FinCanna Advances Final Tranche of US$875,000 to Portfolio Company QVI Inc., a Multi Brand Cannabis Manufacturer in Sonoma County, California

written by Raj Shah | January 23, 2020

January 23, 2020 (Source) – *FinCanna Completes Funding as QVI Prepares for Commercial Production*

FinCanna Capital Corp. ("**FinCanna**", **"Company"**) (CSE:CALI), (OTCQB:FNNZF), a royalty company for the U.S. licensed cannabis industry is pleased to announce that it has advanced a third and final tranche of US$875,000 further to its royalty agreement with QVI Inc., a cannabis infused product manufacturer located in Sonoma County, California.

FinCanna delivered this final tranche, thereby completing its obligation to provide a total of US$3,000,000. The Company is satisfied that the provision of this capital will support QVI in completing the remaining requirements to commence manufacturing and is in the best interest of FinCanna shareholders. FinCanna has also agreed to provide QVI, a working capital bridge loan of up to US$300,000 to ensure a seamless transition from start-up to full production. The bridge loan will have a six-month term, bearing an interest rate of 12% per annum, to be advanced upon commencement of production.

In consideration of the above, and as a result of certain

amendments to the Royalty Agreement, QVI has agreed to provide FinCanna with additional compensation in the form of a "Supplemental Payment." Under the Royalty Agreement, FinCanna will continue to receive its previously agreed tiered corporate royalty, adjusted based on revenues, ranging from 15% to 6% of QVI's total revenues, with the top royalty rate of 15% on the first US$20 million of annual sales until cumulative royalties to FinCanna of US$10 million is achieved. The Supplemental Payment, when coupled with the royalty, will now ensure FinCanna receives a minimum of 35% of the annual after tax net income from QVI. The supplemental payment will accrue annually and be paid out upon certain triggering events, including a change of control, an initial public offering ("IPO") or certain other specified events of QVI.

QVI is near completion on the build out of its 8,300 square foot manufacturing facility, known as "The Galley" in Santa Rosa, CA. QVI expects to receive its Occupancy Permit from the City of Santa Rosa upon completion of certain remaining construction items, to be followed closely by receipt of its Manufacturing License, from the California Department of Public Health, Office of Manufactured Cannabis Safety. QVI expects to move into full commercial operation immediately thereafter.

QVI continues to experience strong demand for its services and projects its first 12-month revenue, once in production, to meet or exceed US$10 million. Run-rate revenue is expected to increase substantially as operations and marketing efforts utilizing the founders' wide network of industry participants is activated.

With manufacturing imminent, QVI has hired Cheriene Griffith as its Director of Operations to run all production, procurement, maintenance, and quality assurance functions of the business as well as to oversee strategic planning to scale growth.

Cheriene, a US Navy Veteran has worked in the food industry for over a decade, specializing in regulatory food safety and quality assurance. Previously, she entered the cannabis industry as Vice President of Production at CannaCraft, a seed to shelf cannabis producer and distributor in Santa Rosa, California. Additionally, her experience in beverages, baking, and dairy aligns directly with the production requirements of the Galley. Cheriene graduated with a Bachelor of Science degree from the United States Naval Academy in Annapolis, MD and received an Executive Master of Business Administration from Sonoma State University.

Cheriene also serves on the North Bay Food Industry Group (FIG) board as Operations Subcommittee Chair, helping food companies collaborate on common industry challenges. She is a member of Leadership Santa Rosa – Class 32, serves on the board of the San Francisco Chapter of the United States Naval Academy Alumni Association. Cheriene has been awarded the Woman in Business award from North Bay Business Journal and was recognized with a 40 Under Forty Award in 2018.

“As The Galley approaches production we’ve seen sizeable escalating demand for its manufacturing services, which will benefit both QVI and FinCanna shareholders,” said Andriyko Herchak, CEO of FinCanna Capital. “We continue to be very impressed with the QVI team as they have worked through delays caused mostly by regulatory issues largely out of their control. We are all very excited to experience the transition from construction to commercial production in the very near future and look forward to future announcements on QVI’s progress”

About QVI

QVI, which stands for Quality, Value and Integrity, is completing construction of its manufacturing facility known as

“The Galley.” The facility is built to FDA and CDPH standards and is focused on high demand areas of production; Edibles, Topicals, Tinctures, Chocolates, Hard Candies, Gummies, Beverages, Vapes, Pre-Rolls and Flower Packaging. “The Galley” is differentiated from its peers by its industrial scale automated capabilities to produce virtually all high-value cannabis products under one roof.

QVI’s immediate goal is to become the premier contract manufacturer in California, the largest single market in North America and, upon success, to license products nationally and globally.

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 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

FinCanna Capital Corp.
Andriyko Herchak, CEO & Director

Forward-Looking Information

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 including, without limitation, statements about the market for, and effectiveness of, QVI products or services, the ability of QVI to expand operations and generate sales and revenues, the results of operations of QVI and the timing thereof, the completion of FinCanna's investment in QVI, FinCanna's ability to fund and source future projects, and FinCanna's ability to earn and realize revenues from its investee companies. 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 available at www.SEDAR.com 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 undertake 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.