

Transcript of initial interview with Mr. Leigh Hughes



**Executive Chairman and CEO of
Next Green Wave Holdings Inc.**



**CSE: NGW
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Leigh Hughes – Executive Chairman and Chief Executive Officer. Mr. Hughes is an integrated marketing communications and innovations professional of 15+ years. He has held board level positions for multiple companies and has success and experience in venture capital services and the commercialization of private and public companies across the globe, in particular: North America, Australia, and the Asia Pacific Region. He is currently a corporate advisor to multiple listed companies on the CSE, and TSXV.

Smallcaps Investment Research: Welcome everyone and thanks for tuning in to another interview on Smallcaps Investment Research. We're very pleased to have Mr. Leigh Hughes, the Executive Chairman and CEO of Next Green Wave Holdings, with us today. Although the New Year is only a few weeks old, Next Green Wave has already reached some significant milestones in 2019. The Company is a vertically integrated seed-to-consumer cannabis company and is listed on the Canadian Securities Exchange with ticker symbol NGW. Leigh, thanks so much for joining us, welcome.

Mr. Leigh Hughes: Thanks for having me.

First and foremost, congratulations with your recent promotion to CEO of Next Green Wave.

Thank you very much. I am glad to be sitting at the helm as the CEO. My move from my prior role of Executive Chairman was in our plan once our facilities were heading into the production phase.

Our previous CEO, Michael Jennings, is now our Chief Operations Officer and also Head of Research and Innovation, which is a new exciting division we created and turned into a business. This will allow him to focus and become a leader in production in this space. I am excited to be working alongside him. He is a world class operator and a world class breeder in cannabis.

Okay, that is great to hear. Now, as this is our initial interview, could you give us an introduction of Next Green Wave and its activities?

Next Green Wave is a California based cannabis company. We call ourselves a

vertically integrated seed-to-consumer operation without the retail endpoint. We are located half way between Los Angeles and San Francisco in a town called Coalinga, right off the I5, a major distribution hub for California. This helps when it comes to distribution.

Our business is fully licensed across the recreational space as well as the medical space, which is quite rare. We have all the necessary licenses starting from nursery, cultivation, extraction, and manufacturing to distribution. On the extraction side, we have both a volatile solvents and non-volatile solvents license, which again is extremely rare. This means we are well suited to be one of the premium vertically integrated businesses in California.

Looking into the future, our goal is to become the Unilever or Procter & Gamble of cannabis in California. Thus, we are looking to bring a number of exciting things in the consumer product good space as well.

Superb. Now, Next Green Wave's goal is to become a vertically integrated cannabis company where you control the complete seed-to-consumer process as you mentioned. To give us a good overview, could you describe the four steps in that entire process?

Obviously, it all starts in a **nursery** which is now going to be a major part of our business. A world class nursery and penetrating the associated downstream products is one of our value propositions. How do we manage this proposition? We do that through the world class breeding experience in our nursery. Furthermore, we have acquired a seed bank, which is in the top forty seed banks of all time. It has won multiple cannabis cups and is in the seed bank hall of fame. This will ensure we will do well in the nursery.

This then takes us to **cultivation**. Our cultivation method is all taking place in a premium indoor environment. We are focusing on the top tier pyramid of the cannabis space when it comes to cultivation. This should ensure top tier premium product as well.

The next step is **extraction**. In this process, we will focus on putting out a lot of downstream products both in CBD and THC. We are looking at products such as concentrate, tinctures, vapes and all other products that come out of the extraction process.

Once we have the product, we will turn to **distribution** through our own license. We want to ensure we own the highways when it comes to distribution in California. We will do that through multiple relationships across California, which are ready for our products. Partnering with third-party distribution channels is also another way.

2019 started with a big bang for Next Green Wave, as you obtained all licenses for your cannabis operations in California. Would you give us an overview of those licenses, and what that exactly means for the Company?

The licenses we announced simply align with the vertical integration model I mentioned earlier.

We have all licenses for nursery, cultivation, licenses for extraction of both volatile and non-volatile solvents, and we have the license for distribution. These licenses are all in line with our core pillars that allow us to supply to the State of California, the biggest market in the world.

A few days later, you announced another major achievement as construction of your advanced cannabis production facility in Coalinga, California was completed right?

Correct. This production facility is the first of four facilities. It is 35,000 square foot and if you check our online content we have shared

regarding the facility, you are going to understand that it is top tier. To give an idea, we invested eight to nine million US dollars in it. Also important to know is that we own all the land that our facilities will reside on.

It is literally going to be cleaner than a hospital with full standard operating procedures that will ensure the production of consistent top-grade product. Mind you, this is what some operators in California are now struggling to do.

We are glad we finally reached this milestone. This is also significant for shareholders as this now gets us into that next phase of production.

Absolutely. That first production facility is only the beginning for Next Green Wave. Can you tell us some more about your expansion plans in the area?

In the city of Coalinga, we own over seventy-five percent of the cannabis zoned space in the area, which is a great opportunity for us. As aforementioned we just completed our facility A, a 35,000 square foot building. However, our footprint allows us to go to 350,000 square foot.

Next, we will start planning facility B, which is a 50,000 square foot building across the street from facility A. We are currently in discussions with the City of Coalinga on that. We already have designs in place, and we will certainly share interesting developments with investors soon.

In the area we also have facility C, a 3,240 square foot building that already exists. This is where we will be doing the majority of our extraction. Our research and innovation division also resides in this building.

Finally, we have another 250,000 square foot 10-acre land package just across the way from facility A.

Well that is obviously impressive. More recently, you signed a licensing agreement with billion-dollar biotech

company Intrexon. Would you give us some color on that deal?

This deal is extremely exciting for us, as we have brought a real biotech company, into the cannabis space.

Why would a 1.4-billion-dollar NASDAQ-listed biotech company want to work with a 75-million-dollar market cap cannabis company listed on the CSE? Well, if you look at what they do with the Botticelli™ platform and how that impacts the nursery aspect of cannabis, you will understand we are a great fit. In the nursery aspect, it is all about the breeding skills, it is all about the genetic library and the genetic impact. We are world class in this area.

In terms of the cooperation, Intrexon will be moving into our facility C, the 3,240 square foot building at the cost of their own investment. This means no hard-earned dollars are being put into that aspect by Next Green Wave outside of what is required to get the building permit and occupancy granted.

We will provide them with our world class cultivars, the standard operating procedures, the licensed facility, the license to do business, as well as manpower. This will allow them to see if Botticelli™ works in cannabis. So far, we are on the right track. I would remind investors that Intrexon's Botticelli™ platform is already being commercialized across the globe in other agro products.

Intrexon's Botticelli™ platform is an advanced tissue culture technology which is designed to enable the propagation of plants while maintaining their genetic purity and product performance. Through the tissue culture we can imagine being able to provide millions of plantlets from a mother plant that is consistent in genetic purity and free of pathogens, pesticides, and disease.

That is potentially a massive business which will not only benefit our downstream products, but also create a new value chain. It will allow us to be able to provide clean

plantlet technology to other cannabis producers in California. This is why I believe the licensing agreement is groundbreaking for us.

Also of interest is that Intrexon recently did an announcement with Merck. So, then, all of a sudden now we have the potential for cannabis to meet biotech to then potentially meet healthcare. Now we are talking about cannabis really integrating with billion-dollar industries.

Could you give us an idea of the massive potential for cannabis in California?

I would call California the old school cannabis culture of the world. You certainly have Amsterdam that is well known among tourists for its cannabis use, however, if you look at where cannabis has a place in history in terms of culture, then California is where it all happens.

The size of California helps and for us to have the opportunity to put downstream products from the nursery all the way through to dispensaries is huge.

In short, we are working hand in hand with the City of Coalinga. We are working hand in hand with the State of California. We are working with all the right groups in the state to ensure that California continues to be the biggest leading market in the world and Next Green Wave to be front of stage.

When do you expect to generate first revenues for Next Green Wave, and how do you see your financial results developing?

An aggressive estimate is Q1 of this year which is going to be a huge result for us. We have always ear-marked Q1 2019 as the quarter to start producing revenues.

As of this interview, we are waiting for PG&E to connect our facility A. We expect this will happen in the first two weeks of February. Straight after that, we will start filling up the nursery and start getting the fourteen grow rooms calibrated to be in full production in

parallel with other facilities. We are looking at tolling for other providers. All of these points imply that revenue generation is around the corner.

In terms of our financial results, our expected revenues for 2019 are around the \$20 million-dollar mark. However, we do have plans to improve those results with some interesting things we are looking at right now.

That is wonderful. Can you tell us a little bit about yourself and the other key executives of the Company?

I am born and bred in Western Australia, far away from North America. I cut my teeth in strategic marketing in IR & PR industries in Perth with a lot of mining companies and listed companies. I also have a lot of experience working with big consumer product goods brands across the globe. However, I decided that being an issuer is more exciting.

We have the aforementioned Michael Jennings as our COO and board member. As a third-generation cannabis world class breeder he has a ton of accolades across the world. Mainly because of how he breeds, his understanding of genetics and also his proprietary methods he brings into cultivation and all the other pillars of that business.

We then have our other two board members, Paul Chow and David Wilson. Both have a listed company experience in North America and also consumer product goods experience. David is working for one of the largest privately-owned beverage companies in North America. This is helpful since food and beverage companies are looking to get in the cannabis space.

Finally, we are building out the rest of the team from our CFO all the way down to the people that have been working within our facilities. We are excited about the growth of the team and it is our team that brought us to this point. We are building an industry winning team.

What's your outlook for Next Green Wave for the next 12 months?

The next 12 months it's all about focus and execution. We are expecting facility A to be fully ramped up and in full production. Our plans for facility B and facility D should be defined. Facility C will be running extraction and will serve as a place for the growth of our relationship with Intrexon.

Investors should also watch closely our efforts in the consumer products space. I repeat that our value proposition is to become the Unilever or Procter & Gamble of California in cannabis. It is a real value proposition we want to own. We will be doing everything we can to get there. We have some exciting things we will be sharing with the market in the coming months.

Finally, I would like to mention that we are also looking at starting in other jurisdictions. I am getting asked about this kind of expansion frequently and I can say we have interesting conversations with groups from Australia, which is an emerging market, down to South America and Europe. We will be engaging with some other jurisdictions as well in the next 12 months, which might mean we will again differentiate ourselves from our peers. We will be sharing some interesting things on this front in 2019.

In conclusion, the next 12 months are going to be exciting with plenty of developments.

Leigh, before we go, can you summarize the key points of interest of Next Green Wave, and tell us why investors should consider buying shares of the Company today?

Next Green Wave will be a world class nursery, producing world class nursery products. This is one value proposition why we believe investors should look at us. We will be one of the largest, if not, the leading cannabis company in California.

We will also be pushing the research and innovation envelope in the industry similarly to the likes of Canopy and Cronos whilst

focusing on bringing consumer products goods to the market like no other.

Last but not least, our management team will support all this. Our management team is world class, is patient and is in this for the long term.

These are the three key points which should entice investors to consider our business.

Well thank you Leigh, it's been a pleasure speaking with you and we appreciate your time and insights. All the best to you and Next Green Wave, and I look forward to speaking with you again soon.

Thank you. I appreciate it.

Interview Feedback

We welcome your questions and feedback regarding this interview at: <https://smallcaps.us/next-green-wave-holdings-ceo-leigh-hughes-unveils-how-the-company-wants-to-become-the-procter-gamble-of-cannabis-in-california/>

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