

SOMAI Pharmaceuticals Acquires RPK Biopharma (Holigen), Reinforcing Global Leading Position in Medicinal Cannabis Sector

CARREGADO, PORTUGAL, February 29, 2024 /EINPresswire.com/ -- SOMAI Pharmaceuticals Unipessoal LDA ("SOMAI"), an EU-GMP European pharmaceutical and biotech company distributing cannabinoid-containing pharmaceuticals globally, today announced it has entered into a definitive agreement with AKANDA Corp. (U.S. NASDAQ: AKAN), an international medical cannabis company, to acquire 100% off of the issued and outstanding shares of its Portuguese subsidiary RPK Biopharma (Holigen). The acquisition will significantly accelerate SOMAI's global leadership, improving the Company's ability to deliver a ground-breaking differentiated cannabinoid-containing product portfolio to meet patients' needs worldwide.



- This strategic acquisition enhances SOMAI's capacity with best-in-class cultivation, manufacturing, and distribution assets, making it one of the few verticals in the EU able to cater to the diverse needs of fast-growing European cannabis markets.
- SOMAI will have an immediate dried flower market leadership position, a significantly expanded product portfolio, and a partnership with a world-renowned Cookies brand.
- SOMAI will gain access to distribution channels in various EU markets with key distribution partners in Germany and the UK, including German market leader Cansativa.

The strategic acquisition of RPK Biopharma (Holigen), a Portugal-based cultivator, manufacturer, and distributor, provides SOMAI with both the capacity and route-to-market for delivering top-quality EU-GMP certified medicinal cannabis to legal markets globally. Holigen's wholly owned

subsidiary RPK Biopharma Unipessoal, Lda ("RPK"), consists of a 25,000 square foot indoor EU-GMP certified grow facility located near Lisbon (in Sintra) dedicated to the cultivation of high-THC premium cannabis flower as well as a large seven million square foot (180+ acres) outdoor facility located two hours south in Aljustrel. Combined, the Company believes these facilities will provide the flexibility of capacity in Portugal to produce two tonnes of premium indoor cannabis flower, over 100 tonnes of outdoor cannabis flower that can be used for high-quality extraction material, and over ten tonnes of additional manufacturing capacity annually.

Holigen's best-in-class indoor grow facility is one of a few facilities that can produce EU-GMP medical cannabis equivalent to the recreational grades available in North America. SOMAÍ will also benefit from the existing supply agreements and key partnerships with top distributors in Germany, the UK, and Australia. Holigen, through its strong partnership with Cansativa, has already had one of the most successful launches into the German market, supplying over 1000kgs of Strawberry Banana and Cherry Pie. The company is preparing for a significant market launch of Cookies branded products in 2024.

Key Transaction Highlights

Business synergies. The acquisition brings together two international medical cannabis companies with complementary assets; SOMAÍ, as a manufacturer and distributor of innovative cannabis-based medical products, and Holigen, as a cultivator, manufacturer, and distributor of high-quality dried flower. These two distinct assets and capabilities represent and service both the present and future largest cannabis market segments.

EU-GMP-certified facility. The acquisition provides the Company with a second EU-GMP certification, bolstering SOMAÍ's pharmaceutical credentials and opening direct international market access for dried flower.

Enhanced cash flow generation. The absorption of Holigen into the group is forecast to result in €18 million consolidated revenues in the first year. The deal will further strengthen SOMAÍ's working capital, improve flower line margins and bring the group sharply to profitability with immediate accretion for shareholders.

Unmatched global cannabis leadership. Holigen will add to SOMAÍ's capabilities with advanced cultivation and overall cannabis expertise. Tom Flow, an internationally recognized cultivation professional with over 20 years of experience across a range of cannabis businesses, is expected to join SOMAÍ, subject to agreement and board approval.

Cookies Brand Partnership. Through its existing partnership with Cookies, SOMAÍ and its clients now have access to the top cannabis brand in the world. The company is preparing for the exciting launch of Cookies branded products in the EU and UK.

Key client relationships. SOMAÍ will gain access and benefit from Holigen's distribution partners in key EU and UK markets. Holigen's strong relationship with Cansativa in Germany will help

propel the company's growth trajectory through 2024, 2025, and beyond.

Premium indoor cultivation. The Sintra facility is a 25,000-square-foot premium indoor facility designed to produce at least two tonnes of high-THC premium medical cannabis per year. The facility is one of a limited number of fully certified EU GMP indoor facilities currently operating in Europe.

Large-scale outdoor cultivation. The Aljustrel facility is comprised of over seven million square feet of cultivation capacity and completed a successful outdoor grow over a 30-acre parcel of land.

Expanded B2B sales and services opportunities. With the acquisition of Holigen, whose indoor facility can grow up to two tonnes of cannabis and process over ten tonnes annually, SOMAÍ is set to significantly enhance its ability to process premium cannabis strains from across the globe while ensuring the highest EU-GMP standards.

Evolving European Cannabis Market Landscape. Following the recent changes in German cannabis regulations, more European countries are expected to reschedule medicinal cannabis and provide wider access to cannabinoid-containing pharmaceuticals to patients. This will provide bigger opportunities for the Company to supply these new markets with a broad product portfolio as regulations progress.

"The timing of the purchase couldn't be any more perfect, as Germany rescheduled cannabis and removed the narcotic stigma, paving the way not only for a German boom in cannabis but what will be the start of a global medical explosion in Europe. Joining the EU small club of verticals sets SOMAÍ up to partner with large US MSO's looking to expand their footprints to Europe. This acquisition doubles SOMAÍ's predicted 2024 revenue and adds a stable line of Cookies strains as well as a facility to process hand-picked curated strains from around the world," said Michael Sassano, the Founder and Interim CEO of SOMAÍ Pharmaceuticals.

Anton Nakhodkin, Managing Director and Board Member of SOMAÍ Pharmaceuticals, added, "SOMAÍ is ready for the most extensive global product launch to date. We envision a world where people live a healthy and comfortable life empowered by natural medicine. The acquisition of Holigen adds the missing piece to create a truly unparalleled portfolio of innovative products designed to target a variety of patient indications. As reflected in our mission, 'We craft care,' we are dedicated to enhancing the well-being of individuals worldwide".

"The combination of SOMAÍ and Holigen is the perfect outcome for Holigen," added Tom Flow, Managing Director of Holigen. "The facilities, operations, and team at SOMAÍ are world class and we are excited to work side by side with them. Holigen enters a milestone year ahead, with our most exciting product launch to date, Cookies branded products into EU markets! Finally, this combination creates a more vertically integrated business, with significant underused grow, processing, and distribution capacity, allowing us to control the value chain, expand revenue

sources and capture market share.”

Transaction Summary

Under the terms of the definitive agreement, SOMAÍ will acquire RPK Biopharma (Holigen) for US\$2.0 million in cash, and the assumption at RPK of approximately US\$3.3 million (€3.0 million) of bank debt which is non-recourse to SOMAÍ.

The acquisition, which has been approved by the Boards of Directors of both companies, is expected to close in March 2024 and is subject to the satisfaction or waiver of customary closing conditions. SW4 Partners is acting as the lead financial advisor to SOMAÍ, with Victoria Associates acting as the legal advisor.

About SOMAÍ Pharmaceuticals

SOMAÍ Pharmaceuticals is a large-scale EU-GMP manufacturer of cannabis products concentrating on the highest quality medical-grade pharmacological applications. The company invests in the extraction, research, development, formulation, and distribution of EU GMP-pharmaceutical market-authorized cannabinoid products. SOMAÍ is committed to revolutionizing healthcare through cannabis-based treatments. For more information, please visit SOMAÍ's website.

About Akanda Corp.

AKANDA Corp. (U.S. NASDAQ: AKAN) is an international medical cannabis and wellness platform company seeking to help people lead better lives through improved access to high quality and affordable products. The Company is building a seed-to-patient supply chain, connecting patients in the UK and Europe with diverse products including cannabis products cultivated at its competitively advantaged grow operation in the Kingdom of Lesotho and with other trusted third-party brands. Akanda's initial portfolio includes Bophelo Bioscience & Wellness, a GACP qualified cultivation campus in the Kingdom of Lesotho in Southern Africa, and CanMart, a UK-based fully licensed pharmaceutical importer and distributor that supplies pharmacies and clinics within the UK.

Tom Flow, Managing Director of Holigen, has been in charge of running and managing Holigen since October 2021, and following the successful completion of the acquisition, is expected to stay on and continue running the operation. An accomplished business leader and recognized cultivation expert, Mr. Flow co-founded The Flowr Corporation in 2016 and has served in roles including CEO, Chief Operating Officer, and President. Prior to Flowr, he was co-founder and Chief Operating Officer of MedReleaf Corp, a Canadian Licensed Producer that was sold to Aurora Cannabis for US\$2.5 billion (C\$3.2 billion). Mr. Flow sits on the board and advisory committees of several cannabis-related companies.

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