

CBD Beverage Hits Mainstream via Pepsi Independent Distributors



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Xanthic Beverages →
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AMITY, Ore., Sept. 19, 2018 /PRNewswire/ -- Xanthic Beverages, an Oregon-based beverage company, recently unveiled their flagship product, and it's disruptive for the entire cannabis industry.

While other cannabinoid companies have been fighting over space on marijuana dispensary shelves, Xanthic Beverages has been rapidly taking over the mainstream marketplace. Their flagship product, Xanthic CBD Water, is produced by a Pepsi independent bottler, and is currently being distributed by a network of Pepsi independent distributors in hundreds of retail locations throughout Washington and Oregon.



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Xanthic CBD Water contains cannabidiol (CBD) derived from natural sources other than cannabis, making it the first commercially-available CBD exempt from the federal cannabis laws that currently hamper most mainstream retail cannabinoid distribution agreements in the U.S. CBD is a non-psychoactive cannabinoid revered for a wide range of benefits. CBD is so popular among athletes that in 2017 the World Anti-Doping Agency removed it from its list of banned substances.

Oregon has long been a cultural and industrial center for the cannabis industry. Oregon became the first U.S. state to decriminalize marijuana in 1973, and in 1998 the Oregon Medical Marijuana Act was passed. Oregon began allowing recreational marijuana sales in 2015, and now the scale of the industry has caught the attention of Wall Street.

In August, Constellation Brands, the maker of Corona and Modelo, announced an investment of \$3.8 billion in Canopy Growth Corporation, a publicly-traded Canadian cannabis company. And just this week Bloomberg reported that Coca-Cola is also monitoring the industry, with specific interest in CBD-infused beverages. Arcview Market Research and BDS Analytics estimates the North American cannabis industry represents at least \$100 billion in economic activity per year. Total legal sales in North America already top \$6 billion, with estimated legal sales of over \$15 billion by 2020.

Xanthic Beverages was founded in January 2018 by Ryan Maxson and Ryan Stroud. In March 2018 they signed a partnership agreement with Xanthic Biopharma Inc., a publicly-traded Canadian company [CSE:XTHC].

Says Stroud, "Some of the largest companies in the world in their respective categories have come to Oregon looking for ways to cash in on the cannabinoid opportunity. Last fall an exec from one of those companies challenged us to make a cannabinoid product that a publicly-traded company like theirs could be involved in legally. So we did."

Maxson continues: "We also recognized that cottage-scale practices would not be sufficient to fill the scale of distribution pipeline we envisioned for ourselves, so we found a Pepsi-contracted bottler to produce our product. Once distributors and large-chain retailers understood our capacity, they began to look at us a lot differently."

Ryan Maxson is a fifth-generation family farmer who recognized early on the value of merchandising his products. After high school, Maxson worked for two years in the West Wing of the White House before returning home and resuming his family's long legacy in agriculture.

"When I first stepped out on my own as a farmer, kale was just beginning to trend," he says, "so I

grew a bunch of kale, but I knew all along it's never the farmer who makes the strongest margins." It wasn't long before he'd expanded his business model to include food processing and packaging. And not long after, kale chips that he'd grown, processed, and packaged were being sold in thousands of retail locations across the U.S., as well as in three other countries.

When Oregon opened up its state-regulated cannabis market, Maxson saw the opportunity to take an even bigger step. Maxson explains, "Because cannabis is still not federally legal, there is still a lot of mainstreaming and consolidation that hasn't happened yet. I wanted to take part in the opportunity by helping professionalize the industry, so I went looking for a business partner who had the cannabis industry piece, but who also had the professional piece."

That's when he met Ryan Stroud. Stroud has been working in the cannabis industry for fifteen years. He's also a military veteran with a background that includes public policy development and Fortune 50 consulting. Stroud explains, "After the military I was looking for another adventure." He ended up in Mendocino County, California, where he was introduced to Tim Blake, founder of the legendary Emerald Cup. Says Stroud, "At that time under the California medical marijuana program many people were just beginning to move their production out into full sun, and there was demand for people who could operate in that unique environment. Tim gave me the opportunity to be involved." His first season he was put to work as a gardener, and later running a trim crew. The next season he was commissioned to oversee his own crop, and ended up placing in the Cup.

Stroud eventually moved to Portland where he earned a graduate degree and built a mainstream career. "But I always kept a foot in cannabis," he says. "It was just something that I kept to myself. I'd be working on a research project for a report to U.S. Congress, or I'd be helping an executive resolve a conflict, and then I'd go home and tend my medical grow."

"But times have changed," he continues. "And the cannabinoid industry is no longer just about cannabis. Whether a cannabinoid company focuses on medical efficacy or recreation, there are a number of different ways to produce and deliver cannabinoids. Xanthic CBD Water is part of that evolution."

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