

WeedMD: A possible winner as the US moves towards cannabis legalization at the Federal level

Cannabis stocks have been surging higher this month as the Reddit crowd that spiked GameStop jumped in, based on realistic hopes the Biden led Democratic Party will legalize cannabis at the federal level.

Last week US Senators Booker, Wyden, and Schumer released a joint statement declaring their intention to push forward major cannabis policy reform. The statement reads:





“The War on Drugs has been a war on people—particularly people of color. Ending the federal marijuana prohibition is necessary to right the wrongs of this failed war and end decades of harm inflicted on communities of color across the country. But that alone is not enough. As states continue to legalize marijuana, we must also enact measures that will lift up people who were unfairly targeted in the War on Drugs. We are committed to working together to put forward and advance comprehensive cannabis reform legislation that will not only turn the page on this sad chapter in American history....”

One cannabis stock that is well worth considering is WeedMD Inc. (TSXV: WMD | OTCQX: WDDMF). WeedMD Inc. subsidiary WeedMD Rx Inc. is a federally-licensed producer of cannabis products for both the medical and adult-use markets. The Company owns and operates a 158-acre state-of-the-art greenhouse outdoor and processing facility located in Strathroy, Ontario, Canada. Another wholly owned subsidiary is CX Industries, which specializes in cannabis extraction and processing.

Key advantages for WeedMD include:

- Vertically integrated with indoor & outdoor cultivation combined with in-house extraction, product development & manufacturing.
- Ability to expand ~2x with modest incremental CapEx.
- Quality products with strong brand recognition. Products include dried cannabis, cannabis extracts and cannabis vaporizers.
- Market leader in insured medical cannabis. Cannabis is often used as an effective pain reliever in the medical setting.
- Targeting valuable & overlooked medical channel sales.
- Closed-loop model providing exclusive access to ~350,000+ potential patients.
- Strategic institutional investor in the LiUNA Pension Fund. Strong balance sheet for expansion. Pathway to profitable growth.

WeedMD is vertically integrated with the ability to scale rapidly if the cannabis market takes off with US Federal legalization under the Democrats

STRATHROY CULTIVATION HUB		AYLMER PROCESSING & PRODUCTION	
<p>Hybrid Greenhouse Cultivation</p> 	<p>Outdoor Cultivation</p> 	<p>Extraction & Processing</p> 	<p>Product Development & Fulfillment</p> 
<p>Delivering the quality and control of indoor facilities with greenhouse scale and efficiency</p> <ul style="list-style-type: none"> • 220,000 sq. ft. licensed footprint • Opportunity to double cultivation footprint 	<p>Outdoor grow provides cost-effective and tailored grown input biomass for cannabis 2.0 products</p> <ul style="list-style-type: none"> • Limited set of LPs with a 2019 outdoor harvest • Successfully planted on 27 acres • Scale-up potential of 100 total acres 	<p>Two supercritical CO2 extractors with processing capacity of up to 50,000kg per year</p> <p>26,000 sq. ft. facility for extraction and processing activities</p>	<p>Platform for potential strategic partnerships</p> <p>Concierge medical fulfillment and new product development</p>

WeedMD's Colour cannabis products



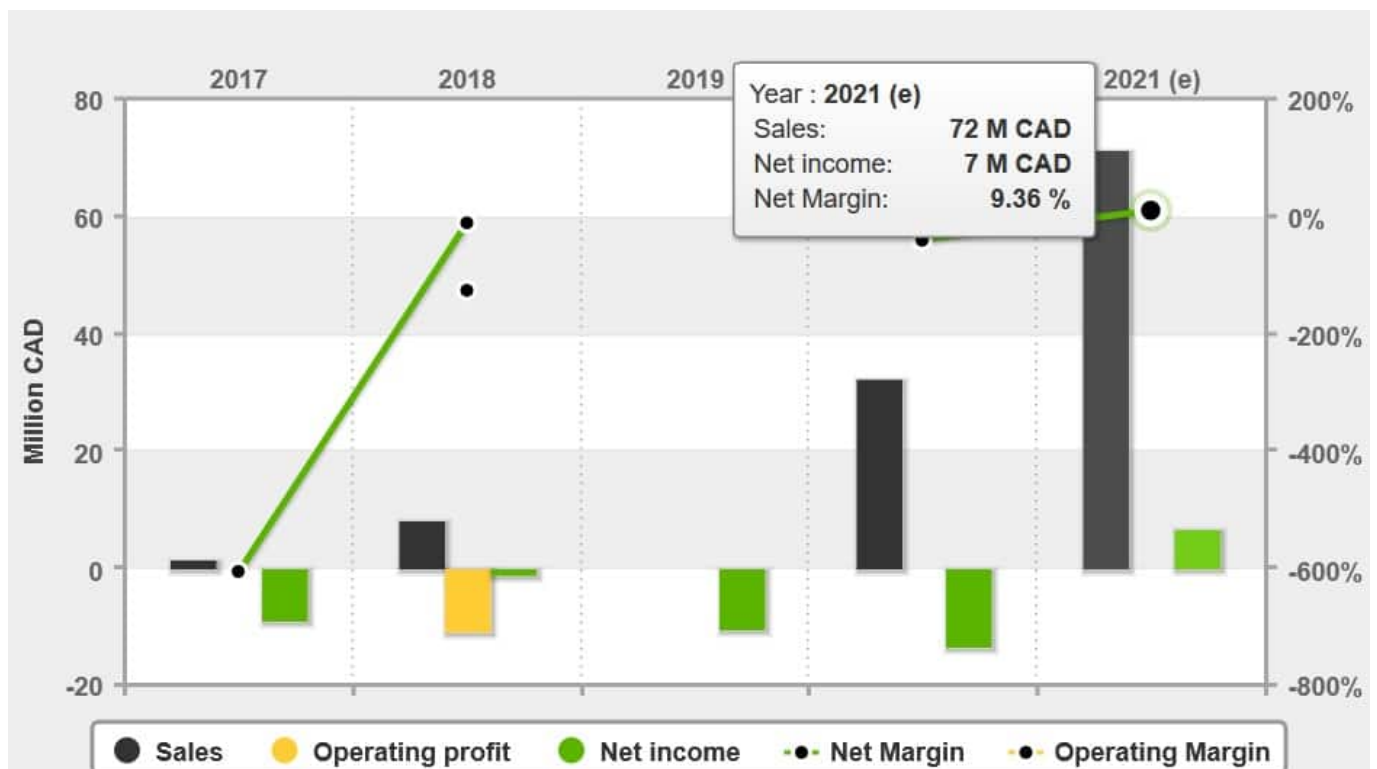
Color champions the individual moments when people & cannabis come together – from cultivators to consumers. Welcome to Color.



Source: WeedMD company presentation

The WeedMD stock price has more than tripled since Jan. 25, 2021, boosted by the Democrat Senators' move to legalize cannabis. Any success in the US at Federal legalization of cannabis has the potential to boost WeedMD's revenues.

WeedMD revenue is forecast to grow strongly in 2021



Closing remarks

Cannabis stocks are the current latest trend with speculating retail investors. Of course, this leads to crazy price bursts and can be hard to predict. Despite the recent price gains WeedMD looks to have a strong future due to being a well-established and vertically integrated cannabis producer, especially given their strong focus on medicinal cannabis uses.

WeedMD trades on a current market cap of C\$197 million, which is about 2.76x 2021 forecast revenues. Their forward PE is 31.33. Certainly, if the US legalizes cannabis at the Federal level it should have a very strong impact on the quality cannabis producers such as WeedMD. Stay tuned.