

Harvest One Cannabis Inc

13:30 14 Dec 2018

Harvest One shakes up the global cannabis space with a full house of brands

With Canada's recent legalization of recreational cannabis in October, it's safe to say it's been a busy year for Harvest One Inc (CVE:HVT) (OTCMKTS:HRVOF) That said, Harvest has broader interests than that, with exposure to the entire cannabis value chain through its comprehensive house of brands.

"Our aim is to operate as a complete, vertically-integrated global group with cannabis cultivation, manufacturing, retail, marketing and distribution of both medical and recreational products, as well as consumer goods," says CEO Grant Froese, who joined this summer after a 38-year career with Canadian retail giant Loblaw Companies Limited (TSE:L), last serving as chief operating officer.

Innovation is at play here and the cannabis industry is shifting -- rapidly. In order to survive, strong execution and strong operations are a must: this is in Froese's wheelhouse.

READ: Harvest One Cannabis posts record revenue, enjoying boost from Dream Water subsidiary

Harvest One serves as an umbrella over three wholly-owned subsidiaries: United Greeneries, which is a licensed producer; Satipharm, which develops cannabis-based health products; and Dream Water, which offers consumer sleep aids.

Recently, the company also added another brand under its wing when it invested in newly launched cannabis retailer, Burb Cannabis Corp, which marked the initiation of Harvest One's cannabis retail strategy and adding yet another vertical.

An expected eight stores in British Columbia will open by early 2019. Plans are also in the works to acquire rural and urban locations in Manitoba, Saskatchewan and Ontario.

Froese's extensive retail expertise and network will be an asset here.

"Moving into brick and mortar is familiar territory for me and an extremely valuable opportunity for Harvest One," says Froese. "We're committed to providing consumers with high-quality, end-to-end cannabis solutions and investing in Burb helps us achieve this goal."

Valens deal valuable

There's been a string of other exciting news for Harvest One of late, as well, with a deal with cannabis extraction firm Valens Groworks (CSE:VGW). Under the agreement, Harvest's subsidiary, United Greeneries, will ship cannabis to Valens over a three-year term.

Valens will process the cannabis on a fee-for-service basis into bulk resin or other cannabis oil derivative products, as

Price: C\$0.6

Market Cap: C\$109.17M

1 Year Share Price Graph



February 2018 July 2018 January 2019

Share Information

Code: HVT

Listing: TSX-V

52 week High Low
C\$1.35 C\$0.33

Sector: Cannabis

Website: www.harvestone.com

Company Synopsis:

Harvest One is a global cannabis company that develops and provides innovative lifestyle and wellness products to consumers and patients in regulated markets around the world. The Company's range of lifestyle solutions is designed to enhance quality of life.

Author:

Proactive Investors Ltd

+44 (0)207 989 0813

action@proactiveinvestors.com

well as conduct research and development to support the expansion of Harvest One's product lines, including beverages, vape pens, health and wellness products as well as nutraceuticals using cannabis oil derivative products.

The deal is a valuable one: giving Harvest One the ability to rapidly accelerate its product development strategy.

"We are excited to leverage Valens's industry-leading expertise to further expand our recreational and health and wellness products under United Greeneries, Satipharm and Dream Water," said Froese in a November release. "Furthermore, this partnership gives Harvest One the ability to diversify our medical product offerings to better serve our patients."

United Greeneries a key arm

United Greeneries is a key piece of Harvest One, as its cultivation arm. It's an ACMPR licensed producer with two main facilities: one in Duncan on Vancouver Island in BC and Lucky Lake in Saskatchewan.

The Duncan facility is currently 16,000 sq/ft with the aim to cultivate around 3,000 kg of cannabis annually. The site has seen significant expansion in recent months, adding new growing modules and will triple the company's capacity -- further space to grow.

Across to Saskatchewan, Lucky Lake is a 62,000 sq/ft concrete agricultural facility sitting on over 18 acres of land. The growth potential here is huge: when up and running, Lucky Lake should produce around 8,000-9,000 kg of cannabis per annum. Lucky Lake's application is in the final stages of licensing, and down the road could have capacity as high as



12,000 kg yearly.

Outdoor growing could also be on the table at Lucky Lake, as the Canadian government has indicated that it will allow outdoor growing site for recreational cannabis producers. Needless to say, Harvest One's subsidiary, United Greeneries, is positioned well to pull off this low-cost growth strategy.

Dream Water Global a strategic acquisition

At the end of May, Harvest One acquired non-prescription sleep aid company Dream Water Global. Dream Water markets single-serving 2.5oz liquid shots containing sleep agents melatonin, GABA and 5-HTP.

"The aim is to develop Dream Water cannabis-infused products and expand distribution of the existing product line internationally," says Froese.

Cash in the bank

On the funding side, Harvest One has cash in the bank, \$48 million, meaning all expansions are funded and the company says it has significant funds for accretive transactions.

Last year, it closed a bought deal debenture offering of C\$20 million and in January, the company raised another \$40 million by way of a public financing round.

While the stock has struggled a bit in recent months, much of it due to legacy challenges that are now being corrected

by Froese and his senior leadership team. If anything, the low share price represents a buying opportunity for investors looking to get into the space.

Team continues to grow

The team at Harvest One continues to be bolstered by the addition of a number of new faces, most notably, Froese. As a longtime executive at Loblaw Companies (TSE:L), he served as chief operating officer and retired from the company in April 2017. Past roles also included chief administrative officer, executive vice president of hard discount and superstores, and executive vice president of merchandising, among other roles.

His experience at Loblaw will prove extremely beneficial at Harvest One, with his experience in leading operations and merchandising, alongside a host of other experience: oversight of IT, supply chain, digital businesses and marketing/branding.

Another hire to note is Will Stewart, senior vice president of corporate and public affairs, who came on in October. Stewart has a host of experience, as an influencer in cannabis and worked for years in political and corporate circles pushing for legalization and reducing stigma. Stewart came on board from his previous role as vice president of Hiku Brands Company Ltd (CSE:HIKU).

Strong future ahead

It's full steam ahead with eyes on the next few years for Harvest One as it continues to build out its team and execute on its strategy. Cultivation, manufacturing, marketing and distribution of medical and recreational cannabis products, as well as consumer goods, shows just how many verticals are at play here: giving the company an edge over its peers.

Harvest One's premise is simple: build great assets and products. The next few years look to be exciting for the company, with lots of runway to grow.

Contact Katie Lewis at katie@proactiveinvestors.com

Follow her on Twitter: [@kelewis](https://twitter.com/kelewis)

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

Proactive Investors is a publisher and is not registered with or authorised by the Financial Conduct Authority (FCA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.