

Quarterly Industry Update

As of September 30, 2016

Industry: Ancillary Cannabis Companies



Industry Summary

Cogent Valuation identified Ancillary Cannabis Companies publicly traded companies, IPOs, and recent M&A transactions within the Ancillary Cannabis Companies industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since September 30, 2015, the median 52-week share price return of the Ancillary Cannabis Companies industry was -31.1%. As this industry is new and many companies trade through over-the-counter markets, information to calculate valuation multiples was unavailable for most companies.

Comparable Public Company Key Statistics

Median 52-Week Return	(31.1%)	Median Price/Revenue Multiple	4.7x	Median Price/Earnings Multiple	8.6x
Median Year-to-Date Return	(2.4%)	Median Price/Gross Profit Multiple	13.4x		

Comparable Public Company Market Price Returns (As of September 30, 2016)

	YTD	3 Month	1 Year	2 Year	Revenues	Gross Profit	Net Income	GP Margin	NI Margin	P/Rev.	P/GP
Agritek Holdings, Inc.	430.8%	245.0%	360.0%	(72.3%)	\$3.2	(\$24.2)	(\$1,907.9)	(749.8%)	(59068.1%)	448.4x	(59.8x)
American Cannabis Company, Inc.	87.5%	167.6%	238.6%	(39.2%)	\$2,871.5	\$939.2	(\$343.5)	32.7%	(12.0%)	4.4x	13.4x
American Green, Inc.	(64.7%)	(45.5%)	(76.9%)	(80.6%)	\$48.6	\$48.6	(\$765.6)	100.0%	(1574.3%)	32.3x	32.3x
AmeriCann, Inc.	10.7%	(44.1%)	(31.1%)	(33.0%)	\$90.0	\$90.0	(\$1,838.4)	100.0%	(2042.7%)	114.6x	114.6x
Café Serendipity Holdings, Inc.	(76.5%)	12.7%	(84.5%)	(49.4%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canna Consumer Goods, Inc.	28.0%	166.7%	28.0%	(79.9%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cannabiz Mobile, Inc.	100.0%	100.0%	0.0%	(94.7%)	\$1,206.9	\$620.4	(\$1,245.1)	51.4%	(103.2%)	N/A	N/A
CannaGrow Holdings, Inc.	72.0%	19.3%	55.7%	254.1%	\$1,655.7	(\$200.4)	(\$1,974.5)	(12.1%)	(119.3%)	0.5x	(3.9x)
CannaSys, Inc.	(99.3%)	(84.9%)	(99.3%)	(98.3%)	\$149.7	\$80.9	(\$5,293.7)	54.0%	(3535.5%)	0.3x	0.5x
CB Scientific Inc.	16.9%	(12.4%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CHUMA HOLDINGS, INC.	(91.6%)	7.2%	(93.3%)	(84.6%)	\$305.9	\$281.4	(\$4,558.1)	92.0%	(1490.1%)	4.7x	5.1x
CSA Holdings Inc.	(90.2%)	(27.3%)	(89.1%)	N/A	\$847.8	\$358.9	(\$1,332.6)	42.3%	(157.2%)	4.7x	11.2x
DigiPath, Inc.	42.8%	5.2%	(0.1%)	(81.7%)	\$206.4	\$90.7	(\$4,424.7)	44.0%	(2143.9%)	15.6x	35.4x
Dutch Gold Resources, Inc.	0.0%	0.0%	(90.0%)	(81.7%)	\$0.0	\$0.0	(\$1,558.5)	N/A	N/A	N/A	N/A
FutureWorld Corp.	(50.0%)	0.0%	(83.3%)	(93.7%)	\$79.8	\$87.8	(\$483.5)	109.9%	(605.6%)	3.2x	2.9x
General Cannabis Corp.	267.2%	112.2%	69.0%	(30.9%)	\$2,673.0	\$664.1	(\$6,133.3)	24.8%	(229.5%)	10.6x	42.6x
Global Hemp Group Inc.	44.9%	183.6%	101.5%	(38.5%)	\$5.4	\$1.1	(\$103.6)	21.0%	(1911.1%)	406.6x	1933.1x
Green Energy Management Services Holdings, Inc.	(41.7%)	(12.5%)	(68.2%)	(58.2%)	\$384.5	\$14.9	(\$532.1)	3.9%	(138.4%)	1.2x	30.7x
Green Technology Solutions, Inc.	(12.8%)	(35.8%)	(77.0%)	(92.4%)	\$0.0	\$0.0	(\$6,601.9)	N/A	N/A	N/A	N/A
GreenPlex Services, Inc.	(9.5%)	(37.5%)	(9.5%)	(57.4%)	\$38.1	\$38.1	(\$403.0)	100.0%	(1057.7%)	94.5x	94.5x
Grow Solutions Holdings, Inc.	(82.1%)	(75.0%)	(75.0%)	N/A	\$5,411.1	\$1,588.1	(\$1,329.8)	29.3%	(24.6%)	2.2x	7.6x
Helix TCS, Inc.	778.6%	207.5%	1821.9%	454.5%	\$3,928.5	\$1,623.8	(\$3,878.3)	41.3%	(98.7%)	0.1x	0.4x
Hemp Inc.	(40.2%)	1.9%	(47.1%)	(70.0%)	\$2,357.3	\$1,763.1	(\$1,201.4)	74.8%	(51.0%)	1.7x	2.2x
International Consolidated Companies, Inc.	(33.3%)	100.0%	(50.0%)	(83.7%)	\$55.8	\$55.8	(\$199.1)	100.0%	(357.1%)	14.6x	14.6x

(Multiple year periods are calculated as the average annual return. Revenues, gross profits, net income stated in thousands of US dollars.)

Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Gross Profit (GP): Revenues - Cost of Goods Sold

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

Price (P): Price is stated in US Dollars as of the report date.

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Comparable Public Company Market Price Returns (As of September 30, 2016)

	YTD	3 Month	1 Year	2 Year	Revenues	Gross Profit	Net Income	GP Margin	NI Margin	P/Rev.	P/GP
IPOWorld	(69.7%)	17.8%	(94.7%)	(87.5%)	\$0.0	\$0.0	(\$436.9)	N/A	(59068.1%)	448.4x	(59.8x)
MassRoots, Inc.	(63.5%)	(53.3%)	(75.8%)	N/A	\$796.5	(\$1,649.6)	(\$11,207.6)	(207.1%)	(12.0%)	4.4x	13.4x
Medical Cannabis Payment Solutions	22.4%	(16.0%)	53.9%	(38.0%)	N/A	N/A	N/A	N/A	(1574.3%)	32.3x	32.3x
MediGreen Holdings Corporation	(95.0%)	78.6%	(95.0%)	(90.9%)	\$3.8	(\$107.9)	(\$2,415.1)	(2868.4%)	(2042.7%)	114.6x	114.6x
Monarch America, Inc.	(87.0%)	(25.0%)	(99.6%)	N/A	\$4,321.9	\$1,282.8	(\$2,398.4)	29.7%	N/A	N/A	N/A
Nhale Inc.	566.7%	(12.1%)	100.0%	(71.7%)	\$0.0	\$0.0	(\$97.7)	N/A	N/A	N/A	N/A
North American Cannabis Holdings, Inc.	(80.0%)	100.0%	(92.6%)	(92.9%)	N/A	N/A	N/A	N/A	(103.2%)	N/A	N/A
Northsight Capital, Inc.	60.0%	24.0%	28.0%	(73.0%)	\$17.9	\$17.9	(\$6,155.3)	100.0%	(119.3%)	0.5x	(3.9x)
Novus Acquisition & Development Corp.	358.6%	407.6%	315.6%	(54.4%)	\$96.8	\$92.9	\$23.7	96.0%	(3535.5%)	0.3x	0.5x
Occidental Development Group Inc.	(28.3%)	(52.2%)	(54.3%)	(22.2%)	\$0.0	\$0.0	(\$275.4)	N/A	N/A	N/A	N/A
Peak Pharmaceuticals, Inc.	11.1%	74.4%	(39.9%)	(75.7%)	\$0.0	\$0.0	(\$1,806.8)	N/A	(1490.1%)	4.7x	5.1x
Pineapple Express Inc.	10.1%	(32.7%)	(6.1%)	N/A	\$0.0	\$0.0	(\$1,922.0)	N/A	(157.2%)	4.7x	11.2x
PotNetwork Holdings Inc.	(96.9%)	36.1%	(98.4%)	(91.2%)	N/A	N/A	N/A	N/A	(2143.9%)	15.6x	35.4x
Signal Bay, Inc.	73.6%	2380.0%	12.0%	(6.8%)	\$500.4	\$500.4	(\$1,149.0)	100.0%	N/A	N/A	N/A
STWC Holdings, Inc.	(31.8%)	1.3%	(8.5%)	(55.0%)	\$4,046.3	\$3,741.4	(\$2,625.6)	92.5%	(605.6%)	3.2x	2.9x
Synergetics, Inc.	(4.8%)	108.3%	(5.7%)	0.0%	\$0.0	\$0.0	(\$356.1)	N/A	(229.5%)	10.6x	42.6x
U.S. Lithium, Corp.	81.8%	(66.9%)	33.3%	41.4%	\$0.0	\$0.0	(\$124.4)	N/A	(1911.1%)	406.6x	1933.1x
WEED, Inc.	132.6%	42.9%	81.8%	52.5%	\$0.0	\$0.0	(\$2,084.3)	N/A	(138.4%)	1.2x	30.7x
Median of Industry Public Companies	(2.4%)	6.2%	(31.1%)	(70.9%)	\$84.9	\$43.4	(\$1,445.6)	47.7%	(605.6%)	4.7x	13.4x

(Multiple year periods are calculated as the average annual return. Revenues, gross profits, net income stated in thousands of US dollars.)

Median Public Company Multiples of the Ancillary Cannabis Companies

Date:	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
EV/Revenues Multiple	5.1x	3.5x	4.3x	3.5x	2.4x	2.9x	3.7x	5.1x	4.7x
Price/Earnings Multiple	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.7x	8.6x
EV/Gross Cash Flows Multiple	40.4x	13.6x	22.6x	27.4x	4.8x	5.0x	3.6x	12.5x	6.1x

Quarterly Industry Update

As of September 30, 2016

Industry: Ancillary Cannabis Companies



Industry Initial Public Offerings - (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
7/7/2014	Searchtech Ventures Inc.	\$0.09	6.85	\$0.64	\$0.22	\$0.00	\$0.00	\$0.00	(\$0.02)	\$0.00
12/16/2013	Cannabix Technologies Inc.	\$0.09	6.63	\$0.75	\$0.09	\$0.00	\$0.00	\$0.00	(\$0.09)	\$0.00
5/30/2013	Nhale Inc.	\$0.01	10.00	\$0.10	\$0.04	\$0.05	\$0.04	\$0.00	(\$0.12)	\$0.00
2/21/2012	MJ Holdings, Inc.	\$0.05	0.03	\$0.00	\$0.01	\$0.05	\$0.00	(\$0.02)	(\$0.02)	(\$0.02)
2/15/2012	Aja Cannamufacturing, Inc.	\$0.01	2.00	\$0.02	\$0.02	\$0.00	\$0.00	\$0.00	(\$0.02)	\$0.00
10/31/2011	IPOWorld	\$0.01	1.00	\$0.01	\$0.02	\$0.00	\$0.00	\$0.00	(\$0.00)	\$0.00
10/23/2009	Peak Pharmaceuticals, Inc.	\$0.10	0.41	\$0.04	\$0.01	\$0.00	\$0.00	\$0.00	(\$0.03)	\$0.00
Median of All IPOs		nm	nm	\$0.04	\$0.02	\$0.00	\$0.00	\$0.00	(\$0.02)	\$0.00

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	LTM EBITDA	EV/Revenues	EV/EBITDA	Target Country
8/18/2016	CanvasRx Inc.	Aurora Cannabis Inc.	\$29.5	100%	N/A	N/A	N/A	N/A	Canada
5/24/2016	Oregon Analytical Services, LLC	EVIO Inc.	\$1.2	100%	N/A	N/A	N/A	N/A	United States
11/30/2015	Cannabis Health Sciences	N/A	\$0.0	100%	N/A	N/A	N/A	N/A	Canada
9/18/2015	CR Labs, Inc.	Signal Bay, Inc.	\$0.4	80%	\$0.05	(\$0.00)	N/A	N/A	United States
5/1/2015	Canna Delivery Systems	Kariana Resources Inc.	\$0.4	100%	N/A	N/A	N/A	N/A	Canada
4/30/2015	Oilseed Works Inc.	Mettrum Health Corp.	\$0.2	100%	N/A	N/A	N/A	N/A	Canada
2/20/2015	Michigan Green Technologies	Cannabis Science, Inc.	\$0.4	30%	N/A	N/A	N/A	N/A	United States
2/11/2015	Cannabis Health Sciences Inc.	Invictus MD Strategies	\$0.1	100%	N/A	N/A	N/A	N/A	Canada
12/9/2014	Cannigistics Agri-Solutions	Calyx Bio-Ventures Inc.	\$0.5	100%	N/A	N/A	N/A	N/A	Canada
12/1/2014	Healthnostics, Inc.	Stragenics, Inc.	\$0.8	100%	N/A	N/A	N/A	N/A	United States
10/15/2014	MobiWeed	Highmark Marketing Inc.	\$0.2	100%	N/A	N/A	N/A	N/A	Canada
9/29/2014	Sigal Consulting LLC	Worlds Online Inc.	\$3.8	51%	N/A	N/A	N/A	N/A	United States
9/11/2014	Ovation Research, Inc.	New Compendium	\$0.3	90%	\$0.09	N/A	4.0x	N/A	United States
9/11/2014	R.E.M. International, LLC	Cannabis Kinetics Corp.	\$1.4	100%	N/A	N/A	N/A	N/A	United States
8/20/2014	GreenPay LLC	MyECheck, Inc.	\$0.4	100%	N/A	N/A	N/A	N/A	United States
8/5/2014	GreenLeaf Consulting LLC	ENDEXX Corp.	\$0.3	100%	N/A	N/A	N/A	N/A	United States
7/25/2014	Hydro Innovations, LLC	Surna Inc.	\$0.5	100%	\$0.99	(\$0.40)	0.5x	N/A	United States
7/23/2014	Innovative Holdings, Inc.	BioCube, Inc.	\$0.0	100%	N/A	N/A	N/A	N/A	United States
7/15/2014	Gold Ridge Resources, Inc.	CorGreen Technologies	\$0.0	100%	N/A	N/A	N/A	N/A	United States
6/30/2014	Kush Inc.	Cannabis Sativa, Inc.	\$13.2	100%	N/A	N/A	N/A	N/A	United States
6/12/2014	SpeedSport Branding, Inc.	CannLabs, Inc.	\$0.0	100%	\$0.09	(\$0.06)	0.0x	0.0x	United States
5/23/2014	(Medical Cannabis Property)	Supreme Pharmaceuticals	\$4.1	100%	N/A	N/A	N/A	N/A	Canada
4/7/2014	Phytalytics LLC	Abattis Bioceticals Corp.	\$1.3	51%	N/A	N/A	N/A	N/A	United States
3/4/2014	(Medical Cannabis Property)	The CannaBusiness Group	\$0.3	100%	N/A	N/A	N/A	N/A	United States
3/3/2014	Triton Distribution Systems	Green Cures	\$0.1	26%	N/A	N/A	N/A	N/A	United States
2/21/2014	Hemp Market Watch	Worldwide Internet Inc.	\$1.0	20%	N/A	N/A	N/A	N/A	United States
2/18/2014	MicroCannaBiz, LLC	Mentor Capital, Inc.	\$0.2	51%	N/A	N/A	N/A	N/A	United States
2/10/2014	Securitas EDGAR Filings, Inc.	N/A	\$0.4	97%	N/A	(\$0.02)	N/A	N/A	United States
1/30/2014	(Medical Cannabis Property)	Zoned Properties Inc.	\$1.1	100%	N/A	N/A	N/A	N/A	United States

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Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	LTM EBITDA	EV/Revenues	EV/EBITDA	Target Country
12/31/2013	(Medical Cannabis Property)	Advanced Cannabis	\$0.5	100%	N/A	N/A	N/A	N/A	United States
11/26/2013	Eco Science Solutions, Inc.	N/A	\$0.6	51%	N/A	(\$1.47)	N/A	N/A	United States
8/7/2013	Dispense Labs, LLC	ENDEXX Corp.	\$2.3	100%	N/A	N/A	N/A	N/A	United States
2/28/2013	Hayes Pharmacy Inc.	ENDEXX Corp.	\$0.3	100%	N/A	N/A	N/A	N/A	United States
2/11/2013	IPOWorld	Glob AG	\$0.0	80%	N/A	N/A	N/A	N/A	United States
12/31/2012	Weedmaps, LLC	RJM BV	\$11.8	100%	N/A	N/A	N/A	N/A	United States
12/11/2012	Cannabis Science, Inc.	The X-Change Corporation	\$0.3	100%	N/A	N/A	N/A	N/A	Germany
3/21/2012	Cannabis Consulting, Inc.	Cannabis Science, Inc.	\$0.1	100%	N/A	N/A	N/A	N/A	United States
11/11/2010	(Medical Cannabis Company)	N/A	\$0.1	100%	\$0.54	N/A	N/A	N/A	United States
Median of the 38 M&A Transaction Targets			\$0.4	100%	\$0.09	(\$0.06)	0.5x	0.0x	

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