

Quarterly Industry Update

As of December 31, 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 December 31, 2015, the median 52-week share price return of the Ancillary Cannabis Companies industry was 48.5%. 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	48.5%	Median Price/Revenue Multiple	15.9x	Median Price/Earnings Multiple	156.6x
Median Year-to-Date Return	48.5%	Median Price/Gross Profit Multiple	24.2x		

Comparable Public Company Market Price Returns (As of December 31, 2016)

	YTD	3 Month	1 Year	2 Year	Revenues	Gross Profit	Net Income	GP Margin	NI Margin	P/Rev.	P/GP
Agritek Holdings, Inc.	2584.6%	405.8%	2584.6%	(20.6%)	\$3.2	(\$6.6)	(\$3,119.3)	(205.3%)	(96571.8%)	3252.3x	(1584.5x)
Aja Cannafacturing, Inc.	177.8%	177.8%	177.8%	(81.1%)	\$22.9	(\$13.3)	(\$2,040.2)	(58.0%)	(8897.3%)	0.1x	(0.3x)
American Cannabis Company, Inc.	510.4%	225.6%	510.4%	24.5%	\$2,765.3	\$1,068.0	(\$421.5)	38.6%	(15.2%)	14.9x	38.6x
American Green, Inc.	35.3%	283.3%	35.3%	(57.9%)	\$48.6	\$48.6	(\$765.6)	100.0%	(1574.3%)	123.9x	123.9x
AmeriCann, Inc.	551.8%	488.7%	551.8%	99.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Café Serendipity Holdings, Inc.	(69.4%)	30.4%	(69.4%)	(38.8%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canna Consumer Goods, Inc.	132.0%	81.3%	132.0%	(57.4%)	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A	N/A
Cannabix Technologies Inc.	415.2%	141.3%	415.2%	130.8%	\$0.0	\$0.0	(\$1,164.4)	N/A	N/A	N/A	N/A
Cannabiz Mobile, Inc.	100.0%	0.0%	100.0%	(74.2%)	\$1,206.9	\$620.4	(\$1,245.1)	51.4%	(103.2%)	0.00x	0.00x
CannaGrow Holdings, Inc.	314.0%	140.6%	314.0%	111.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CannaSys, Inc.	(100.0%)	(94.5%)	(100.0%)	(99.2%)	\$102.1	\$40.0	(\$6,509.7)	39.2%	(6377.7%)	0.0x	0.1x
CB Scientific, Inc.	56.9%	34.2%	56.9%	N/A	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A	N/A
CHUMA HOLDINGS, INC.	(89.7%)	22.3%	(89.7%)	(82.1%)	\$305.9	\$281.4	(\$4,558.1)	92.0%	(1490.1%)	5.7x	6.2x
CSA Holdings, Inc.	(62.4%)	285.0%	(62.4%)	N/A	\$847.8	\$358.9	(\$1,332.6)	42.3%	(157.2%)	18.2x	43.0x
DigiPath, Inc.	39.3%	(2.5%)	39.3%	(28.8%)	\$206.4	\$90.7	(\$4,424.7)	44.0%	(2143.9%)	15.2x	34.5x
Dutch Gold Resources, Inc.	0.0%	0.0%	0.0%	(77.6%)	\$0.0	\$0.0	(\$1,558.5)	N/A	N/A	N/A	N/A
FutureWorld Corp.	(50.0%)	0.0%	(50.0%)	(89.8%)	\$164.5	\$165.7	(\$470.1)	100.7%	(285.7%)	1.8x	1.8x
General Cannabis Corp.	515.3%	67.5%	515.3%	78.9%	\$2,890.0	\$702.6	(\$18,882.1)	24.3%	(653.4%)	16.7x	68.7x
Global Hemp Group Inc.	133.3%	61.0%	133.3%	18.1%	\$5.4	\$1.1	(\$103.6)	21.0%	(1911.1%)	654.6x	3112.1x
Green Energy Management Services Holdings, Inc.	(37.5%)	7.1%	(37.5%)	(31.5%)	\$384.5	\$14.9	(\$532.1)	3.9%	(138.4%)	1.3x	32.9x
Green Technology Solutions, Inc.	6.3%	21.9%	6.3%	(90.2%)	\$0.0	\$0.0	(\$6,601.9)	N/A	N/A	N/A	N/A
GreenPlex Services, Inc.	35.7%	50.0%	35.7%	(13.4%)	\$38.1	\$38.1	(\$403.0)	100.0%	(1057.7%)	141.8x	141.8x
Grow Solutions Holdings, Inc.	(83.9%)	(10.0%)	(83.9%)	N/A	\$6,124.2	\$2,043.5	(\$2,867.5)	33.4%	(46.8%)	1.7x	5.0x
Helix TCS, Inc.	5614.3%	550.4%	5614.3%	1191.0%	\$326.5	\$33.4	(\$421.3)	10.2%	(129.0%)	38.4x	375.3x

(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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As of December 31, 2016

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Comparable Public Company Market Price Returns (As of December 31, 2016)

	YTD	3 Month	1 Year	2 Year	Revenues	Gross Profit	Net Income	GP Margin	NI Margin	P/Rev.	P/GP
Hemp Inc.	(25.0%)	25.5%	(25.0%)	(65.2%)	\$2,357.3	\$1,763.1	(\$1,201.4)	74.8%	(51.0%)	2.1x	2.8x
International Consolidated Companies, Inc.	533.3%	850.0%	533.3%	2.7%	\$55.8	\$55.8	(\$199.1)	100.0%	(357.1%)	138.5x	138.5x
IPOWorld	(80.0%)	(34.0%)	(80.0%)	(87.9%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MassRoots, Inc.	(6.4%)	156.2%	(6.4%)	N/A	\$944.6	(\$1,586.5)	(\$12,563.0)	(168.0%)	(1330.0%)	52.6x	(31.3x)
Medical Cannabis Payment Solutions, Inc.	213.3%	156.0%	213.3%	38.9%	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A	N/A
MediGreen Holdings Corporation	(90.5%)	90.0%	(90.5%)	(86.2%)	\$3.8	(\$107.9)	(\$2,415.1)	(2868.4%)	(64230.1%)	5.7x	(0.2x)
Monarch America, Inc.	(82.6%)	33.3%	(82.6%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nhale, Inc.	100.0%	(70.0%)	100.0%	(74.9%)	\$0.0	\$0.0	(\$115.1)	N/A	N/A	N/A	N/A
North American Cannabis Holdings, Inc.	(70.0%)	50.0%	(70.0%)	(96.5%)	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A	N/A
Northsight Capital, Inc.	72.5%	7.8%	72.5%	(69.0%)	\$17.3	\$17.3	(\$2,995.1)	100.0%	(17332.9%)	900.4x	900.4x
Novus Acquisition & Development Corp.	8244.8%	1719.5%	8244.8%	80.9%	\$96.8	\$92.9	\$23.7	96.0%	24.5%	24.0x	25.0x
Occidental Development Group, Inc.	166.7%	272.1%	166.7%	70.6%	\$0.0	\$0.0	(\$275.4)	N/A	N/A	N/A	N/A
Peak Pharmaceuticals, Inc.	48.1%	33.3%	48.1%	(55.1%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pineapple Express, Inc.	48.8%	35.1%	48.8%	N/A	\$0.0	\$0.0	(\$2,418.7)	N/A	N/A	N/A	N/A
PotNetwork Holding, Inc.	(97.4%)	(16.9%)	(97.4%)	(88.6%)	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A	N/A
Signal Bay, Inc.	180.0%	61.3%	180.0%	10.3%	\$500.4	\$500.4	(\$1,149.0)	100.0%	(229.6%)	23.4x	23.4x
STWC Holdings, Inc.	(22.9%)	13.0%	(22.9%)	(48.5%)	\$4,046.3	\$3,741.4	(\$2,625.6)	92.5%	(64.9%)	2.8x	3.1x
Synergetics, Inc.	(42.9%)	(40.0%)	(42.9%)	(34.5%)	\$0.0	\$0.0	(\$356.1)	N/A	N/A	N/A	N/A
U.S. Lithium, Corp.	281.4%	109.8%	281.4%	251.3%	\$0.0	\$0.0	(\$164.9)	N/A	N/A	N/A	N/A
WEED, Inc.	1900.0%	760.0%	1900.0%	250.5%	\$1.6	(\$0.0)	(\$0.6)	(9.1%)	N/A	N/A	N/A
Median of Industry Public Companies	48.5%	50.0%	48.5%	(36.6%)	\$30.5	\$8.0	(\$957.3)	42.3%	(505.2%)	15.9x	24.2x

(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:	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
EV/Revenues Multiple	2.8x	3.1x	3.4x	1.9x	2.5x	3.3x	4.3x	4.5x	3.5x
EV/Gross Cash Flows Multiple	2.6x	22.6x	27.4x	4.8x	5.0x	3.6x	12.5x	6.1x	7.6x

Quarterly Industry Update

As of December 31, 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 Cannafacturing, 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
1/25/2017	CannaBuild, LLC	MassRoots, Inc.	\$2.5	100%	N/A	N/A	N/A	N/A	United States
1/23/2017	Medical Cannabis Mgmt. Group	Canadian Biocetual Corp.	\$22.5	100%	N/A	N/A	N/A	N/A	United States
11/7/2016	Longevity Project Group	Abba Medix Group Inc.	\$5.1	100%	N/A	N/A	N/A	N/A	Canada
8/17/2016	CanvasRx Inc.	Aurora Cannabis Inc.	\$29.5	100%	N/A	N/A	N/A	N/A	Canada
7/29/2016	Vapor Corp.	VPR Brands, L.P.	\$0.9	100%	N/A	N/A	N/A	N/A	United States
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	(\$0.004)	10.2x	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
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 Biocetuals 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

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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
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
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 41 M&A Transaction Targets			\$0.4	100%	\$0.32	(\$0.21)	4.0x	N/A	

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