# SOL Global Reports Record Earnings For The Year Ended March 31, 2019

written by Raj Shah | July 30, 2019

July 29, 2019 (Source) – **New Management Has Led SOL Global Through Execution of Strategic Transactions Resulting in Pre-Tax Net Income of $110.8 million**

- **HeavenlyRx has commenced negotiations and due diligence for a U.S. Listing.**
- **SOL Global to acquire the remaining shares of its portfolio company, CannCure, along with acquiring 100% of Michigan MCP Wellness, 100% of Northern Emeralds and 100% of One Plant.**
- **SOL Global's board to engage an independent, internationally-recognized valuation firm to determine a fair value of its assets.**

SOL Global Investments Corp. ("**SOL Global**" or the "**Company**") (CSE: SOL) (OTCPK: SOLCF) (Frankfurt: 9SB), an international company focused on cannabis and cannabis-related ventures, released its financial results for the year ended March 31, 2019, and provided a general corporate update, including a management-prepared internal net asset value calculation. All figures are reported in Canadian dollars ($), unless otherwise indicated.

**Financial Highlights For Fiscal Year 2019 Under The New Management Team:**

- **Net asset value per share based on the July 26, 2019 closing prices is $4.01*;**

- **Income before income taxes for the year ended March 31, 2019 of $110.7 million, on income from investments of$152.4 million, compared to a loss of $25.8 million a year earlier;**
- **Book value per share stands at $4.02* based on the March 31, 2019, audited financial statements as compared to a loss of $1.01 in 2018 (calculated at net equity divided by ending non-diluted shares issued and outstanding);**
- **Total assets of $224.1 million as compared to $35.1 million in 2018, an increase of 538%;**
- **Net income per share of $2.38, compared to a loss of $1.61 per share from a year earlier under previous management;**
- **Net realized gain on investments of $142.8 million, compared to $Nil in 2018; and**
- **Net unrealized gain on investments of $8.9 million, compared to $0.2 million loss in 2018.**

**(*Non-IFRS measures – see "Non-IFRS Financial Measures" below)**

**Executive Commentary**

SOL Global's Chief Investments Officer Andy DeFrancesco believes that the fiscal-year results validate the strategic creation and direction of the company, "Brady Cobb, SOL Global's CEO, has been by my side since building the foundation of the US Cannabis Market since 2015. Specifically, Brady worked with the state of Florida to shape the legal and regulatory structure of one of the most coveted markets in the cannabis sector, while I built a structure and strategy around partnerships and financing."

DeFrancesco adds, "After early success in Canada, and followed by early success in the state of Florida, it was clear that the US cannabis market was poised for a strong run and incredible growth. We took control of a faltering and nearly insolvent single-focused biotech venture and created what SOL Global has

become, by assembling one of the best THC and CBD portfolios in the sector."

DeFrancesco concluded "We moved quickly with our second Florida acquisition, 3 Boys Farm, as well as key investments in leading THC and CBD brands and operators throughout the US and California. We implemented a vision for growth in multiple verticals within the Cannabis sector and used our deep roots into the quickly evolving US Cannabis legislative reform efforts (where Brady is a huge contributor) to stay two steps ahead of our competition. We also looked to what we saw as related businesses, outside the box and towards the future. It's now time for SOL Global to focus on the growth of its THC operations via our new MSO and to foster the expansion of our vertically integrated Hemp & CBD Operations throughout the U.S., as well as Italy, the United Kingdom and Brazil under the most amazing teams we have assembled."

Brady Cobb, the Chief Executive Officer of SOL Global, says "that the financial results validate managements' efforts over the past year to transform the company from a research and development company into an investment company with a thriving portfolio of cannabis-related operators. "

"When you look at our earnings and our value per share, it shows our impressive track record of performance in the space," Cobb says. "While the publicly listed cannabis companies have lost significant shareholder value over the last number of months, we have managed to maintain our NAV at $4.01, only a $0.01 decrease from our March 31, 2019 book value per share of $4.02. In the last year SOL Global has aggressively been executing on a strategy that will solidify our leadership position and in return bring additional value to our company. By the end of 2019, the companies we've founded and have built from the ground up – our CBD-focused HeavenlyRx and our soon to launch multi

state operator ("**MSO**"), 3 Emeralds – are expected to be operating independently, bringing months of hard work to fruition."

***SOME UPCOMING CORPORATE EVENTS***

**SOL Global Investee Company To Go Public:**

HeavenlyRx Ltd ("HeavenlyRx") has commenced negotiations and due diligence on opportunities to list publicly as an independent operating CBD, Hemp and Wellness company in the U.S. HeavenlyRx, under the leadership of former Kellogg's North America President Paul Norman, is performing a strategic review of the board and management and the team will be announced once this has been completed. Additionally, as was previously released, HeavenlyRx has closed on several of its key portfolio company investments including Blühen Botanicals (cultivation, processing and oil/isolate processing and production), Jones Soda (a leading premium soda-maker based in Seattle, Washington), TRU Brands (emerging health and wellness focused food company), and Airganics (a company that develops high-performance wellness products). These portfolio companies consist of established brands that are generating revenue and soon to launch, innovative products, all of which have a unique application for the use of CBD. Formal details surrounding HeavenlyRx's U.S. listing will be announced upon conclusion of its due diligence which is projected to be in August 2019.

**SOL Global Terminates Transaction Between Goldstream and CannCure:**

SOL Global has terminated the transaction between Goldstream Minerals (NEX: GSX) and CannCure. As part of the new strategic direction, SOL Global will acquire the remaining stock in CannCure, and close on 100% of MCP Wellness, 100% of Northern Emeralds, and 100% of One Plant. See below for additional detail.

## Coast to Coast Cannabis – Guidance on SOL Global's MSO:

It is expected that SOL Global will shortly be completing the purchase of the previously announced licensed dispensaries operated by MCP Wellness in Michigan[1] which generated over 3.5 million in sales in June of 2019, the famed Humboldt, California based cultivator Northern Emeralds[2], the California-based dispensary chain One Plant USA[3], in addition to SOL Global's existing vertically integrated license in Florida, 3 Boys Farm. Along with the closings of these four entities, SOL Global will pay out the earn out owing to the former shareholders of CannCure, completing the transaction with the original CannCure investors. All transactions are expected to close before or during the month of October 2019 and once complete will be combined into one entity. SOL Global will own 100% of the MSO through its portfolio company CannCure upon closing. The MSO's products will be powered by Northern Emeralds' genetics and innovative data-driven cultivation and processing techniques. The anchor will be the brands and products that SOL Global has invested in, that will be strategically deployed in the MSO's dispensaries, including One Plant's robust retail arm, across the states of Florida, Michigan and California (subject to the receipt of all required governmental approvals) including. SOL Global's investment holdings include G Pen, Old Pal, Honey vapes, Venice Cookie Company, Plus Products, among others. It is expected that the combined entity will bridge the gap between traditional THC products and mainstay CPG products.

## Independent Valuation of SOL's Existing Investments

As SOL Global works through its strategic review, the board of SOL Global is in the process of finalizing the engagement with an independent, internationally recognized valuation firm with no prior relationship to SOL Global, its board, or any of its

directors to determine a fair market valuation of SOL Global's present assets, and net asset value.

## SOL Global Management Changes

SOL Global is undertaking a strategic review of the management and board to consider necessary changes and reorganization to further maximize value. The changes are expected to be announced once the strategic review is completed.

[1] https://www.prnewswire.com/news-releases/sol-global-signs-binding-agreement-with-merida-capital-partners-subsidiary-to-acquire-michigan-fully-licensed-cannabis-business-300837891.html

[2] https://www.prnewswire.com/news-releases/sol-global-adds-california-to-its-mso-portfolio-with-proposed-acquisition-of-premiere-cultivation-processing-and-dispensary-companies-300851672.html

[3] https://www.prnewswire.com/news-releases/sol-global-adds-california-to-its-mso-portfolio-with-proposed-acquisition-of-premiere-cultivation-processing-and-dispensary-companies-300851672.html

## About SOL Global Investments Corp.

SOL Global is an international investment company with a focus on, but not limited to, cannabis and cannabis related companies in legal U.S. states, the hemp and CBD marketplaces and the emerging European cannabis and hemp marketplaces. Its strategic investments and partnerships across cultivation, distribution and retail complement the company's R&D program with the University of Miami. It is this comprehensive approach that is positioning SOL Global as a future frontrunner in the United States' medical cannabis industry.

## *Cautionary Note Regarding Forward-Looking Statements*

*This press release contains "forward-looking information" within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature may constitute forward-looking information. In some cases, forward-looking information can be identified by words or phrases such as "may", "will", "expect", "likely", "should", "would", "plan", "anticipate", "intend", "potential", "proposed", "estimate", "believe" or the negative of these terms, or other similar words, expressions and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Some of the forward-looking information contained in this press release include, but*

*are not limited to, statements with respect to: the Company's estimated net asset value, the Company's strategy and future business plans; including the expected launch of the MSO and its future business plans; the Company's business opportunities; Heavenly Rx and MSO's growth opportunities; Heavenly Rx's future business plans including any contemplated strategic opportunities pursued by it; potential changes to the Company's management; the potential purchase of additional licensed dispensaries; and expected earn-out payments.*

*Forward-looking information is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including but not limited to management's perceptions of historical trends, current conditions and expected future developments, current conditions and expected future developments, assumptions relating to market conditions and the ability of the applicable parties to meet closing conditions for transactions that have been announced but not yet closed, the state of development of both the Company's portfolio of investments as well as the products of its operators, as well as other considerations that are believed to be appropriate in the circumstances. While we consider these assumptions to be reasonable based on information currently available to management, there is no assurance that such expectations will prove to be correct.*

*By their nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown risks, many of which are beyond our control, could cause actual results to differ materially from the forward-looking*

*information in this press release. Such factors include, but are not limited to: the Company's ability to comply with all applicable governmental regulations in a highly regulated business; investing in target companies or projects which have limited or no operating history and are engaged in activities currently considered illegal under US federal laws;counterparty and transaction risks relating to transactions that have been announced but not yet closed, changes in laws; limited operating history; reliance on management; requirements for additional financing; competition; inconsistent public opinion and perception regarding the medical-use and adult-use marijuana industry; and regulatory or political change. Additional risk factors can also be found in the Company's current MD&A which has been filed on SEDAR and can be accessed at* www.sedar.com*.*

*Readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information. The forward-looking information contained herein is made as of the date of this press release and is based on the beliefs, estimates, expectations and opinions of management on the date such forward-looking information is made. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, estimates or opinions, future events or results or otherwise except as required by applicable law.*

**NON-IFRS FINANCIAL MEASURES**

This press release includes references to net asset value and net asset value per share, which are financial measures that do not have a standardized meaning prescribed by IFRS. Net asset value is calculated as the value of total assets less the value of total liabilities at a specific date; net asset value per share is the value of the total assets less the value of total liabilities divided by the total number of common shares

outstanding as at a specific date. The Company believes these non-IFRS financial measures not only provide management with comparable financial data for internal financial analysis but also provide meaningful supplemental information to investors. In particular, management believes these financial measures can provide information useful to its shareholders in understanding the performance of the Company and may assist in the evaluation of its business relative to that of its peers.  Investors are cautioned that these non-IFRS measures should not be construed as an alternative to the measurements calculated in accordance with IFRS as, given their non-standardized meaning, they may not be comparable to similar measures presented by other issuers.