

Quarterly Industry Update

As of September 30, 2015

Industry: Cannabis



Industry Summary

Cogent Valuation identified Cannabis publicly traded companies, IPOs, and recent M&A transactions within the Cannabis 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, 2014, the median 52-week share price return of the Cannabis industry was -84.0%. As this industry is new and many companies trade through over-the-counter markets, multiple information was unavailable for most companies.

Comparable Public Company Key Statistics

Median 52-Week Return -83.6% Median EV/Revenue Multiple 3.5x Median EV/Gross CF Multiple 6.8x

Comparable Public Company Market Price Returns As of September 30, 2015

	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2014	2013	2012	2011	2010
American Green, Inc.	348.3%	-36.6%	-83.6%	27.5%	26.0%	-27.0%	348.3%	16.0%	-10.7%	-55.6%	-82.0%
Cannabis Pharmaceuticals Inc.	700.0%	-78.8%	-88.6%	-27.0%	-31.6%	N/A	700.0%	-58.8%	30.8%	N/A	N/A
Cannabis Science, Inc.	7.0%	23.4%	-58.5%	-23.3%	-17.8%	-12.4%	7.0%	3.0%	376.2%	-79.8%	-78.3%
FutureWorld Corp.	-18.6%	-14.3%	-97.6%	-58.0%	6.3%	-43.0%	-18.6%	1866.7%	-50.0%	-76.0%	-44.4%
Green Cures & Botanical Distribution Inc.	1800.0%	116.7%	-84.3%	155.0%	86.6%	-33.5%	1800.0%	100.0%	-85.7%	-92.2%	-100.0%
Green Technology Solutions, Inc.	-23.2%	-63.2%	-97.5%	-88.4%	-86.4%	-94.8%	-23.2%	-72.8%	-99.1%	-99.5%	212.8%
Medical Marijuana, Inc.	-26.5%	-60.0%	-75.4%	-55.3%	-20.2%	N/A	-26.5%	53.5%	512.1%	N/A	N/A
Peak Pharmaceuticals, Inc.	-56.3%	-56.9%	-90.2%	198.5%	N/A	N/A	-56.3%	7995.2%	N/A	N/A	N/A
PharmaCyte Biotech, Inc.	76.5%	-27.6%	-52.1%	-14.9%	32.2%	58.1%	76.5%	176.4%	-18.9%	264.0%	-55.4%
Rapid Fire Marketing, Inc.	66.7%	-50.0%	-83.3%	-50.0%	-68.2%	-65.3%	66.7%	-76.9%	-61.8%	-46.9%	-74.4%
Rostock Ventures Corp.	-72.1%	200.0%	50.0%	7.4%	43.3%	-31.2%	-72.1%	248.6%	-30.0%	-83.9%	-48.3%
Stragenics, Inc.	-59.4%	-97.1%	-99.9%	-97.5%	-88.1%	-91.9%	-59.4%	-53.8%	233.3%	-98.9%	N/A
Surra Inc.	81.1%	143.8%	-87.6%	-65.3%	N/A	N/A	81.1%	-82.7%	-49.5%	N/A	N/A
Tauriga Sciences, Inc.	180.7%	27.8%	-74.9%	-58.4%	-71.3%	-40.2%	180.7%	-93.7%	-33.2%	199.8%	-73.5%
UA Multimedia, Inc.	-60.0%	-46.9%	-76.9%	-45.2%	-84.1%	-64.7%	-99.7%	600.0%	-53.3%	130.8%	8.3%
WeedHire International, Inc.	-88.9%	0.0%	-99.0%	-95.5%	-85.1%	N/A	-96.5%	-13.3%	-93.3%	N/A	N/A
Median of Industry Public Companies	-5.8%	-32.1%	-84.0%	-47.6%	-25.9%	-40.2%	-5.8%	9.5%	-33.2%	-76.0%	-64.4%

(Multiple year periods are calculated as the average annual return.)

Median Public Company Multiples of the Cannabis Industry

Date:	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015
EV/Revenues Multiple	4.6x	9.1x	0.3x	0.5x	5.8x	6.0x	4.7x	2.3x	3.5x
EV/Gross Cash Flows Multiple	6.7x	6.7x	8.8x	6.9x	5.7x	12.3x	10.5x	6.8x	6.8x

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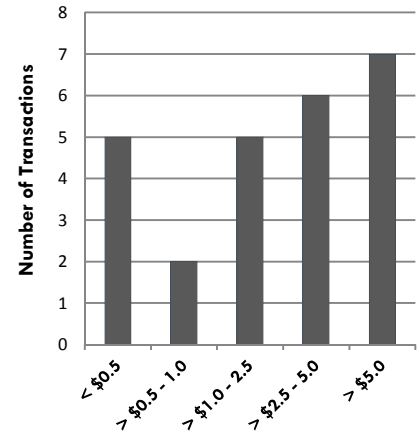
Industry: Cannabis



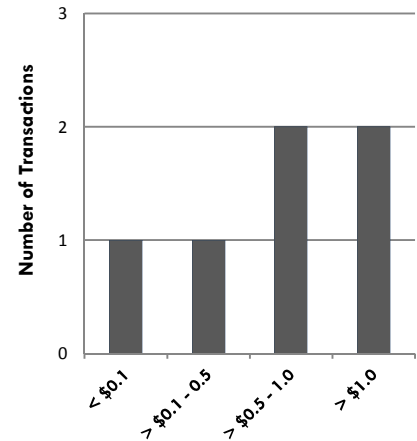
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
10/2/2015	8437726 Canada Inc.	Tweed Marijuana Inc.	\$4.3	100%	N/A	N/A
8/31/2015	Bedrocan Cannabis Corp.	Tweed Marijuana Inc.	\$49.1	100%	\$1.2	39.1x
7/27/2015	MMJ Bioscience Inc.	Phytotech Medical Ltd.	\$16.3	100%	N/A	N/A
5/1/2015	Canna Delivery Systems Inc.	Kariana Resources Inc.	\$0.4	100%	N/A	N/A
4/30/2015	Oilseed Works Inc.	Mettrum Health Corp.	\$0.2	100%	N/A	N/A
2/3/2015	Marapharm Inc.	Marapharm Ventures Inc.	\$4.3	100%	N/A	N/A
12/19/2014	Greener Pastures Marijuana	BioAB Strategies Ltd.	\$11.1	100%	N/A	N/A
12/1/2014	Healthnostics, Inc.	Stragenics, Inc.	\$0.8	100%	N/A	N/A
11/5/2014	In the Zone Produce Ltd.	PharmaCan Capital	\$2.5	100%	N/A	N/A
9/29/2014	Sigal Consulting LLC	Worlds Online Inc.	\$3.8	51%	N/A	N/A
7/25/2014	Hydro Innovations, LLC	Surna Inc.	\$0.5	100%	\$1.0	0.5x
7/15/2014	CorGreen Technologies	Gold Ridge Resources, Inc.	Stock	100%	\$1.8	N/A
6/30/2014	Kush Inc.	Cannabis Sativa, Inc.	\$13.2	100%	N/A	N/A
6/18/2014	Prime I Construction	Tweed Marijuana Inc.	\$4.8	100%	N/A	N/A
6/12/2014	Carbon Bond Holdings	CannLabs, Inc.	Stock	100%	\$0.3	N/A
5/23/2014	Canadian Greenhouse	Supreme Pharmaceuticals	\$4.1	100%	N/A	N/A
4/29/2014	Emerald Med Farms, LLC	QED Connect, Inc.	\$0.2	100%	N/A	N/A
4/7/2014	Phytalytics LLC	Abattis Bioceticals Corp.	\$1.3	51%	N/A	N/A
2/27/2014	MySkin, Inc.	N/A	\$0.1	87%	\$0.0	2.4x
1/30/2014	Marijuana Dispensary	Zoned Properties Inc.	\$1.1	100%	N/A	N/A
8/7/2013	Dispense Labs, LLC	ENDEXX Corp.	\$2.3	100%	N/A	N/A
1/29/2013	Phytosphere Systems, LLC	CannaVEST Corp.	\$35.0	100%	N/A	N/A
12/31/2012	Weedmaps, LLC	RJM BV	\$11.8	100%	N/A	N/A
4/12/2012	Phytosphere Systems, LLC	Medical Marijuana, Inc.	\$2.5	80%	N/A	N/A
11/11/2010	(Medical Cannabis Company)	N/A	\$0.1	100%	\$0.5	N/A
10/8/2010	Altitude Organic Licensing	The Amergence Group	\$1.0	100%	N/A	N/A
3/15/2010	Organic Science, Inc.	International Merchant	\$15.0	100%	N/A	N/A
Median of the 25 M&A Transaction Targets			\$2.5	100%	\$0.8	2.4x

Size of M&A Transactions



LTM Revenues Reported



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.

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