

OTC Markets Group

Joining us today is Nicholas Soziak the CFO of Cannara Biotech that trades on our OTCQB Venture Market under the ticker LOVFF. Cannara Biotech is a vertically integrated producer of premium grade cannabis and cannabis derivative products for the Quebec and Canadian Markets. Nick, thanks so much for joining us today.

Nicholas Sosiak

Cecilia. Thank you for having me.

OTC Markets Group:

Absolutely. So to start, give some background about your personal and professional experience and then how you got involved with Cannara

Nicholas Sosiak

Absolutely, so like you mentioned I'm the CFO of Cannara, I'm a CPA, CA by trade so a certified professional accountant. I built my career in accounting. I worked at several audit firms kpmg, Ernst and young, and part of an internship process, you have to work at these firms and then I joined Kpmg one of the big 5 audit firms in Canada, and I did my tenure there for a couple years until I was a senior auditor. and then I got exposed to just really cool industries like the real estate industry, oil and gas and I joined one of our clients Dundee 360 real estate corporation which had. they were focused on building large-scale resort projects all over the world. So we had resorts in in Cuba, we had resorts in China you know France, as well as in Canada so that was that was pretty exciting. And I worked there as a VP finance but I'm a cannabis guy I'm passionate about cannabis I've been a consumer of cannabis in my early twenty s it just I found something that really works for me in my lifestyle. And I just found a passion for it and it would just went more beyond the product and the benefits that potentially could provide it was really just something you know when you can't really explain it. But when you just get something. You're just so passionate about it. You just you know you can invest. All the amount of time you have in it and it and it really just you know time flies by and it doesn't feel like work. So when I saw the cannabis industry starting to get legalized in Canada and 2017 I was still working at Dundee 360, I started being an early investor in the cannabis industry and choosing my horses seeing which cannabis companies would actually you know create a great brand products and cultivation and get the genetics out there. and after a year or so I realized that. You know there wasn't too many companies that were in my eyes were operating with the correct strategy. So I decided to really just get out of real estate and find a cannabis company to work with. I was ready

to fly to Vancouver, I was ready to go to move to Toronto.

But luckily Cannara was just starting its operations in in early 2018 and went public in early 2019 and that's when they really needed to beef up their finance side and get the public financial statements out and really start the company and that's when I saw there was an opportunity for me to join as VP Finance into the company. So I took that I joined the company in April of 2019, got the finance department operating like a swiss clock and from there that's when I was like okay well now I can actually work on strategy work on product formulations works on genetics, work on the branding, the strategy, the overall corporate mission of the company. and that's what I did so I got the finance under control and then I started really working in every single department from being on site figuring out how to trim cannabis so which machines are required how to make hash which genetics to choose from. so I got involved in all parts of that and I got promoted to CFO and pretty much where we are right now is, it's myself and our CEO who are intimately involved in the operations the day to day of the company. Our CEO found a passion for growing cannabis and actually spends seven days a week eight hours a day at both of our facilities overseeing the grow operation and then on my side as CFO I take care of the whole finance and capital markets. But everything else right? Sales, sales distribution marketing, product formulations and whatnot.

OTC Markets Group

So excellent. So yeah, so tell us more about your indoor cannabis cultivation facilities and the premium products that you grow.

Nicholas Sosiak

Right, so we started with our first facility. It's in Farnham Quebec about an hour away from Montreal and we purchased a 625000 square foot warehouse. And we carved out about one hundred and seventy thousand square feet as our first indoor cannabis cultivation center that was built in 2019. We got our cultivation license in 2020 and finally got our sales license which gives us the ability to sell to cannabis to the retail market or the provincial boards. We received that in February of 2021, and ever since February 2021 our farnham facility has been producing out of its 18 rooms consistently. we have 2 harvests per week. Each room has about a thousand plants in them and we harvest twice per week and that facility has been catering just to the Quebec market alone because the value, the value proposition that we put behind our brands and products are just causing the demand to outweigh our production capacity. So as soon as we launched our first brands on our first products in one market we were sold out and are still sold out as we speak today as of March 30th, 2022 and basically what we had to do and to grow into other markets and to grow to cater to just the demand in Quebec

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is we needed more cultivation space so we purchased our second facility in June of 2021. It's a one million square foot hybrid greenhouse so there's a six hundred Thousand Square Foot greenhouse a 200000 Square Foot rooftop greenhouse and then another two hundred Thousand Square foot processing area and this this greenhouse that we bought has 24 zones of Twenty Five Thousand Square feet each and we're indoor growers. We're all about premium quality and that was one potential issue that we might have noticed was when we purchase our greenhouses that we might lose the quality that we're known for But what we did is that we decided because this was a state of the art greenhouse purpose built for cannabis and never a single plant put into that facility when we purchased it. We decided to block out the sun double the lights and really use the SOP of our indoor facility in our greenhouse. So I believe we're pretty much one of the only companies in the world to use a greenhouse without you know, actually using the sun that it provides but we're confident that this is going to lend to our premium quality of products and that's what Cannara is all about and across all of our 3 brands, that we have tribal nugs and Orchid CBD we do not compromise over quality. We aim for the highest quality but also providing it at ultra competitive prices or affordable pricing.

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And talk about the opportunities and your competitive advantage in this space. How do you craft your brand your culture to build brand loyalty.

Nicholas Sosiak

So yeah, it's we noticed early on that in the market right now, the quality and price range were we're all over the place so you might get quality but the price is very high. You might get low quality and the price is very high. you might get quality and the prices. Low. So it was very it was. It's mixed up right now and what we decided to do is just offer the best quality the best cannabis that we can grow and this is you know from what we see in the in the market feedback. you know our company and our cannabis is benchmark with one of the. Most premium craft growers in the Canadian market. but we're hammering it with price. and transparency. so we. We control our vertical. We grow our own cannabis. We do not put any single other lps cannabis in our products so that lends to consistency and quality of products and then being transparent because we control a vertical and we're able to put the harvest date when we actually cut down the crop. And rather than just the packaging date because you might have cut down it last year but package it this year and then the consumer would only see that the cannabis was made this year so we put the harvest date the package date the turpenes all the information a consumer can ask for on the packaging. and I believe that's what really builds our brand our brand loyalty and our competitive advantage

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right? that we're growing in Quebec which is the lowest cost of electricity and labor in at least lowest cost electricity in pretty much the world for indoor grow and. And lowest cost of labor in in the metropolitan areas of Canada and those are the 2 biggest cost inputs into cannabis production. So that's why we're able to because our both facilities are in Quebec that is why we're able to offer such a competitor price for the quality. So when we combine transparency. quality of product pricing. I believe that is what is building canary's brand loyalty.

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So what would you say are the key regulatory differences between Canada and the U.S. regarding cannabis and does Cannara have any interest to penetrate the U.S. market

Nicholas Sosiak

Right? So I believe that I'm not too familiar with the us market the intricacies of the us market in terms of regulations. But what I could do know it seems that you know Canada's much more regulated. You know every province manages their own distribution network which is pretty similar I'm assuming to us cannabis. But then there's a governing body that that governs all all of the provinces which is health Canada and they they just impose rules that potentially are not. favorable to the canvas consumers such as edibles not being over ten Milligrams or beverages not being over 10 milligrams so consumers in Canada are not able to access those products in the legal market. which I believe the us has you know their restrictions on on products are much more open. As for example, in Quebec only they put a a a ban on vape vape accessories and vape pens for cannabis in the rest of the country that's allowed but that is a big difference between the the Quebec market and the us market. I believe that eventually it it will open up and there will be more opportunities in the Canadian market to bring in new products and those types of products and Cannara is definitely prepared for that moment and in terms of penetrating the us market. we have a mission right now to to really? really be Canada's top cannabis brand products. So what? What we really want to do is right now. We've been only able to sell our products in Quebec just because of the sort shortage of production but with of our valley field facility. I believe that. This will allow us to grow all across Canada create a Canadian brand that consumers respect and enjoy and by the time you know next year in the in the next two years I believe that the us market should open up. And they will look to brands and companies that done it right? that have experience that can grow on on a scale at quality at a scale and that is potentially an opening for a Cannara and its brands to go into the us market.

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And what is Cannara Biotech looking forward to this year

Nicholas Sosiak

This year we're focused it's pens down, heads down, it's valley field. We just acquired this the facility, one zone and I have 24 zones basically produces. sorry one and a half zones at my valley field facility produces pretty much my output at my farmhand facility, and I have 24 zones so every room and a half I basically double my growth, in terms of production. We are. We started our first room in November of 2021, we acquired the facility in June got it licensed in September planted our first room in November, harvested our first room in February of this year and sold that product to the market with favorable reviews. So we already have our first harvest under our belt that's been sold to the market and right now as of March, we're on our fourth grow zones and we have an objective of turning on 6 grow zones by August and so far we're ahead of plan. And as long as we're able to open distribution networks get the product get the demand there, we'll continue up opening all 24 zones in lockstep making sure that our product is consistent and the quality is there and keep innovating on brands and products for the Canadian market this year.

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That very exciting Cannara has been trading on our OTCQB Venture Market for the last three years and has also traded on the TSX-V and the Frankfurt, what benefits do you see from cross-trading here in the U.S.

Nicholas Sosiak

I definitely feel you know there's the U.S. side of the U.S. side is definitely much larger than the Canadian side. You know that we the Canadian the the Canadian cannabis market is more mature. Or it's still in its infancy. But more mature than the us market given that it hasn't been federally legalized yet. But I believe that investors that are on the us have a lot to learn us investors and companies a lot to learn from. what? how Canada did its rollout and how Canadian Ips have tried to build their strategies and and target their market. So I think you know having canaa cross-trad on the U.S. just provides us additional exposure to U.S. investors there's still a lot of opportunity in Canada for companies like ourselves. and then just you know keep be in tune on what's happening in Canada as eventually you know there's some companies that have already started going to the U.S. but will eventually go to the U.S. like Cannara and just being crossboard trading cross border benefits both investors and the company.

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And well it's been a pleasure speaking with you today. Nick thanks for your time.

Nicholas Sosiak

It was a pleasure speaking with you Cecilia for anyone listening they can learn more about Cannara www.cannara.ca and you can also follow me on Instagram I go by nico.dank

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Cannara Biotech trades under the symbol LOVFF on our OTCQB Venture Market

**This is an autogenerated transcript and may contain typos.*