

FinCanna Sells Cannabis Extraction Equipment to Investee Company, CTI, for an Increased Royalty Stream

written by Igor Makarov | February 4, 2021

February 4, 2021 ([Source](#)) – *New Equipment Allows CTI to Increase Current Production Capacity Up To 500%*

[FinCanna Capital Corp.](#) (“FinCanna”) (CSE:CALI) (OTCQB:FNNZF) a royalty company for the U.S. licensed cannabis industry, is pleased to announce that it has sold a portion of its unutilized extraction equipment to investee company, Cultivation Technologies Inc. (“CTI”), located in Palm Desert, CA, for an increased royalty stream.

CTI management estimates the new manufacturing equipment will increase their current volume capacity by as much as 500% of which FinCanna will receive an increased royalty stream on CTI’s top line revenue.

Andriyko Herchak, CEO of FinCanna Capital stated, “CTI is a proven award-winning manufacturer of high quality BHO concentrates with a growing list of recognized clients in California. This new equipment will allow CTI to increase revenue with their long list of existing customers while securing additional new business. As a result, we anticipate FinCanna will see a large increase in high-margin royalty revenue which is expected to have a significant impact on FinCanna’s bottom line. We are very pleased to complete this transaction for the benefit of both CTI and FinCanna and look forward to realizing the gains of this longstanding investment.”

This state-of-the-art extraction system provides the flexibility to select either butane, propane, or ethanol manufacturing methods and delivers faster throughput, expanding CTI's potential to increase its volume of award-winning higher margin butane-based products as well as the ability to add lower cost, higher velocity and higher volume ethanol-based and propane-based offerings to its product mix. The increased output potential and diversity of product offerings position CTI to ramp up its revenues based on current and expected demand.

The new equipment fits seamlessly into CTI's facility that was initially designed with excess space with the expectation of adding high-volume extraction capability at the appropriate time. The equipment is scheduled to arrive on site this month for installation with commercial production expected by April 2021. For more information about CTI and its award-winning products, please visit www.coachellamanufacturing.com

In exchange for this equipment, FinCanna will receive the following: (a) the existing 10% royalty will apply on all revenues generated by CTI, including the additional revenues generated by this new system, with 5% paid in cash every month and 5% deferred until certain triggering events; and (b) an additional 10% royalty on all revenues generated by this new system, paid every month, until such time that CTI pays a total of US\$947,000 for total amounts owing to FinCanna plus future accrued interest during this repayment period.

FinCanna is primarily focused on the California cannabis industry, which generated \$3.1 billion in 2019 revenue, according to [Arcview Market Research and BDS Analytics](#), making it the largest cannabis market in North America. [Prohibition Partners](#) projects that the U.S. licensed cannabis market is projected to reach \$43.9 billion by 2024.

About Cultivation Technologies Inc.

Cultivation Technologies (“CTI”), operating as Coachella Manufacturing is a multifaceted cannabis manufacturing and distribution company. It provides state licensed, high quality BHO concentrates for white label manufacturing, toll processing and packaging to hand-selected brands and cultivators in California. CTI was also the first Fire Marshall approved BHO manufacturer in the State of California. What makes CTI unique is its ability to develop proprietary processes that create new products that are being recognized as superior by the industry and consumers.

Located in its state-of-the-art 5,200 sq. ft. Palm Desert California facility, CTI utilizes a BHO extraction method that allows for rapid and efficient extraction of cannabinoids. Premium manufacturing and processing equipment is deployed throughout the facility including high performance sub-zero freezer storage for up to 10,000 lbs. of biomass, which serves to preserve the integrity of cannabis in the creation of the highest quality vape oil, distillate, shatter, budder/badder, crumble, sauce, diamonds and terpenes.

For more information about CTI’s manufacturing capabilities, please visit its website at www.coachellamanufacturing.com.

About FinCanna Capital Corp.

FinCanna is a royalty company that provides growth capital to rapidly emerging private companies operating in the licensed U.S cannabis industry. The Company earns its revenue from royalties paid by its investee companies that are calculated based on a percentage of their total revenues.

FinCanna’s scalable royalty model provides an attractive alternative or complement to debt or equity financing for its

investee companies. FinCanna is focused on delivering high impact returns to its shareholders by way of a strategically diversified investment portfolio.

For additional information visit www.fincannacapital.com and FinCanna's profile at www.sedar.com.

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Cautionary Note Regarding Forward-Looking Statements

Information set forth in this news release may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate," "believe," "plan," "estimate," "expect," and "intend," statements that an action or event "may," "might," "could," "should," or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein are forward-looking statements, including, without limitation, statements about how the developing U.S. legal regime will impact the cannabis industry, about the size, capacity, and success of operations at CTI's facility in Palm Desert and the timing thereof, FinCanna's ability to generate revenues therefrom and the expected demand and market for and effectiveness of CTI's products or services. By their nature, forward-looking statements involve known and unknown risks, uncertainties and

other factors which may cause the actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the risks identified in the CSE listing statement and other reports and filings with the applicable Canadian securities regulators. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made, and the respective companies undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. Investors are cautioned against attributing undue certainty to forward-looking statements. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by applicable law.

SOURCE: FinCanna Capital Corp.