

# Next Green Wave

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## Next Green Wave glides to growth and profit in lucrative California cannabis market

- Canadian company grows and sells cannabis products in California
- Operates 35,000 square foot indoor cultivation facility and 5,000 square foot CBD retail store
- Banked 2Q profit of US\$2.9 million on rising demand in San Diego, Los Angeles, and Oakland dispensaries

### What Next Green Wave does:

Next Green Wave Holdings Inc (CSE:NGW) (OCTMKTS:NXGWF) is a Canadian company that grows cannabis and sells its CBD and THC products in California.

As a fully licensed and vertically integrated cannabis company, the Vancouver-based firm runs on a seed-to-shelf model with its nursery, cultivation, extraction, and distribution operations. It processes and packages its cannabis crop into dry flower, cannabinoid oils, waxes, tinctures, vapes, and concentrates. The company distributes white-label versions and eight house brands sold in dispensaries or online.

Marketing, product design and formulation, and product rollout are executed through its wholly-owned brand-house SDC (WEARESDC) in San Diego -- which is also home to the company's 5,000 square-foot CBD flagship retail store. The subsidiary also collaborates with brand affiliates on product development based on users' preferences. When Next Green Wave acquired SDC, it swelled its portfolio by 45 well-branded CBD and THC products and gained access to SDC's 25 million social media followers.

At the center of Next Green Wave's operations is its 35,000 square foot state-of-the-art indoor cultivation facility in Coalinga, California - strategically located about halfway between Los Angeles and San Francisco. The company is also currently building a 3,240 square foot extraction facility at the site.

The 100%-owned cultivation facility, built on 15 acres zoned for cannabis production, contains 14 climate-controlled grow rooms that can hold up to 11,000 plants and produce 9,000 lbs of premium craft flower annually. More than 20 cannabis strains are grown year-round and harvested every 14 days. For its nursery, the company owns a seed library of more than 120 cannabis strains, which include multiple award-winning genetics.

### How is it doing:

Next Green Wave is seeing demand grow for its premium flower and concentrate products in dispensaries across California, including the top cannabis consumption hubs in San Diego, Los Angeles, and Oakland, and it expects to expand into dispensaries in Palm Springs.

In fact, a string of consecutive revenue-generating months contributed to the firm reporting a second-quarter 2020 profit of US\$2.9 million, a sharp swing from a US\$2.3 million quarterly loss at the same stage in 2019. During April, May and

**Price:** 0.34

**Market Cap:** \$54.23 m

### 1 Year Share Price Graph



December 2019 June 2020 November 20

### Share Information

**Code:** NGW

**Listing:** CSE

**52 week High Low**  
0.425 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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June, the company surpassed US\$1 million in revenue each month.

The company also saw positive net income and adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) for six consecutive months leading up to the end of August 2020 and expects to keep hitting the same milestones going forward as it gears up to release several new Cannabis 2.0 products.

The company began 2020 with the opening of its flagship retail CBD store in San Diego followed by an announcement that it had 20 cannabis varieties in cultivation and was processing and producing pre-rolls, full-spectrum oils, CBD topicals, CBD pills, and CBD tinctures.

In early March, Next Green Wave via its brand Hart Luck launched an exclusive CBD inhaler for online purchase, and sales surpassed US\$20,000 on the first day.

In April, during the coronavirus (COVID-19) outbreak, the company launched a direct-to-consumer eCommerce marketplace in the US offering more than 80 CBD, CBG, and CBN products (everything from bath bombs to vapes) at its San Diego CBD location for purchase online and direct home shipment.

The company is also engaged in several partnerships to advance marketing and production development opportunities. It has teamed with global media company The FADER to launch and distribute a new line of cannabis products through The FADER's enterprise, which gives Next Green Wave branding access to a deep well of youth and music culture.

It is also working with bio-engineering firm Intrexon Corp's (NASDAQ:XON) proprietary Botticelli platform to help advance tissue culturing technologies that produce new pathogen-free, consistent premium plantlets ready for fast-evolving markets.

As well, the company has teamed with genetics biotech Precigen Inc (NASDAQ:PGEN) under a royalty and revenue-sharing deal to develop Next Green Wave's nursery by creating more hybrid strains with desired traits and advancing tissue culture technologies (clones). The nursery is capable of handling up to 80,000 (plantlets) young or small clones.

Operationally, the company is building a 3,240 square foot extraction facility at its Coalinga campus, which is 90% completed. Next Green Wave is nearing the final stages of both licensing and construction as it works towards the plant being fully operational in 4Q 2020.

### **Inflection points:**

- Expand brand and product portfolio
- Become leading provider of premium craft cannabis products and trusted brands throughout California
- Ramp up nursery operations to develop world-class hybrid cannabis strains for direct retail and wholesale
- Build-out extraction facility to produce premium oils, tinctures, and extracts for custom vaporizer products
- Make investments in licensed cultivators and distributors to increase growth and access to international markets

### **What the boss says:**

"While we are seeing steady revenue growth across the board in our current product categories, NGW will be releasing several new branded products in early October as we look to further increase top-line and profitability by moving into the edible and vape categories," Next Green Wave CEO Michael Jennings said in a recent statement.

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