



2 Upcoming Cannabis IPOs That Could Make Investors Rich

Description

CannTrust's regulatory issues, fears that global legal cannabis sales may not expand as fully as envisioned, **Canopy Growth's** shock fiscal 2019 results, and an ongoing regulatory crackdown have all taken the shine off the booming legal marijuana industry. They have sparked fears that there are tough times ahead for the once-booming industry, and that this will act as a deterrence to new initial public offerings (IPOs).

Steadily growing list of cannabis industry IPOs

While there are justifiable concerns, those events appear to have done little to dampen the entrepreneurial spirit for those seeking to enter the burgeoning industry. Industry analysts are predicting that there could be at least another 21 cannabis-related IPOs on Canadian exchanges between now and the end of 2020.

Most of those are expected to debut on the junior TSX Venture Exchange (TSXV) or the even smaller less liquid Canadian Stock Exchange (CSE). Colombian-based cannabis company **Avicanna** is one of the few that [will IPO](#) on the senior TSX bourse. A week ago, it received conditional approval from the TSX and is slated to commence trading tomorrow on July 18, 2019 under the symbol AVCN.

Avicanna is a bio-pharma company, headquartered in Toronto with offices located in Bogota and Santa Marta Colombia, which is focused on advanced cannabinoid research. Its cultivation operations are in the foothills of the famous Sierra Nevada mountains located near the coastal city of Santa Marta. The Sierra Nevada mountains are often associated with the birth of Colombia's drug trafficking industry with the region responsible for the emergence of illegal marijuana production during the 1960s and the famed Colombian Gold cannabis strain.

Avicanna owns a 60% interest in a 16- hectare cultivating property with 180,000 square feet of current capacity and 70% of a 2.8-hectare facility that has 70,000 square feet of capacity currently. Those assets combined and on completion of their expansion during phase one development are anticipated to provide Avicanna with low-cost production capacity of around 24,000 kilograms annually. Colombia is fast becoming the [preferred jurisdiction](#) for cultivating legal marijuana because of its favourable

climate, clear regulation, and low start up as well as operating expenses.

Avicanna is licensed to conduct cultivating, processing, and sales activities for cannabidiol and tetrahydrocannabinol (THC) strains domestically and for export. Its research and development activities operate out of Toronto, Bogota, and Santa Marta. It has established a manufacturing partnership with Bogota-based pharmaceutical manufacturer **Altea Farma** to produce cannabis-based cosmetic, dietary, pharmaceutical, and wellness products.

Israeli cultivator **Breath of Life International** is also expected to list on the main TSX bourse sometime in 2019 by way of an IPO. It has 377,000 square feet of functioning greenhouse operations and a 65,000 square foot state-of-the-art IMC-GMP-certified manufacturing facility. By the end of 2020, Breath of Life expects to be able to produce 870,000 kilograms of cannabis annually.

According to preliminary filings, Breath of Life is seeking to raise around \$150 million from a TSX IPO with an indicative IPO price range of \$27-32 per share with 14% of its available stock being listed on the bourse, giving it a fully allocated value of just over \$1 billion.

Foolish takeaway

The TSX and junior TSXV as well as CSE exchanges remain highly popular among smaller companies seeking to raise capital due to the low costs and relative ease with which they can IPO. While the shine has certainly come off the global legal marijuana industry in recent months, it is clear that the industry is here to stay, and those events have done little to constrain the growing volume of start-up cultivators and biopharma companies seeking to go public.

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mattsmith

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