

# The Valens Company

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## Mackie boosts price target on Valens GroWorks to C\$8 after strong quarterly results

Mackie Research Corporation is upping its price target on Valens GroWorks Corp (CVE:VGW) (OTCMKTS:MYMSF) to C\$8 from C\$6.75 following the extraction company's strong quarterly numbers posted earlier this week.

The cannabis company released its second-quarter financial numbers on Monday, showing a boost in revenue to C\$8.8 million -- which significantly surpassed Mackie's C\$5.8 million estimate.

The research firm maintained its Buy rating for Kelowna-based Valens, citing its strong balance sheet and boosted extraction capacity as the key reasons for its recommendation.

**READ:** Valens boosts revenue, brings in C\$8.8 million in revenue in 2Q financials

During the most recent quarter, Valens boosted its annual extraction capacity to 425,000 kg of dried cannabis and hemp biomass, thanks to increasing customer demand. The company has plans to boost capacity to more than 1,000,000 kg annually, with the buildout of its adjacent facility in Kelowna, British Columbia, which is anticipated to be completed in early 2020.

"Valens continues to experience significant demand for its services and it is accelerating its growth to ensure that it is able to meet the growing demand of its partners for both extraction and white label product development," wrote Mackie analyst Greg McLeish in a note.

Also during the second quarter, the company expanded the size and scope of its extraction agreement with Tilray Inc (NASDAQ:TLRY) by 300% to 60,000 kg per year, while adding contract manufacturing services.

Mackie's McLeish noted that Valens may provide contract manufacturing services for tincture bottles and gel caps, with the option to offer contract manufacturing services for other product formats such as vaporizer cartridges and topicals as Health Canada regulations allow.

McLeish also noted the company's balance sheet looked strong, with cash and short-term investments of approximately C\$65.5 million at the end of the quarter.

"This strong financial position will allow the company to increase extraction capacity at its Kelowna facility, to build out the recently acquired adjacent property which will add additional post-processing, product development and white label capacity, and for general corporate purposes," McLeish wrote.

Tier 1 issuer

Valens aims to use its proprietary extraction techniques and technologies to help cannabis producers get the most from their plants. It also does a host of other things through its various wholly owned subsidiaries.

**Price:** 3.88

**Market Cap:** \$486.96 m

### 1 Year Share Price Graph



### Share Information

**Code:** VLNS

**Listing:** TSX-V

52 week	High	Low
	4.07	2.95

**Sector:** Cannabis

**Website:** thevalenscompany.com

### Company Synopsis:

*The Valens Company is a multi-licensed, vertically-integrated cannabis company focused on being the partner of choice for leading Canadian and international cannabis brands by providing best-in-class, proprietary services including CO2, ethanol, hydrocarbon, solvent-less and terpene extraction, analytical testing, formulation and white-label product development.*

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The company recently listed on the TSX Venture Exchange as a Tier 1 life sciences issuer.

Shares of Valens gained 2.2% in early trading in Toronto at C\$4.17 and 2.9% on OTC markets at US\$3.22.

--Updated with share price--

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