FinCanna Increases Investment Interest to 100% of QVI Inc., a Cannabis Co-Manufacturing Business in California

written by Raj Shah | September 2, 2021

September 2, 2021 (Source) – FinCanna Capital Corp. ("**FinCanna**") (CSE:CALI)(OTCQB:FNNZF) an investment company for the U.S. licensed cannabis industry, is pleased to announce that it has signed a binding Letter of Intent to increase its investment to 100% ownership of QVI Inc, doing business as the "The Galley", its flagship investee company under its existing Royalty Investment model.

QVI Business Highlights:

- The Galley: a state-of-the-art cannabis co-manufacturing & distribution facility, in Santa Rosa, CA, with 5 areas of production: a large-scale commercial kitchen for edibles, production of topical / tinctures and beauty products, a chocolate line, a candy line and beverage manufacturing
- Fully licensed 8,300 sq. ft. operating co-manufacturing cannabis facility
- Accelerating client adoption in 2021 including award winning California and out of state brands
- Strategic distribution agreement in place with Trident and Sense Distribution, which will significantly expand The Galley's retail distribution network across California and provide additional distribution revenues

QVI Investment Highlights:

- FinCanna’s investment in QVI will change from earning royalty revenue from QVI equal to the greater of 20% of QVI’s revenues or 70% of its net income to 100% equity ownership in QVI.
- This change in the form of investment will result in FinCanna consolidating 100% of QVI’s revenues
- Positions the Company to make further accretive investments that complement its existing businesses to create further scale
- Allows cash flow generated by the operating business to be reinvested in growth of QVI and to expand FinCanna’s investment portfolio

Andriyko Herchak, CEO of FinCanna Capital. “We are very pleased to increase our investment in QVI to 100% equity ownership from the existing royalty investment. This change means that FinCanna will consolidate 100% of QVI’s revenues, resulting in a very sizeable increase in FinCanna’s revenues compared to earning a royalty. QVI, led by CEO and founder Annie Holman and her terrific team, also has outstanding upside as it is now hitting its stride in terms of customer acquisition and revenue growth, and it has become our flagship business with a very bright future.

QVI as a co-manufacturer occupies a central position in the California cannabis ecosystem as an industry hub intersecting with numerous brands, distributers and by extension retail dispensaries across the state. QVI’s immediate goal is to become the premier contract cannabis manufacturer in California, the largest single market in North America and, upon success, to license products nationally and globally.

QVI’s central position in the market gives FinCanna direct visibility and insight into industry dynamics and exposure to quality operations that are potentially in need of capital to

meet their own growth goals and to that end has identified several opportunities to expand its current operations and intends to pursue those opportunities.

FinCanna CEO, Andriyko Herchak, added, “Our new equity investment structure now allows for the cash flow of businesses we own to be invested in additional growth as well as other business opportunities we may identify. As the industry continues to grow, we are seeing a wide variety of attractive and profitable businesses in need of capital that would also be synergistic to QVI and our other investments. Going forward we believe that owning equity in businesses we invest in will provide superior returns to our shareholders.”

Deal Terms

The transition from a royalty to 100% equity ownership of QVI will be achieved via FinCanna surrendering its royalty (terms previously summarized) and issuing notes payable to the stakeholders of QVI totalling, US$642,851. The notes will be issued upon closing and have a term of 12 months and may be settled on maturity in cash or in shares of FinCanna based on a 20-day volume-weighted average price, (VWAP). There will also be an early conversion option that will permit the notes to be settled in shares of FinCanna based on a 20-day VWAP.

The legal U.S. cannabis market is expected to reach more than US$41 billion in annual sales by 2025 with California, the single largest market in North America, representing an estimated 20% market share or US$8.2 billion. (New Frontier Data)

About FinCanna Capital Corp.

FinCanna is an investment company that provides growth capital to rapidly emerging private companies operating in the licensed

U.S cannabis industry. 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

About QVI

QVI Inc, which stands for Quality, Value and Integrity, doing business as "The Galley", is an 8,300 sq. ft. state of the art cannabis-infused co-manufacturing facility is built to FDA and CDPH standards located in Santa Rosa CA. "The Galley" has been fully operational since June 2020 and continues to aggressively add to its book of business of cannabis brand manufacturing clients.

The company attributes the acceleration of customer demand from a growing roster of in-state and out-of-state brands to its automated manufacturing expertise, superior production quality and its "one stop shop" capability to produce virtually all high-value cannabis products including, Edibles, Topicals, Tinctures, Chocolate, Hard Candies, Gummies and Beverages under one roof. Additionally, its outstanding R&D team has the ability to assist brands in launching not only new individual products but whole new product lines. The Galley's operational design also positions the business to rapidly scale production as demand escalates towards its. For more information about "The Galley" please visit thegalleysr.com

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FinCanna Capital Corp.

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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 potential acquisition of 100% of the issued and outstanding shares of QVI; market for, and effectiveness of, QVI products or services, the ability of QVI to commence and expand operations and generate sales, revenues profits and positive cashflows, the operating capacity of QVI's facility, 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 that the acquisition of 100 % of QVI may not complete as currently anticipated, or at all; and 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.