



# PAUL COHEN'S *Marijuana Hub*

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## HOW TO MAKE MONEY IN THE MARIJUANA STOCK MARKET

### CANNABIS STOCK MARKET CONTIUES TO CRASH

- ▶The cannabis/marijuana stock market is now down -36% year to date. The crash continues.
- ▶With the summer doldrums coming, the near term future is bleak.
- ▶Two conferences in May in Chicago and June in NYC might inject some enthusiasm. It will be short lived.
- ▶Let us take a macro look at the fundamentals of corporations within this industry. The Cohen Grassroots Marijuana Index of 286 companies gives me and our firm a bird's eye, pinpoint analysis of the industry and its individual stocks.
- ▶Of our 4 Market Value Tiers, massive dilution in terms of shares issued and outstanding are the result of companies giving away stock in exchange for services. They don't have cash to pay for much of anything.
- ▶The more dilution, the less valuable is a given company in terms of Discounted Cash Flow (DCF) analysis.
- ▶The truth is that this industry cannot raise enough cash to sustain its business model.
- ▶Last 12 months sales in each of our 4 industry Tiers points to an industry that cannot sell much.
- ▶Current cash paints a picture of companies simply not having enough money to run their businesses.
- ▶Dilution, a cash strapped industry whose sales are negligible, equals broad based industry financial weakness.
- ▶There are many other reasons why this industry's stock market has collapsed. However, we as securities analysts have only to look at the financial foundation for this industry. The conclusion is clear. The foundation in terms of cash, revenues and financial metrics that measure a healthy industry are simply not there.
- ▶Many of these companies will go out of business.