

Sativa Group PLC

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Sativa in talks with beverage firms to create CBD drinks in the UK

Cannabis firm Sativa Group PLC (NEX:SATI) is in talks with beverage companies to make cannabidiol (CBD) drinks for UK consumers.

The company's manufacturing and distribution business, George Botanicals, has created a water-soluble CBD emulsion that can be added to food and drinks.

Jeremy Thomas, the chief executive of Sativa, told Proactive Investors he has been in discussions with beverage companies he could not name yet to incorporate the emulsion into drinks.

READ: Sativa says 2019 first quarter revenues exceeding total revenues in the group's first year of trading
 "CBD products are mainly oil based but putting oils in water is difficult so we've made an emulsion that we can sell into the food and drinks industry," he said.

Thomas expects the company to see a "big revenue uptick" from the new CBD products George Botanicals is developing.

George Botanicals' products currently include oils, balms, capsules and liquid additives for e-cigarettes.

The products are available online and at Sativa's newly opened CBD retail store, Goodbody Wellness, in Bath.

Sativa to roll out 100 CBD wellness stores

Sativa opened the Bath store last Friday evening and plans to open 100 stores in the next two years. The next two stores will be opened in Cirencester and Bristol.

Thomas said the Bath store has already experienced strong demand in its first week of operation.

READ: Sativa opens first CBD wellness store with trading ahead of expectations

"Customers really liked the experience and bought more than we thought they would and I think that's very encouraging," he said.

While the roll out of 100 stores in two years may seem like an ambitious target, Thomas sees an opportunity to tap into a market that is expected to be worth £300m in the UK this year and £1bn by 2025.

Thomas said the company plans to use its advantage as the UK's first medical cannabis firm and get ahead of the game before rivals enter the scene.

New name to reflect new strategy

Price: 5.75

Market Cap: 0

1 Year Share Price Graph



November 2018 May 2019 November 20

Share Information

Code: SATI

Listing: NEX

Sector: **Medical technology & services**

Website: sativainvestments.co.uk

Company Synopsis:

"Sativa Group PLC is the UK's first listed medicinal cannabis company. Sativa is capitalising on its first-mover advantage and is developing a substantial UK bridgehead in what the Company believes will be a significant market in the future.

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The company listed on the NEX exchange as Sativa Investments in 2017 but has since changed its name to Sativa Group to reflect a change in the business model in response to the legalisation of medicinal marijuana in the UK last November.

Sativa was formed as an investment vehicle that put money into other medicinal cannabis firms. But it has since transformed into a trading company with three UK businesses including George Botanicals, Goodbody Wellness and medicinal cannabis research facility PhytoVista Laboratories.

"We have three trading businesses that are growing fast and generating real revenues from real customers who are repurchasing our products because they are happy with it," Thomas said.

Last month Sativa said revenue in the first quarter of 2019 had exceeded the amount generated in its first year of trading.

Thomas said the group has continued to trade strongly and is optimistic about delivering robust results for the full year.

"I'm an old fashioned businessman that likes to have revenue, customers and growth and that's what we've been focusing on," he said.

London 'waking up' to potential of cannabis market

He admits the UK market still has a long way to go as doctors are still reluctant to prescribe medicinal cannabis to patients despite the change in rules.

However, he expects medicinal cannabis will become an "important and sizeable" sector in the UK given the growth seen in America, Canada and Germany as well as the fact that a number of companies have been looking to list in London.

"The city is waking up to that and think we'll see more and more quality companies coming to the market but we're just keen to keep our first mover advantage in place," he said.

He added: "There's upward pressure from our patients, downward pressure from our senior politicians and the bit in the middle has to get their act together and that's a process....but we're seeing more and more progress."

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