

Next Green Wave

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Next Green Wave releases update as it continues to blaze a path in California

Next Green Wave Holdings Inc (CSE:NGW) (OTCMKTS:NXGWF) unveiled a corporate update Friday, as the cannabis firm looks to capitalize on a sea of opportunity in California and looks to a busy 2019.

"Over the next three years, Next Green Wave will strive to become a top tier cannabis brand in California through our infrastructure, acquisitions and the targets we have set in the premium recreational segment," said CEO Leigh Hughes in a statement. "In March we accelerated our value proposition through the acquisition of SD Cannabis and will now direct our efforts to build out a world-class nursery in collaboration with Intrexon."

The firm highlighted its performance and achievements since going public in October of 2018, along with the company's goals for the 2019.

READ: Next Green Wave closes C\$3 million financing to fund product rollout in California

The company says it began its breeding program at Facility A at the end of April, at its indoor cannabis facility in Coalinga, California, located about halfway between Los Angeles and San Francisco.

The breeding program will build up its nursery stock to populate its 14 grow rooms over the next couple months.

"When we reach our optimal production schedule, the garden crew will harvest two grow rooms every 10-14 days ensuring a constant supply to our vendors. The full cycle from seedling to sale is anticipated to take about four months," said Hughes, adding that revenue from cultivation is expected in 3Q.

A full retrofit and activation of its 3,240 sq/ft Facility C is expected in the second quarter, which will be used for extraction activities, as well as research and development.

READ: Next Green Wave unveils revamped brand identity with new website

"We are excited about the prospect of working with other partners to bring new cultivars and product lines to the cannabis space through this facility," said Hughes.

NGW has received all conditional use permits related to Facility C and submitted its license for both volatile and non-volatile extraction activities with the State of California in early May.

In March, the firm acquired SD Cannabis, a California-based cannabis brand and consumer-product leader. It is now focused on integrating SDC's eight brands, 45 THC and CBD products extraction and manufacturing team while calibrating its recently completed 35,000 sq. ft Facility A.

"We have now integrated SDC's extraction and manufacturing expertise into our facilities and are currently fitting out

Price: 0.105

Market Cap: \$17.29 m

1 Year Share Price Graph



Share Information

Code: NGW

Listing: CSE

52 week High Low
0.41 0.055

Sector: Cannabis

Website: nextgreenwave.com

Company Synopsis:

Next Green Wave has been established to produce and supply medical cannabis products to patients throughout the State of California. Next Green Wave has two sites totalling 85,000 sq ft that have been permitted for medicinal and recreational marijuana operations in Coalinga, CA. Buildout has commenced, and Facility A completion is scheduled for September 2018.

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Facility C which will house the company's extraction business," noted Hughes.

Brand partners have a combined social reach of 25 million

The firm noted that in the coming months, its brand partners' product lines will be introduced into the California and online direct-to-consumer market in the US.

NGW's brand partners have a combined social media reach of 25 million people, and includes known names, such as Carey Hart, Loki the Wolf Dog, King Louie and Sketchy Tank.

The firm rolled out the Loki Naturals product range online, with the initial test run of Love Biscuits and Tinctures sold by advertising across Loki's social media platforms.

"The engagement and sales response was strong, and we are optimistic on the consumer acceptance of all 8 brand partners and 45 product lines all hitting the shelves and online platforms over the next few months," said Hughes.

Building a World-Class Nursery with Intrexon

In January, the firm agreed to license the Botticelli propagation platform from Intrexon Corp (NASDAQ:XON), and in 1Q, the implementation of the platform began, with the companies calibrating the technology specifically for Next Green Wave's cannabis cultivars.

The Botticelli platform is an advanced tissue culture technology designed to enable efficient propagation of plants, while maintaining genetic purity and product performance.

The firms will work together to utilize NGW's hemp CBD strains as a proxy to optimize standard operating procedure at Intrexon's Davis, California facility with an aim to have Intrexon complete its tissue culture lab build out at NGW's Site C facility. By 3Q, the aim is to have the tissue culture lab ready and operational.

International expansion on track

The firm noted that it continues to expand internationally, with an aim to take advantage of specific international markets that will see its brands and products licensed through international partners.

One of those countries is Colombia -- Next Green Wave has an investment and strategic partnership with Organic Medical Growth (OMG), which will expand its distribution channel to more than 7,000 pharmacies in Colombia through a brand licensing agreement with OMG.

Financing in check

This week NGW announced it closed a C\$6 million convertible note offering, in two C\$3 million chunks.

"The 2nd tranche will be delivered at the sole discretion of Next Green Wave without any obligation to give the financial flexibility to execute our growth strategy while continuing to maintain and protect shareholder value. Proceeds of the Offering will be used for the acceleration and rollout of Next Green Waves' brands and products throughout California in

2019," said Hughes.

Future looks bright

The firm said it remains focused on hitting key milestones in 2019, with a focus on a number of key areas.

Notably, it is aiming to develop world-class hybrid cannabis strains for direct retail and wholesale, achieve full capabilities of its 35,000 sq/ft Site A facility and kick off its extraction facility in late 2Q and begin producing oils, tinctures, and extracts for custom vaporizer products.

It has a goal to secure its distribution network into California, through its SD Cannabis brand acquisition, and roll out 8 more brands and 43 products with brand partners, as well as continue to establish access into international markets, through investments in cultivators and distributors.

"With the groundwork now in place, we anticipate 2019 to be a significant year as we begin to generate revenue, launch products, and continue to serve a larger role in the California premium cannabis space -- both as an authorized producer and distributor of major brands and labels," said Hughes.

Shares of Next Green Wave were up 2.9% at C\$0.39 in Toronto, up 1.1% at US\$0.21 in New York.

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