



# SATIVA NEWS

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This shareholder update summarises the activities of the Company as formally announced as Regulatory news and may also cover items not deemed price sensitive but which may be of interest to shareholders. All Regulatory news is published via the Regulatory News Service and is also available at [www.sativainvestments.com](http://www.sativainvestments.com)

## Foreword from Jeremy Thomas, CEO

*"In less than a year, Sativa has truly established itself as a successful and powerful medicinal cannabis investment vehicle. Our strategy is on course and we are continuously looking to the future by identifying new areas to expand into across a wide range of markets. A recent research and development trip to North America indicated significant opportunities in terms of the UK mirroring the far better-developed markets of Canada and the USA, which we are now exploring.*

*We are actively engaging with Regulatory authorities, constructing and fitting out various new facilities, as well as ongoing discussions with universities regarding grant awards to help them carry out pioneering research through the Sativa Foundation."*

## Growth of the Board: Sativa welcomes new Chairman, new CFO and new NED

Jonathan Wearing joined Sativa as Chairman, bringing with him extensive finance and consulting experience. This comprehensive knowledge has been accumulated from fulfilling roles at both Citibank London's corporate banking division and Citicorp's London investment bank

(CIBL). Jonathan's time in the City has resulted in considerable and in-depth knowledge of debt finance for growth and acquisition purposes, as well as UK and cross-border transactions.

He was Chairman of Ideagen plc, the safety, risk and audit software solutions company, when it entered the AIM market in July 2012 and continued in that role until April 2018 - he remains involved at Ideagen today as a non-Executive Director. Aside from his City background, Jonathan also has a keen interest in high growth businesses with exciting ambitions. The enthusiasm and successful entrepreneurial track record of CEO Jeremy Thomas, coupled with the recognisable potential for Sativa, were two of the main factors that encouraged him to join.

Joseph Colliver has joined the Sativa Investments Board as Chief Financial Officer. A qualified Chartered Accountant, Joseph also has significant commercial and client facing management consulting experience. He joined Sativa from Kantar Consulting, part of WPP plc, where his roles included CFO of a multinational consultancy, The Futures Company, and Global Commercial Director of Kantar's subsidiary Taylor Nelson Sofres, a \$1.8 billion turnover marketing agency. In his previous role, Director of Consulting, he obtained a wealth of knowledge from advising Retail, Sales and Shopper clients on how to enhance their commercial capability and the commercial competency of their staff.

Joseph had a desire to move into the start-up style environment offered in emerging markets and he believes the CBD and medicinal cannabis sectors have great potential given the shifting Regulatory, consumer and political environments. The political interest and also media coverage now being given to the sector affirms his decision. Joseph anticipates 2019 to be a positive year, in particular for the CBD section of the market. He believes that heightened awareness of CBD products, greater education surrounding their use, more valuable data from consumers and striving to establish Sativa as the UK's market leader in the 'post-Brexit' era will deliver further opportunities for growth.



Joseph Colliver,  
Chief Financial Officer



Jonathan Wearing,  
Chairman

Angus Kerr also joined the Board as a non-Executive Director. Angus is currently a Senior Advisor at Zeus Capital, the independent investment bank, and is also Chairman of North Berwick SA. Alongside this, his nearly 25 years' experience in global banking includes managing director and management roles, covering advisory, equity advisory and ECM at a number of organisations, such as head of Mid-Market Advisory and Broking at Credit Suisse and head of UK ECM Dresdner Kleinwort.

Prior to his career in finance, Angus was an Army Officer. Angus has a BA (Hons) in Politics and International Relations from the University of Reading.

Anne Tew has joined as Group Financial Controller. Anne is a qualified Company Secretary, as well as a Chartered Certified Accountant and has considerable expertise that encompasses finance, governance, HR, premises management, quality assurance, risk management, marketing and staff development. Anne's extensive experience will add value across a variety of workstreams, including supporting the commercial agenda and bolstering the Company's commitment to best practice in terms of Corporate Governance.

## Medicinal Cannabis Advisory Board additions: Sir Alasdair Breckenridge and Dr Matthew Brown

The Company's medicinal Cannabis Advisory Board saw pharmacologist Sir Alasdair Breckenridge appointed. Sir Alasdair liaises with the Home Office and the Medicines and Healthcare products Regulatory Agency ("MHRA"), which he has chaired, for the legalisation of medicinal

cannabis in the UK. Along with chairing the MHRA, Sir Alasdair has also chaired the Committee on Safety of Medicines and the Emerging Science and Bioethics Advisory Committee and was member of the Medical Research Council.

Sir Alasdair's clinical pharmacology career includes research on hypertension, being one of the first to link insulin resistance with cardiovascular disease, oral contraceptive steroids, drug metabolism, onchocerciasis, malaria, HIV and various other fields and treatments.

Recently, award-winning Consultant at The Royal Marsden Hospital, specialising in pain medicine and anaesthetics, Dr Matthew Brown, was appointed to the Advisory Board. Dr Brown has recently published research about using cannabinoids for cancer pain treatment. He also holds an honorary research position at the Institute of Cancer Research, having completed doctoral research into cancer-related pain at the institution, becoming the first anaesthetist to complete a higher degree in the Institute's history.



Sir Alasdair Breckenridge



Dr Matthew Brown

## European expansion commences with German subsidiary

On 21st September 2018, Sativa announced its official entrance into a joint venture with Lexamed GmbH, an innovative medicinal cannabis research company based in Germany. The subsidiary (60% owned by Sativa), named Sativa Germany GmbH, will set out to obtain German wholesale, import and export licensing for medicinal cannabis products. In addition, Sativa Germany is establishing distribution networks to deliver CBD wellness products to the German market.

Following the legalisation of medicinal cannabis in March 2017, the monthly demand for prescriptions in Germany skyrocketed from 500 to 5,000 in the space of just three

months. The demand has not curtailed since then and the market continues to grow, resulting in Germany becoming one of the largest markets in Europe - sales figures for 2018 alone are anticipated to surpass €64 million.

Sativa is investing €80,000 for a 60% majority shareholding in Sativa Germany, with the potential for that figure to rise to €250,000 once the German licensing has been granted. By branching out and opening functions in Germany, a key and progressive European market, Sativa has significantly improved its position and ability to push forward with its seed to end user strategy.

## **Sativa Grow constructing one of the most sustainable glasshouses in the UK**

Sativa has progressed plans to construct dedicated plant cultivation facilities in the UK, where industrial hemp and cannabis plants can be grown and high-quality CBD wellness and medicinal cannabis products can be produced. This enterprise has been named Sativa Grow and on November 1st, Charlie Stratton was selected as Project Director.

The glasshouse will be erected on a 7.53-acre plot in Wiltshire. As well as the glasshouse, there will be an extraction facility and offices on site.

The development site is located on a family run farm, which includes the operation of renewable energy facilities including an anaerobic digester and a woodchip boiler. The aim is for the glasshouse to sit beside and be powered, primarily, by the biodigester plant. This will, as far as we're aware, make it one of the most sustainable glasshouses in the UK.

Since his appointment, Charlie has undertaken extensive research into the differing methods and costs involved with harvesting industrial hemp and medicinal cannabis. Recently, he embarked on a successful research trip across Canada and the USA to investigate cost effective ways of building and running the most efficient glasshouse. On this trip Charlie visited various types of growth facilities, that are similar in size to the plot in Wiltshire, to gain a stronger understanding of how to run a plant cultivation facility. These onsite visits exposed him to the importance of ensuring all elements in the production processes are working in harmony to optimise growth. Humidity, light, nutrients and sufficient biocontrol, amongst other things, must be just right to assure the end product is as pure as possible.

As well as visiting established and fully functioning facilities, Charlie also attended MJBizCon - the world's largest cannabis industry conference. At this event it was visible just how many different market verticals can be entered and the colossal boost to turnover they can offer. These diverse verticals will be explored as Sativa looks to the future.

*"This position as Project Director of Sativa Grow was an opportunity I couldn't turn down. Every person that I have spoken to about my role in the development of these cultivation facilities has commented on how interesting and exciting it sounds. I am enthralled to be responsible for nurturing the seed of the project and witnessing first-hand the growth of the glasshouse, as well as being involved in the wider progress of Sativa Investments."*

## **Money in the pot: Successful fundraise undertaken**

A recent fundraising effort raised £3.75 million with a share issue on the NEX Exchange Growth Market. The size and enthusiasm of the high net worth investors involved in this second round of investment, including the significant reinvestment of an institutional investor in the form of Miton Asset Management, displays an enduring faith in Sativa's strategy.

These funds will contribute to the furthering of developments and the progression of strategies; in particular, obtaining necessary licences and increasing the ability to reach out into new market verticals. Ultimately, this fundraise will substantially assist Sativa in advancing further with its seed to end user strategy.

## **George Botanicals welcomes new Managing Director and strengthens field sales team**

The sales coverage of George Botanicals is expanding across both B2C and B2B channels. The market leading CBD product distributor has been taking significant steps in order to improve its strategies and increasing the workforce has been essential to accommodate for this.

There are now four dedicated members of the sales team who spend the entirety of their time travelling around the country, pitching the Company's high-quality wellness products to health food shops and similar retailers. Steps have also been taken to enter the market in Scotland, with salespeople striking up promising relationships with numerous enthusiastic businesses.

Further to the expansion of the field sales team, George Thomas has been appointed as Managing Director. George gained considerable hands-on finance experience in a technical field, where he has a proven track record of managing fast growing businesses and overseeing large teams of up to 78 individuals. He is no stranger to entering a business with the purpose of streamlining processes and maximising profitability by improving sales. His influence of increasing efficiencies in turn allows for growth through the opening up of new revenue streams.

George, and everyone at George Botanicals, is looking forward to experiencing a similar level of success that has been seen in his previous positions.

Another recent progression that adds a new string to the bows of George Botanicals' salespeople is the exciting development of MCT CBD oils. The MCT (coconut oil, or medium chain triglyceride) acts as a carrier oil that allows the CBD to be easily absorbed into the body when mixed with other liquids. In particular, this product will be used for making 'CBD coffee' which is a rapidly growing trend and a new opportunity that can now be harnessed.

Looking forward to 2019, George Botanicals is going to have a strong focus on growth by diversifying into further verticals and more exciting revenue streams, playing to the fact that CBD products are becoming applicable to an ever-increasing number of markets. With the introduction of new legislation surrounding medical cannabis prescriptions in the UK on November 1st 2018, the fundamental goal is to capitalise on as many growth opportunities as possible - a strong and passionate team, like the one now in place, is precisely the dynamic required in such a rapidly developing industry.



New Managing Director of George Botanicals,  
George Thomas

## Renewed sponsorship for Ginetta Junior Winter Series champion James Hedley

Sativa has renewed its sponsorship of budding young racing driver, James Hedley. James is a former Honda Cadet Kart winner who this year, aged just 14 and as the second youngest driver on the grid, entered the prestigious Ginetta Junior Championship as a Rookie. The series is the ultimate in junior car racing, supporting the British Touring Car Championship by giving talented young drivers the appropriate platform to set out on their motorsport careers.

James has had a notable maiden season, with highlights being: second place at Thruxton in May, finishing second overall at Silverstone in September, and claiming pole position at Brands Hatch in September. James has shown serious skill and speed during his first competitive season in the Ginetta Championship to break two lap records, take three pole positions and claim ten podium finishes.



The Sativa sponsored G40 in action

In November James competed in the 2018 Winter Series Championship at Brands Hatch. After three races over one weekend, and two wins for James, he finished as the outright winner of the competition. Brave driving in the autumnal conditions is surely a sign of a great season to come.

The racing series is broadcast on ITV 4 and reaches a combined audience of 19.4 million viewers, as well as a trackside audience of 385,000. The car and team are heavily branded 'Sativa Investments PLC' and were sponsored previously in Sativa's name at Jeremy Thomas' personal expense. For the 2019/20 season, the sponsorship has been funded by Jeremy Thomas surrendering personal share options that were granted to him at the time of the Company's IPO.