

# WeedMD takes measured steps for stronger positioning in the cannabis market

Cannabidiol (CBD) products are reaching into the mainstream through a growing health and wellness sector, and savvy companies are looking to position themselves to make the most of this momentum. The health and wellness market grew to over \$1 trillion globally as of 2017. Positive shifting regulations globally are opening major international markets to CBD products, especially CBD infused food, beverages and natural health products. The growth of the CBD sector is being driven by a global shift in the legal status of cannabis. Canada is only the second country in the world (Uruguay was the first) and the first G7 nation to implement legislation to permit a nationwide marijuana market.



WeedMD's under glass facility

On July 12, 2018 WeedMD entered into a Memorandum Of Understanding with the British Columbia (BC) Liquor Distribution Branch (LDB) to supply the province with high-quality, branded cannabis products for sale in BC's adult-use

market. This agreement represents another key milestone in WeedMD's strategic plan to develop a national distribution platform for the Company's medical and adult-use products. The Company is actively working with additional provincial distributors, regulators, and retailers to expand its adult-use distribution program.

Keith Merker, Chief Executive Officer of WeedMD said: "BC is widely recognized for having one of the most mature and developed cannabis consumer markets in Canada. We are very proud that the province will be offering WeedMD's quality products. As the provinces develop their cannabis retail strategies, we are emerging as a supplier to multiple distribution channels and categories. This deal is another step in our strategy to provide access to our products in emerging legal adult-use markets across the country."



### WeedMD's medicinal product

WeedMD will supply the BC market with recreational cannabis products at the advent of legal sales starting October 17, 2018. However, legal cannabis will be heavily regulated. Under the current legislation, adults will only be allowed to carry up to 30 grams of dried cannabis and it will not be sold in the same location as alcohol or tobacco.

WeedMD Inc. has a market cap of C\$ 155 m. WeedMD reported revenues of \$1.14 million for the first quarter of 2018. Revenues consisted of the sale of dried medical cannabis, live cannabis plants and cannabis oils, to both patients and through wholesale B2B channels. The Company also maintained a strong cash balance of \$48 million as of the end of the quarter.

The new laws are expected to spark a billion-dollar industry, given total spending on marijuana could surge as high as 58%, especially as users are expected to be willing to pay a premium for legal access to the drug. With their MOU in place with BC to supply the province with branded cannabis products, having the company actively working with additional provincial distributors, and with new legislation about to make the cannabis industry expand, WeedMD could be about to “grow” significantly.

WeedMD Inc. (TSXV: WMD) is a Canadian company based in Aylmer, Southern Ontario. It is a federally-licensed producer and distributor of medical cannabis, including dried marijuana, cannabis oil, cannabis resin, marijuana plants, and marijuana seeds in Canada. The company has a research and development supply and collaboration agreement with Revive Therapeutics Ltd. The Company operates two indoor facilities representing 610,000 sq. ft. under glass.

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## **Investing in California's new (Green) Gold Rush**

FinCanna Capital Corp. (CSE: CALI | OTCQB: FNNZF) is a royalty finance company uniquely focused on investing in licensed

medical cannabis businesses with a focus on California. FinCanna's primary objective is to form part of a "whole capital" solution for businesses in the licensed medical cannabis sector by providing capital investment for a percentage of the future revenues. It seeks to invest in best-in-class businesses by aligning the business and financial interests of existing owners and operators with those of FinCanna.

According to Market Research, worldwide spending on legal cannabis is expected to hit \$57 billion by 2027. North America will continue to be the leader in legal buyers as the \$9.2 billion spent in 2017 is expected to grow to \$47.3 billion by 2027.

FinCanna has an agreement in place with Cultivation Technologies Inc. (CTI) under which the company will provide capital towards the development of CTI's fully entitled Coachella Campus. Home to this site is Coachella Premium, CTI's exclusive brand of premium medical cannabis. This 111,500 ft.<sup>2</sup> property will run the full wholesale supply chain for licensed medical cannabis, including a large-scale indoor medical cannabis facility on six acres of land.

In exchange for funding the development of the Coachella Campus, FinCanna will receive a royalty payment of 14 percent of CTI's Coachella Campus revenue. The Campus will also have on-site testing which will screen the product against industry standards and future-state compliance while also testing for pesticides. FinCanna has a secured loan to CTI of US\$6 million earning interest of 20% per annum.

On June 7, 2018 it was announced that Cultivation Technologies Inc. (CTI), with its first investment in California, has achieved US\$1 million in cumulative revenue since it commenced commercial operations in late January 2018. Andriyko Herchak, President, CEO and Director of FinCanna Capital said, "We are very pleased to see the sales

performance of CTI which has translated into its first US\$1 million in revenue at only a fraction of its capacity. With its sales team in place building out an ever-expanding distribution footprint, and it's manufacturing ramping up we see a bright future as we move into the second half of 2018."

Miguel Motta, President & CEO of Cultivation Technologies, Inc. also added: "We are quite encouraged about the revenue growth CTI is experiencing in just a few short months since launching operations. We've learned a lot about the market and expect to build upon our initial success in 2018 and beyond." CTI is working to maximize the commercial potential of its extraction facility, which can process an estimated 6,000 pounds of biomass per month, which translates to approximately 3.7 million grams of raw cannabis oil annually. FinCanna is entitled to receive 50% of the profits from this extraction facility.

FinCanna's second royalty investment is with Green Compliance Inc., which offers a state-of-the-art enterprise compliance and point-of-sale software solution ("ezGreen") for licensed medical cannabis dispensaries and cultivators. On June 13 Fincanna announced that ezGreen Compliance has launched its advanced "ezGreen Compliance 2.0" software solution. EzGreen has executed a strategic partnership agreement with a major technology solution provider in the cannabis industry to offer the ezGreen Compliance solution to its customer base of 1,000+ dispensaries across the United States. It looks like another astute move by FinCanna.

FinCanna have a market cap of C\$ 24m.

With the every growing (no pun intended) market and future demand for medical cannabis, FinCanna may have found that next California (green) gold rush.