

# Q2: Quarterly Industry Update

AS OF JUNE 30, 2017



**cogent**  
FINANCIAL OPINIONS  
valuation

## Ancillary Cannabis

### 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 June 30, 2016, the median 52-week share price return of the Ancillary Cannabis Companies industry was 85.5%. As this industry is new and many companies trade through over-the-counter markets, information to calculate valuation multiples was unavailable for most companies.

### Public Company Key Statistics

Median 52-Week  
Return

85.5%

Median Year-to-Date  
Return

-34.8%

Median Price/Revenue  
Multiple

5.4x

Median Price//Gross  
Profit Multiple

5.9x

Median Price/Earnings  
Multiple

60.8x

## Comparable Public Company Market Metrics as of June 30, 2017

	YTD	3 Month	1 Year	2 Year	Revenues	Gross Profit	Net Income	GP Margin	NI Margin	P/Rev.	P/GP
<b>Agrotek Holdings, Inc.</b>	(66.0%)	(51.1%)	492.5%	30.1%	\$0.0	\$32.9	(\$3,187.6)	N/A	N/A	N/A	133.6x
<b>American Cannabis Co.</b>	(50.7%)	(39.1%)	329.5%	17.8%	\$1,637.6	\$1,082.7	(\$796.1)	66.1%	(48.6%)	13.2x	20.0x
<b>American Green, Inc.</b>	(47.8%)	(25.0%)	9.1%	(45.9%)	\$48.6	\$48.6	(\$765.6)	100.0%	(1574.3%)	64.7x	64.7x
<b>AmeriCann, Inc.</b>	(29.3%)	(37.1%)	132.4%	100.0%	\$60.0	\$60.0	(\$2,555.0)	100.0%	(4258.4%)	777.0x	777.0x
<b>Café Serendipity Holdings</b>	92.9%	(17.1%)	183.7%	(51.9%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Canna Consumer Goods, Inc.</b>	(19.8%)	(30.6%)	287.5%	10.6%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Cannabix Technologies Inc.</b>	(21.7%)	(18.5%)	152.6%	81.9%	\$0.0	\$0.0	(\$2,177.7)	N/A	N/A	N/A	N/A
<b>Cannabiz Mobile, Inc.</b>	100.0%	33.3%	300.0%	(10.6%)	\$1,206.9	\$620.4	(\$1,245.1)	51.4%	(103.2%)	0.0x	0.0x
<b>CannaGrow Holdings, Inc</b>	(35.4%)	(20.7%)	85.5%	34.0%	\$1,655.7	(\$200.4)	(\$1,974.5)	(12.1%)	(119.3%)	0.73x	(6.07x)
<b>CannaSys, Inc.</b>	(34.8%)	(83.1%)	(99.5%)	(99.2%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>CB Scientific, Inc.</b>	100.5%	129.1%	135.9%	N/A	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A	N/A
<b>CHUMA HOLDINGS, INC.</b>	(5.5%)	(0.9%)	23.9%	(72.5%)	\$305.9	\$281.4	(\$4,558.1)	92.0%	(1490.1%)	5.4x	5.9x
<b>CSA Holdings, Inc.</b>	(61.0%)	(33.3%)	9.1%	N/A	\$796.7	\$263.1	(\$1,921.3)	33.0%	(241.2%)	5.9x	18.0x
<b>DigiPath, Inc.</b>	(2.6%)	(24.0%)	0.0%	(19.7%)	\$1,482.1	\$832.3	(\$1,869.7)	56.2%	(126.2%)	3.0x	5.4x
<b>Dutch Gold Resources, Inc.</b>	900.0%	0.0%	900.0%	216.2%	\$0.0	\$0.0	(\$1,558.5)	N/A	N/A	N/A	N/A
<b>FutureWorld Corp.</b>	0.0%	(50.0%)	0.0%	(62.2%)	\$251.7	\$252.9	(\$866.4)	100.5%	(344.3%)	1.5x	1.5x
<b>General Cannabis Corp.</b>	(39.1%)	(19.1%)	116.7%	(1.3%)	\$3,009.0	\$1,004.2	(\$29,439.6)	33.4%	(978.4%)	10.6x	31.9x
<b>Global Hemp Group Inc.</b>	(32.5%)	(36.0%)	208.3%	(14.5%)	(\$5.3)	(\$1.1)	(\$43.2)	21.1%	819.0%	(468.8x)	(2225.9x)

Multiple year periods are calculated as the average annual return.

■ Highest
 ■ Lowest
 ■ Median

# Comparable Public Company Market Metrics as of June 30, 2017

(Continued from previous page)

	YTD	3 Month	1 Year	2 Year	Revenues	Gross Profit	Net Income	GP Margin	NI Margin	P/Rev.	P/GP
<b>Green Energy Management Services</b>	(73.3%)	(86.6%)	(75.0%)	(77.6%)	\$384.5	\$14.9	(\$532.1)	3.9%	(138.4%)	0.3x	8.8x
<b>Green Technology Solutions, Inc.</b>	(7.5%)	(29.0%)	(27.6%)	(69.1%)	\$0.0	\$0.0	(\$6,601.9)	N/A	N/A	N/A	N/A
<b>GreenPlex Services</b>	(66.7%)	(13.0%)	(68.8%)	(32.7%)	\$38.1	\$38.1	(\$403.0)	100.0%	(1057.7%)	47.3x	47.3x
<b>Grow Solutions Holding</b>	(77.8%)	(51.2%)	(95.0%)	(78.3%)	\$6,124.2	\$2,043.5	(\$2,867.5)	33.4%	(46.8%)	0.4x	1.1x
<b>Helix TCS, Inc.</b>	(46.9%)	(11.4%)	962.5%	702.5%	\$2,432.8	\$362.6	(\$12,468.1)	14.9%	(512.5%)	47.8x	321.0x
<b>Hemp Inc.</b>	(39.4%)	(39.2%)	(22.6%)	(56.6%)	\$2,357.3	\$1,763.1	(\$1,201.4)	74.8%	(51.0%)	1.3x	1.7x
<b>International Consolidated Companies</b>	(74.2%)	(18.3%)	390.0%	(16.3%)	\$55.8	\$55.8	(\$199.1)	100.0%	(357.1%)	35.7x	35.7x
<b>MassRoots, Inc.</b>	(44.9%)	(40.6%)	(34.0%)	(34.4%)	\$742.9	(\$1,806.7)	(\$22,841.1)	(243.2%)	(3074.4%)	46.9x	(19.3x)
<b>Medical Cannabis Payment Solutions, Inc.</b>	(56.8%)	(33.9%)	(7.1%)	9.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>MediGreen Holdings</b>	(91.6%)	(91.1%)	(71.4%)	(93.7%)	\$3.8	(\$107.9)	(\$2,415.1)	(2868.4%)	(64230.1%)	0.5x	(0.0x)
<b>Monarch America, Inc.</b>	47.5%	(15.7%)	47.5%	(91.8%)	\$4,321.9	\$1,282.8	(\$2,398.4)	29.7%	(55.5%)	0.02x	0.05x
<b>Nhale, Inc.</b>	317.5%	(18.0%)	10.1%	(3.7%)	\$0.0	\$0.0	(\$70.5)	N/A	N/A	N/A	N/A
<b>North American Cannabis Holdings, Inc.</b>	66.7%	(28.6%)	400.0%	(79.5%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Northsight Capital, Inc.</b>	(65.2%)	(49.6%)	(53.5%)	(80.9%)	\$14.7	\$14.7	(\$1,222.1)	100.0%	(8290.8%)	367.7x	367.7x

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■ Highest      ■ Lowest      ■ Median

# Comparable Public Company Market Price Metrics as of June 30, 2017

(Continued from previous page)

	YTD	3 Month	1 Year	2 Year	Revenues	Gross Profit	Net Income	GP Margin	NI Margin	P/Rev.	P/GP
<b>Novus Acquisition &amp; Development Corp.</b>	(61.2%)	(1.1%)	3487.8%	142.4%	\$96.8	\$92.9	\$23.7	96.0%	24.5%	9.33x	9.72x
<b>Occidental Development Group, Inc.</b>	520.0%	(1.1%)	1002.2%	336.8%	\$0.0	\$0.0	(\$275.4)	N/A	N/A	N/A	N/A
<b>Peak Pharmaceuticals</b>	(8.8%)	(1.1%)	112.2%	(43.8%)	\$0.0	\$0.0	(\$1,806.8)	N/A	N/A	N/A	N/A
<b>Pineapple Express, Inc.</b>	(40.0%)	(1.1%)	(45.5%)	N/A	\$0.0	\$0.0	(\$2,418.7)	N/A	N/A	N/A	N/A
<b>PotNetwork Holding, Inc.</b>	2784.6%	(1.1%)	3160.9%	(48.2%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>STWC Holdings, Inc.</b>	(57.5%)	(1.1%)	(51.4%)	(51.0%)	\$4,046.3	\$3,741.4	(\$2,625.6)	92.5%	(64.9%)	1.2x	1.3x
<b>Synergetics, Inc.</b>	109.8%	(1.1%)	162.3%	44.9%	\$0.0	\$0.0	(\$356.1)	N/A	N/A	N/A	N/A
<b>The Hydroponics Company Limited</b>	N/A	(1.1%)	N/A	N/A	\$0.0	\$0.0	(\$153.9)	N/A	N/A	N/A	N/A
<b>U.S. Lithium, Corp.</b>	(44.5%)	(1.1%)	(61.5%)	115.9%	\$0.0	(\$1.8)	(\$246.6)	N/A	N/A	N/A	(1197.7x)
<b>WEED, Inc.</b>	34.4%	(1.1%)	1551.4%	338.9%	\$0.0	\$0.0	(\$2,084.3)	N/A	N/A	N/A	N/A
<b>Median of Industry Public Companies</b>	<b>(34.8%)</b>	<b>(1.1%)</b>	<b>85.5%</b>	<b>(18.0%)</b>	<b>\$52.2</b>	<b>\$23.9</b>	<b>(\$1,682.6)</b>	<b>56.2%</b>	<b>(241.2%)</b>	<b>5.4x</b>	<b>5.9x</b>



Highest



Lowest



Median

## Median Public Companies

The chart below illustrates Public Company Multiples.

	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
<b>EV/Revenues Multiple</b>	3.9x	5.1x	3.5x	4.5x	5.1x	3.7x	2.5x	1.9x
<b>EV/Gross Cash Flows Multiple</b>	21.3x	14.2x	7.6x	5.6x	9.3x	2.4x	4.4x	4.2x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

## Industry Initial Public Offerings—Industry: Ancillary Cannabis

(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
5/3/17	The Hydroponics Company Limited	\$0.15	40.00	\$5.96	\$0.73	\$0.00	\$0.00	\$0.00	(\$0.15)	\$0.00
7/7/14	Searchtech Ventures Inc.	\$0.09	6.85	\$0.64	\$0.24	\$0.00	\$0.00	\$0.00	(\$0.02)	\$0.00
12/16/13	Cannabix Technologies Inc.	\$0.09	6.63	\$0.75	\$0.09	\$0.00	\$0.00	\$0.00	(\$0.09)	\$0.00
5/30/13	Nhale, Inc.	\$0.01	10.00	\$0.10	\$0.04	\$0.05	\$0.04	\$0.00	(\$0.12)	\$0.00
2/21/12	MJ Holdings, Inc.	\$0.05	0.03	\$0.00	\$0.01	\$0.05	\$0.00	(\$0.02)	(\$0.02)	(\$0.02)
2/15/12	Aja Cannafacturing, Inc.	\$0.01	2.00	\$0.02	\$0.02	\$0.00	\$0.00	\$0.00	(\$0.02)	\$0.00
11/17/11	Sphere Medical Holding PLC	\$1.46	15.14	\$22.08	\$12.43	\$0.02	\$0.02	(\$4.45)	(\$5.15)	(\$4.20)
10/31/11	IPO World	\$0.01	1.00	\$0.01	\$0.02	\$0.00	\$0.00	\$0.00	(\$0.00)	\$0.00
4/18/11	InspireMD, Inc.	\$1.50	6.95	\$10.43	\$12.72	\$1.45	\$4.54	\$(3.33)	(\$4.59)	(\$3.24)
2/10/11	Kips Bay Medical, Inc.	\$8.00	2.06	\$16.05	\$6.17	\$0.00	\$0.22	(\$8.63)	(\$10.89)	(\$8.56)
10/22/10	Stentsys S.A.	\$16.70	1.89	\$31.62	\$25.53	\$1.25	\$0.19	(\$6.95)	(\$7.18)	(\$6.66)
7/7/10	Carmat SA	\$23.67	0.83	\$19.58	\$6.05	\$0.01	\$3.05	\$0.00	(\$2.98)	\$0.00
Median of all IPOs		\$0.12	4.345	\$3.36	\$0.49	\$0.01	\$0.01	\$0.00	(\$0.14)	\$0.00

Highlighted values are the highest or lowest value in each column

■ Highest Value
 ■ Lowest Value
 ■ Median Value

## 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
7/24/17	Denver Consulting Group LLC	Medicine Man Technologies	\$3.4	100%	N/A	N/A	N/A	N/A
7/13/17	Odava, Inc.	MassRoots, Inc.	\$1.8	100%	N/A	N/A	N/A	N/A
7/13/17	PAO Group, Inc.	New Wave Holdings, Inc.	\$251.0	100%	N/A	N/A	N/A	N/A
6/7/17	Pono Publications Ltd.	Medicine Man Technologies	\$12.6	100%	N/A	N/A	N/A	N/A
6/2/17	Security Grade Protective Srvc.	Helix TCS, Inc.	\$4.2	100%	N/A	N/A	N/A	N/A
6/1/17	Trauma Healing Centers Inc.	OrganiGram Holdings Inc.	\$1.7	100%	N/A	N/A	N/A	N/A
4/10/17	Knalysis Technologies Inc.	Canada House Wellness Group	\$1.0	100%	N/A	N/A	N/A	N/A
3/20/17	Cybernetics Control Systems Inc.	Quadron Capital Corporation	\$2.0	100%	N/A	N/A	N/A	N/A
1/25/17	CannaBuild , LLC	MassRoots, Inc.	\$2.5	100%	N/A	N/A	N/A	N/A
1/23/17	Medical Cannabis Mgmt. Group	Canadian Bioceutical Corp.	\$22.5	100%	N/A	N/A	N/A	N/A
12/19/16	127,000-square foot Property	Innovative Industrial Properties	\$30.0	100%	N/A	N/A	N/A	N/A
11/7/16	Longevity Project Group	Abba Medix Group Inc.	\$5.1	100%	N/A	N/A	N/A	N/A
8/17/16	CanvasRx Inc.	Aurora Cannabis Inc.	\$29.5	100%	N/A	N/A	N/A	N/A
7/29/16	Vapor Corp.	VPR Brands, L.P.	\$0.9	100%	N/A	N/A	N/A	N/A
5/24/16	Oregon Analytical Services, LLC	EVIO Inc.	\$1.2	100%	N/A	N/A	N/A	N/A
11/30/15	Cannabis Health Sciences	N/A	\$0.0	100%	N/A	N/A	N/A	N/A
9/18/15	CR Labs, Inc.	Signal Bay, Inc.	\$0.4	80%	\$0.05	(\$0.00)	10.2x	N/A
5/1/15	Canna Delivery Systems	Kariana Resources Inc.	\$0.4	100%	N/A	N/A	N/A	N/A
4/30/15	Oilseed Works Inc.	Mettrum Health Corp.	\$0.2	100%	N/A	N/A	N/A	N/A

■ USA
 ■ International

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

(Continued from previous page)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	LTM EBITDA	EV/ Revenues	EV/ EBITDA
2/20/15	Michigan Green Technologies	Cannabis Science, Inc.	\$0.4	30%	N/A	N/A	N/A	N/A
2/11/15	Cannabis Health Sciences Inc.	Invictus MD Strategies	\$0.1	100%	N/A	N/A	N/A	N/A
12/9/14	Cannigistics Agri-Solutions	Calyx Bio-Ventures Inc.	\$0.5	100%	N/A	N/A	N/A	N/A
12/1/14	Healthnostics, Inc.	Stragenics, Inc.	\$0.8	100%	N/A	N/A	N/A	N/A
10/15/14	MobiWeed	Highmark Marketing Inc.	\$0.2	100%	N/A	N/A	N/A	N/A
9/29/14	Sigal Consulting LLC	Worlds Online Inc.	\$3.8	51%	N/A	N/A	N/A	N/A
9/11/14	Ovation Research, Inc.	New Compendium	\$0.3	90%	\$0.09	N/A	4.0x	N/A
9/11/14	R.E.M. International, LLC	Cannabis Kinetics Corp.	\$1.4	100%	N/A	N/A	N/A	N/A
8/20/14	GreenPay LLC	MyECheck, Inc.	\$0.4	100%	N/A	N/A	N/A	N/A
8/5/14	GreenLeaf Consulting LLC	ENDEXX Corp.	\$0.3	100%	N/A	N/A	N/A	N/A
7/25/14	Hydro Innovations, LLC	Surna Inc.	\$0.5	100%	\$0.99	(\$0.40)	0.5x	N/A
7/23/14	Innovative Holdings, Inc.	BioCube, Inc.	\$0.0	100%	N/A	N/A	N/A	N/A
7/15/14	Gold Ridge Resources, Inc.	CorGreen Technologies	\$0.0	100%	N/A	N/A	N/A	N/A
6/30/14	Kush Inc.	Cannabis Sativa, Inc.	\$13.2	100%	N/A	N/A	N/A	N/A
5/23/14	Medical Cannabis Property	Supreme Pharmaceuticals	\$4.1	100%	N/A	N/A	N/A	N/A
4/7/14	Phytalytics LLC	Abattis Bioceuticals Corp.	\$1.3	51%	N/A	N/A	N/A	N/A
3/4/14	Medical Cannabis Property	The CannaBusiness Group	\$0.3	100%	N/A	N/A	N/A	N/A
3/3/14	Triton Distribution Systems	Green Cures	\$0.1	26%	N/A	N/A	N/A	N/A
2/21/14	Hemp Market Watch	Worldwide Internet Inc.	\$1.0	20%	N/A	N/A	N/A	N/A

 USA
  International

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

(Continued from previous page)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	LTM EBITDA	EV/ Revenues	EV/ EBITDA
2/18/14	MicroCannaBiz, LLC	Mentor Capital, Inc.	\$0.2	51%	N/A	N/A	N/A	N/A
2/10/14	Securitas EDGAR Filings, Inc.	N/A	\$0.4	97%	N/A	(\$0.02)	N/A	N/A
1/30/14	(Medical Cannabis Property)	Zoned Properties Inc.	\$1.1	100%	N/A	N/A	N/A	N/A
12/31/13	(Medical Cannabis Property)	Advanced Cannabis	\$0.5	100%	N/A	N/A	N/A	N/A
11/26/13	Eco Science Solutions, Inc.	N/A	\$0.6	51%	N/A	(\$1.47)	N/A	N/A
8/7/13	Dispense Labs, LLC	ENDEXX Corp.	\$2.3	100%	N/A	N/A	N/A	N/A
2/28/13	Hayes Pharmacy Inc.	ENDEXX Corp.	\$0.3	100%	N/A	N/A	N/A	N/A
2/11/13	IPOWorld	Glob AG	\$0.0	80%	N/A	N/A	N/A	N/A
12/31/12	Weedmaps, LLC	RJM BV	\$11.8	100%	N/A	N/A	N/A	N/A
12/11/12	Cannabis Science, Inc.	The X-Change Corporation	\$0.3	100%	N/A	N/A	N/A	N/A
3/21/12	Cannabis Consulting, Inc.	Cannabis Science, Inc.	\$0.1	100%	N/A	N/A	N/A	N/A
11/11/10	Medical Cannabis Company	N/A	\$0.1	100%	\$0.54	N/A	N/A	N/A
Median of the 50 M&A Transaction Targets			\$1.0	100%	\$0.09	(\$0.02)	4.0x	N/A

■ USA    ■ International

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**Definitions of Financial Terms Used in this Quarterly Industry Update:** Enterprise Value (EV): Market Value of Equity + Market Value of Debt — Cash Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

**Gross Cash Flows:** Net Income + Depreciation and Amortization Expense Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

**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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