

the cannin report

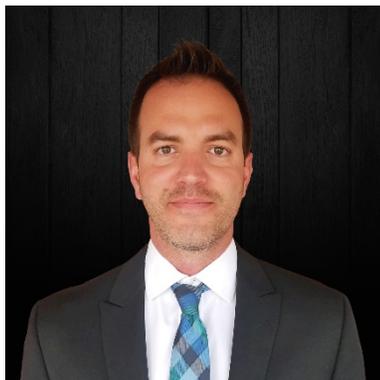
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Welcome to the Cannin Report



It's crazy out there, we know. Between global oil disputes and the ever-present uncertainty of the COVID-19 Crisis, the markets seem more volatile than ever.

Most cannabis stocks are down 50-90% from this time last year. Overvaluation, long-term operating viability and the global pandemic have gutted the value of many cannabis companies and many investors are cutting their losses.

The good news? The cannabis industry continues to gain momentum. With increasing demand and legalization growing on a global scale - there's plenty of great opportunity around – if you know where to look.

Cannin's global team of financial advisors, market analysts, and cannabis industry experts supply you with the tools and knowledge necessary to help you profit from investing in cannabis and hemp stocks. Our team has curated this report so that it's easy to read, easy to understand, and easy to digest.

We want to be sure you'll have all the information you need to make the most profitable cannabis and hemp investments this calendar year.

In the following report, you'll find deep-dive analyses of some of the most popular publicly-traded cannabis and hemp stocks in the United States. We also include a quick introduction outlining why we're due for a significant cannabis stock correction this year.

Thanks for purchasing, happy reading, and stay tuned for the next Cannin Report in the summer of 2020. We sincerely appreciate your continued support as we work hard in keeping you up-to-date with this fast-growing, ever-evolving industry.

Yours in Great Success,

Stephen Goldman

Stephen Goldman
Cannin.com



Why are we Due for a Cannabis Stock Rally?

Pot stocks have taken a dive recently due to the COVID-19 crisis. While the issues are more systemic than the virus, the fallout from COVID will have many cannabis companies shuttering their doors.

Several cannabis companies are set to deplete their cash as the markets grind to a halt in the coming months. In fact, MJ Business daily recently found that **8 of 33 cannabis firms** it tracks **don't have enough funding** to last more than 10 months.

While the last twelve months have been an absolute nightmare for cannabis investors, there's still a ton of potential opportunities out there as the long-term outlook for Cannabis remains as bright as ever. The **winners and losers** among the bunch are now becoming **more and more evident**. In fact, analysts at MJ Business Daily predict the fallout from the COVID crisis will be an "extinction-level event for some companies". They also maintain that "the **long-term investment opportunity for the industry hasn't changed** as legalization spreads and demand grows but companies need to survive long enough to see it".

The companies that do survive will rebound very sharply. If you expect to profit from your stock investments, you'll need to pick the winners from the bunch.

Let's take a quick look to see where things currently stand and offer some insight as to **what the future holds for marijuana stocks.**

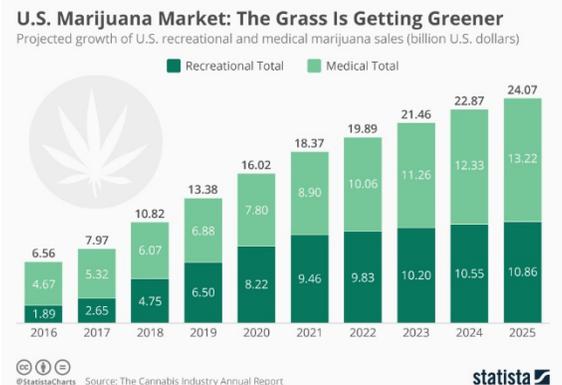
Troublesome Times

Several top cannabis stocks have taken a beating this past year. Companies like Liberty Health Sciences, Tilray, and Aurora Cannabis, are among many marijuana stocks which are now **down 50-90% in value** over the past twelve months. The same goes for many cannabis ETFs like ETFMG Alternative Harvest ETF MJ, which represents the overall condition of the entire sector. Overvaluation, long-term operating viability, and the COVID-19 crisis are the main contributing factors to this sector-wide downturn.

Long-term Outlook

Investors were initially attracted to the sector because of its risk/reward potential and many have gotten out of their cannabis stocks altogether. However, the long-term outlook for cannabis and hemp companies remains. Forecasts indicate that worldwide cannabis sales will continue to explode over the coming years. Also, much like alcohol and tobacco, **cannabis has very consistent demand**. See the graph from Statista:

Unfortunately, we're **not out of the woods** yet. It's more difficult than ever for cannabis companies to raise capital given the uncertainty of the sector and the duration and impact of the COVID-19 virus. This certainly has a ripple effect which will encumber growth and expansion in both the short and long term. The virus will likely also delay efforts for new states and countries to legalize — further delaying expansion efforts.



What Now?

If you're currently investing in cannabis stocks don't lose hope. The cannabis industry as a whole still has **significant potential** and many of the stocks you own will eventually rebound. Don't dump your shares at this industry low point unless you have to as there's **little risk in holding** these companies to see how things shake out. On the same token, don't necessarily double up on discounted shares either as this can be a risky strategy.

Remember – there will be plenty of losers and only a handful of winners in this space. Stay abreast of company news, financial results, and changes to management. Keep a close eye on company fundamentals and financials. Will companies like Harvest Health have enough cash to weather this COVID-10 storm? Will it have the ability to execute its growth strategy?

For now, the most important thing we can do as investors is to continue to evaluate the best marijuana stock investment opportunities. Watch for the next round of quarterly reports. Continue to monitor the market to see the **next buying opportunity** which would be precisely when the market dips into another **bear leg**. The analysts at Cannin will continue to keep you up to date on these opportunities as they arise.

Hang in there. Many of these companies **will come back** but we must be patient. This industry is still in its infancy and has plenty of room to grow. Remember, there is **no shortage of incredible opportunity** out there if you know where to look.



fundamental analysis

Nov

Dec

2009

%K(5) 77.33

%D(3) 75.31

Fundamental Analysis

Sections and Ratings

- p. 06 | GrowGeneration - **Strong**
- p. 09 | HEXO Corp. - **Weak**
- p. 11 | Weed, Inc. - **Weak**
- p. 14 | Green Thumb Industries - **Strong**
- p. 18 | Zoetic International - **Neutral**
- p. 20 | Nutritional High International - **Weak**
- p. 23 | Harvest Health and Recreation - **Strong**
- p. 26 | Trulieve – **Very Strong**
- p. 30 | iAnthus Capital Holdings - **Neutral**
- p. 34 | Liberty Health Sciences - **Strong**
- p. 37 | Cronos Group - **Neutral**
- p. 40 | Aphria, Inc. – **Neutral**

How does Cannin Evaluate Cannabis Companies?

Prior to investing in any stock, it's important to do your homework. Fundamental analyses and technical analyses are essential to any stock evaluation and should be done with care. Cannin is here to help. The following is how Cannin performs fundamental evaluations for our users. For Technical analyses by Cannin experts, please consult our Cannin Chronicle, Cannin Investment YouTube Channel, and the Cannin website to perform guided technical analyses of your own.

Cannin uses a simple **Green/ Yellow/ Red** Rating system. **Green** means strong, **yellow** means neutral and **red** means weak. In this manner you can quickly see a company's strengths and weaknesses. Cannin performs these analyses based on these ten main categories:

- 1. Business Focus**
- 2. Size**
- 3. Markets**
- 4. Operations**
- 5. Financials**
- 6. Management**
- 7. Branding**
- 8. Valuation**
- 9. Risks**
- 10. Overall Recommendation**

Risks Disclosures

If you are considering investing in a company that is connected to the marijuana industry, be aware that marijuana-related companies may be at risk of federal, and perhaps state, criminal prosecution. The Department of Treasury recently issued guidance noting: "[T]he Controlled Substances Act ("CSA") makes it illegal under federal law to manufacture, distribute, or dispense marijuana. Many states impose and enforce

Zoetic is also focused on expanding its current range of CBD oils and soft gels to beauty and personal care products. Zoetic has an indoor growing facility of 33,000 square feet in DeBeque, Colorado which will be **fully operational in 2020**.

In 2019, Zoetic signed a distribution partnership agreement with Mr. Checkout in the US to use the services of their 15 distributors on a trial basis. They are also planning to sell their retail products online through the Zoetic website in UK and thechillway.com website in the US.

Zoetic will be offering topicals, soft gel capsules and tinctures under its Zoetic brand meanwhile vapes, smokables and chew pouches will be promoted under their Chill brand.

Will its stock price improve in the long term? **Likely**

Zoetic's capacity to grow is solid as they had cash and cash equivalents of £1.07 million during the third quarter of 2019 as compared to 1.99 million in the same period in 2018.

Zoetic reported revenue of £1.15 million for the first 6 months in 2019 of which the Natural Resources business contributed £1.12 million and the CBD business contributed only £36,000. As Zoetic intends to sell its Natural Resources (oil and gas) business, production of CBD was slated to start in the first quarter of 2020 so there are chances of an increase in revenue and cash balance. This is a **risk** though as any delays will put them in a cash crunch.

Zoetic's return on total asset (ROA) was -89.78 % which implies that it made a loss of \$89.78 on every \$100 spent on asset. This is very low as compared to the industry average however it will improve a lot as their CBD business start generating revenue.

One significant advantage is their London listing and location where they may be able to open the market with little competition and already have access to major liquidity. For these reasons, we think Zoetic, at or near its current price of \$0.09 a share, can be a good investment opportunity – but time will tell.

Nutritional High International, SPLIF (OTC)

Nutritional High International, Inc. engages in the developing, acquiring and designing of marijuana-infused products. Its products include FLI Edibles, FLI Concentrates, and Cannabis oil. The company was founded on July 19, 2004 and is headquartered in Toronto, Canada.

Profile:

HQ: Toronto, Canada

Founded: 2004

Facilities: California, Colorado, Oregon, Canada



Symbol: SPLIF (OTC)

Focus: Neutral

Nutritional High is a vertically integrated company focused on the sales and manufacturing of cannabis oil, tinctures, and edibles for adult use as well as medical purposes. Nutritional High is also developing additional cannabis infused products in the near future like beverages, gummies, and topicals. Nutritional High's corporate strategy is based on the acquisition and restructuring of businesses to develop their high-quality products.

Size: Weak

Market Cap: \$5.22 million

Enterprise Value: \$13.92 million

Markets: Neutral

Primary: Colorado, California, Oregon

Secondary: USA, Canada

Subsidiaries: Calyx Brands, Pasa Verde, Green Therapeutics

Operations: Neutral

Cultivation:

Current production: 11,000 square feet facility in Colorado with 4 licenses

Future production: 12,600 square feet under development in Sacramento, CA, 5,600 square feet facility in Washington under strategic review

Distribution:

Direct sales: NA

Store networks: Nutritional High uses Calyx brand's (subsidiary of Nutritional High) distribution services for their products to ship to more than 600+ licensed retailers. Calyx provides core fulfillment services, optimal fulfillment services, and enhanced services.

Supply Agreements: Signed a distribution partnership agreement with Green Therapeutics in the US.

Integration/Diversification:

Vertically integrated: Yes

Horizontally diversified: No

Financials: Weak

Outstanding shares (diluted): 364.5 mil

Revenue last year: CAD 23.61 mil

EPS: (0.019)

Management: Strong

CEO: Adam K. Szweras

CTO: Billy Morrison



Adam K. Szweras, CEO of Nutritional High, has over 20 years of corporate law and strategic management experience including managing big cannabis brands like Aurora Cannabis. Billy Morrison, Chief Technology Officer of Nutritional High, has experience running marijuana companies and dispensaries as well.

Branding: Neutral

Nutritional High offers dab jars, syringes, and oil vape cartridges under their “FLI” brand as well as sells many other cannabis products through their distributor. Nutritional High is working on offering Cannabis-infused products, beverages, gummies, topical and tablets in the near future.

Valuation: Weak

Current share price: US \$0.0186

Price to Sales: 0.34 (Tobacco industry Avg. = 5)

52 Week Low/High: \$0.0083 to \$0.22

EV / Revenue: 0.57

Financings: Neutral

Nutritional High raised \$1,807,000 by issuing 1807 secured convertible debenture unit.

Risks: High

The risks of investing in any cannabis company is currently high given the volatility of the market. The risks of investing in this company are very high given the competitiveness of the cannabis markets in the states they compete in.

Recommendation: Weak

Nutritional High is a vertically integrated cannabis company focused on the sales and manufacturing of cannabis oils, tinctures, and edibles for adult use as well as medical treatment purposes. Nutritional High is also researching additional cannabis-infused products in the near future like beverages, gummies, and topicals.

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Will its stock price improve in the long term? **Not Likely.**

Nutritional High's capacity to grow is not very good as they had **cash and cash equivalents of just \$1.09 million in the third quarter of 2019 as compared to \$5.07 million in the same period in 2018** which is not enough to meet their working capital needs for another year. Nutritional High is facing a **significant liquidity crunch** which is impacting its share price making them take more debt to run operations in the short term.

Nutritional High faced significant supply risk in 2019 as 85% of their products were produced by a single supplier. Nutritional High raised \$1,807,000 by issuing 1807 secured convertible debentures in August 2019.

Nutritional High's return on total asset (ROA) was -63.17 % which implies that it made a loss of \$63.17 on every \$100 spent on asset. This is **very low** as compared to the industry average however it will improve as their new facilities become operational.

For these reasons, we think Nutritional High, at or near its current price of \$0.0186 a share, **can be risky investment opportunity**—as the price rises, this opportunity will eventually disappear.



Harvest Health and Recreation, HRVSF (OTC)

Harvest Health & Recreation, Inc. engages in the cultivation, processing, distribution, and sale of cannabis and cannabis related products. It offers inhalable and ingestible products such as vaporizer cartridges and edibles.

Profile:

HQ: Tempe, AZ, USA

Founded: 2007

Facilities: 31 total facilities in 9 states

Symbol: HRVSF (OTC)

Focus: **Neutral**

Harvest Health & Recreation is a vertically integrated multi-state cannabis company focused on expanding their cannabis footprint with licenses to operate in more than 31 facilities across 9 US States. Harvest's corporate strategy is based on acquiring and creating brands in retail and wholesale spaces to reach profitability with a disciplined capital allocation.

Size: **Strong**

Market Cap: \$221.2 million

Enterprise Value: \$391.9 million

of employees: 782

Markets: **Neutral**

Primary: Arizona, Arkansas, California, Colorado, Florida, Maryland, Massachusetts, Michigan, Nevada, North Dakota, Pennsylvania, Utah

Secondary: USA, Canada

Subsidiaries: CBx Sciences, Svaccha, Harvest of California, 805 Beach Breaks, Harvest FINCO, LeafLife AZ, Urban Greenhouse Dispensary, Holdco

Operations: **Neutral**

Cultivation:

Current production: NA

Future production: Acquired cultivation facility of 32,000 square feet in Cheyenne, Nevada from MJardin Group which is currently subject to regulatory approval.

Distribution: