growing legalization of cannabis in various countries and the use of CBD and THC for treating illnesses such as arthritis, anxiety, and nausea are the main factors driving growth.

Sixth Wave is currently working with several customers designing larger processing capabilities. In April, the Company announced an agreement with Green Envy for the purchase of a minimum of three Affinity™ extraction units. It expects to deliver the first revenue-generating system to Green Envy by the end of this year. Expect more deals to be announced as the Company shifts from development to production.

The Company is well funded as it recently closed a \$1.15 million financing and intends to use the proceeds for the deployment of its Affinity™ cannabis extraction units as well as for other general corporate purposes.

**Time to jump on Sixth Wave to ride the resurging cannabis trend.**



**CANNABIS SECTOR | AFFINITY™**

For Cannabis Producers, the Affinity™ unit is designed to capture and extract Cannabinoids to ensure the purest end product. The system replaces antiquated processes including winterization, distillation and chromatography. The highly scalable Baseline unit is designed to produce approximately 20 kg of cannabinoid distillate or full spectrum distillate per day.

**Each unit is capable of generating gross revenues to Sixth Wave of up to \$100K/month.**

The image shows a large, industrial-grade extraction unit on wheels. It has a grey and black color scheme with the word 'AFFINITY™' printed on the front panel. The top of the unit is covered with numerous small, clear extraction vessels. A control panel with a digital display is visible on the front.

SOURCE

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# Can Psychedelics Follow Cannabis' Lead?

## Greenlight for Red Light Holland as Distribution Agreements Grow

Red Light Holland Corp. (CSE: TRIP) ("RLH") engages in the production, growth, and sale of a premium brand of magic/hallucinogenic truffles to the recreational market in the Netherlands.

The Company is pre-revenue, with lots of potential, as it builds out a custom, 3000 square foot growing facility in Horst, the Netherlands.

To generate some immediate revenue and build its brand, the Company procured 10,000 units of psychedelic truffles for resale and started selling its Microdosing Packs of magic truffles in September through existing Smart Shop operators and its e-commerce platform. Its Microdosing Pack contains a small amount of magic truffle promoting responsible use, with the drug benefits but without the intensity of a full psychoactive experience.

### Distributions Deals

In September, RLH signed a distribution agreement for its Microdosing Packs with Super Smart's location in Tiel, the Netherlands.

Then in October, the Company reached a distribution arrangement with Smartshop Oss, in Oss, the Netherlands.

Finally, RLH completed a distribution arrangement with 3 House of Smart locations in the Netherlands, located in the cities of Rotterdam, Eindhoven and Den Bosch.

Todd Shapiro, CEO of RLH, commented, “clearly we are excited for a broad and diverse adult demographic, within all of these beautiful areas, to soon have the opportunity to see our brand and potentially purchase our responsible-use product.”

## **Psychedelics Industry**

The psychedelics industry is similar to where the cannabis industry was 10 years ago as it fights for legalization in various countries. The use of psychedelic products is currently illegal in most jurisdictions, however countries such as the Netherlands and Jamaica have legalized some forms of psychedelics.

Psilocybin is the chemical alkaloid that induces psychedelic effects, often found in psilocybin mushrooms (“magic mushrooms”) or psilocybin truffles (“magic truffles”).

RLH is currently growing 3 different strains of magic truffles: *Psilocybe Mexicana*, *Psilocybe Galindoi*, and *Psilocybe Tampanensis*, and expects to have an initial batch of 100,000 grams of magic truffles available this quarter.

Retail establishments in the Netherlands that specializes in the sale of psychoactive substances, such as magic truffles, are called Smart Shops. There are an estimated 100 Smart Shops operating in the Netherlands, generating over US\$100 million in sales annually.

## **New Clinical Market**

The psychedelics industry has since gained some traction with pharmaceutical companies starting to research the effects of psychedelics on a range of medical ailments from mental health to cancer.

In September, RLH announced that its science division, Scarlette Lillie Science and Innovation, entered into a relationship with Jinfiniti Precision Medicine in order to explore the potential roles that psilocybin and magic truffles can play for age-related and psychiatric disorders.

Jinfiniti has created a blood test that can detect key factors that drive aging and other genetic instabilities. Jinfiniti's fast and low cost test allows for scientists from both companies to clearly evaluate the potential for psilocybin treatments that go beyond what is currently being explored.

The relationship with Jinfiniti opens up a whole new clinical market that goes beyond the recreational market.

### **High Profile Management Team**

RLH has several prominent management executives and celebrities to help drive its growth and brand recognition, including: Ann Barnes, co-founder of Peace Naturals; Bruce Linton, founder and former CEO of Canopy Growth; Tony Clement, the former Health Minister of Canada (2006-2008); and, Russell Peters, a comedian with international brand recognition and over 5.5 million people on his social media platforms.

### **Funded for Growth**

The Company had \$6.6 million in cash as of June 30, 2020, after raising over \$4 million in private placement in June.

RLH is currently trading at \$0.08 with a market cap of only \$17.2 million has plenty of room for upside gains.

### **iMicrodose Pack of Magic Truffles by Red Light Holland**



Source

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**Betting it all on California cannabis global dominance, FinCanna focuses on being the capital partner of choice**

**Cannabis is essential in California!**

That statement may reflect the opinion of certain members of California society, but in actuality, at the start of the

coronavirus pandemic in early March 2020 cannabis retailers were in fact declared an essential service industry by California state.

We were reminded of that in a video conference presentation in September done by CEO and Director, Andriyko Herchak, of FinCanna Capital Corp. (CSE: CALI | OTCQB: FNNZF). We were also reminded that California is the largest cannabis market in North America and in 2019, had legal sales of 21% of the global market – Canada was only 11%, the US was 61% and the rest of the world was only 7%.

Putting that into numbers, in 2019 the global market was \$14.9 billion, with California representing \$3.1 billion in legal cannabis sales, although black market sales are estimated to be double that number. According to the LA Times, licensed cannabis sales are projected to total US\$7.2 billion by 2024, making California the global leader. Keep in mind that the state of California is the fifth largest economy in the world and has had legalized medical cannabis since 1996 with new laws that came into effect in January 2018 which significantly changed supply and demand dynamics.

**Key success factors for the cannabis business – go to the biggest market, be the early entrant, keep your cost structure low and be the most profitable.** Unfortunately, as many investors will attest, investing in cannabis has been a real challenge to navigate as capital intensive companies continue to lose money quarter after quarter. Recognizing this fact, FinCanna has a business model that is low cost, not capital intensive and is designed to be profitable.

FinCanna is first and foremost a capital company and their vision is to become the capital partner of choice for high growth, rapidly emerging private companies operating in the licensed U.S (California) cannabis industry. Management is focused on delivering high impact returns to its shareholders by way of a strategically diversified investment portfolio.

They seek to invest in “best in class” businesses and align the interests of the existing company owner/operators with FinCanna shareholders.

This is done predominantly as a royalty company, which is perfectly designed for this business model. Management of FinCanna invests in various private cannabis industry companies that do not compete against each other – it could be said that they are complementary to each other in the overall cannabis market. So far, this strategy has worked well for FinCanna.

FinCanna became public as a result of a reverse takeover transaction that closed in late 2017. Recognizing the opportunity for a first-mover advantage ahead of new regulations coming into effect in early 2018, FinCanna invested in Cultivation Technologies Inc. who have a cannabis extraction facility in California. Their other manufacturing investment is in QVI, Inc., a contract manufacturer of high demand items, including edibles, topicals, tinctures, chocolates, hard candies, gummies, beverages, among others. Their third company, ezGreen Compliance offers a state-of-the-art enterprise compliance and point-of-sale software solution (“ezGreen”) for licensed cannabis dispensaries and cultivators. The ezGreen software is the only HIPAA (Health Insurance Portability and Accountability Act) certified point-of-sale software in the market. In August 2020, FinCanna acquired from its former royalty portfolio company 100% of the assets and economic interests of ezGreen and is currently focused on sales in California and certain other states.

As a result of this portfolio and royalty approach, FinCanna has low operating costs and once the corporate G&A is covered, the remaining royalty income streams are essentially a 100% margin business. Their largest investment (QVI), a leader in the high-growth edibles business, recently started operations in a brand-new facility.

Management has significant personal wealth invested in the company which should give investors comfort that their interests are in fact aligned with all shareholders. Management sees increasing revenues from all of their business segments in California, which is a positive for cashflow and profitability potential going forward. There is approximately \$2.0 million of cash on the balance sheet with a total of just over C\$6.0 million of convertible debentures which do not mature until early 2023. This appears to be a company that is well positioned in a market with significant barriers to entry. Actual performance by their private company investments will drive FinCanna's share price.

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## **XPhyto Therapeutics Hugh Rogers talks about rapid-results virus testing**

InvestorIntel's Peter Clausi talks with Hugh Rogers, CEO and Director of XPhyto Therapeutics Corp. (CSE: XPHY | OTCQB: XPHYF) about XPhyto's COVID-19 testing program. "Our goal was to develop a test that could produce results in less than 15 minutes, and we are now, in lab, generating results in less than 5 minutes," Hugh said. "We have an enhanced probe system that does not require equipment. Our detection is capable of detecting the virus within the full range of infection – that is, pre-symptomatic, asymptomatic as well as on the tail end of an infection."

Hugh went on to say, "We have drug development platforms and a number of programs. We are more diversified than just a testing company." He added that their "lead program on the



transdermal side is a Parkinson's generic called Rotigotine, a slow release patch, and our lead program on the oral dissolvable side is CBD based for epilepsy. It is many times more efficient than an oil-based system. It is faster. It is more predictable."

To watch the complete interview, [click here](#)

**Disclaimer:** XPhyto Therapeutics Corp. is an advertorial member of InvestorIntel Corp.

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## **FinCanna Capital's CEO on being the only pure royalty company in the cannabis industry**

InvestorIntel's Tracy Weslosky spoke with Andriyko Herchak, CEO of FinCanna Capital Corp. (CSE: CALI | OTCQB: FNNZF), about FinCanna's cannabis royalty portfolio and its competitive advantages in the cannabis industry. "We are the only pure royalty company in the cannabis sector," he said. "We don't need much revenue to be profitable."

Andriyko went on to say that while other companies in the capital-intensive cannabis sector "are losing money quarter to quarter, we are opposite. We have low capital cost, low operating cost and we are designed to be profitable." He added, "The companies we invest in are synergistic. They are working together to expand their customer base and market together." By investing in FinCanna, he said, "you are investing in different companies that don't compete against

each other but actually work with each other to maximize revenue. FinCanna is like an index that works together.”

Andriyko also provided an update on QVI, FinCanna’s largest investment that just started operations and is scaling up. He said, “They are located in Sonoma county California. They are offering a co-manufacturing edibles facility in large scale. They can produce essentially any type of edible under one roof. Demand is off the charts for them right now.”

To watch the complete interview, [click here](#)

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