



# Green Market Report

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**The Green Market Report**

**Cannabis Company Index**

**2018 First Quarter Summary**

The *Green Market Report Cannabis Company Index* demonstrated just how difficult the first quarter of 2018 was on cannabis stocks. The index on whole fell 21.9% as most stocks tumbled, with only a few companies finishing March in green territory.

Cannabis companies saw their stocks run up in value at the end of 2017 as investors experienced irrational exuberance ahead of Canada’s and California’s plans to legalize adult use marijuana. Then U.S Attorney General Jeff Sessions rescinded the Cole Memorandum and threw cold water on the red-hot market. While the results of that move have turned out to be more wind and little action, it still dulled the appetite for the stocks.

Canada has pumped the brakes and there won’t be any sales in July as Prime Minister Trudeau had once suggested. Instead, it is looking more like sometime in the fall. That means all those companies won’t be experiencing their fruits of their labors for some time. They are spending lots of money investing in facilities and developing products and merging for big partnerships, but the windfall hasn’t come yet.

There was also a run up in stocks for the “California trade.” These investors were buying stocks in companies they felt had a chance to capitalize on California’s legal adult-use market that began sales in January. That market rollout though has been much less smooth than other markets. With many growers refusing to apply for licenses and pay taxes, it will be hard to determine just what is being sold legally and illegally. Plus, there are hundreds of unlicensed dispensaries that are in the process of being closed. It will be months before the state’s program has stabilized.

The best performing stock in the Index was MariMed Inc.(MRMD) with a return of 46%. MariMed has gotten its Kalm products in the sizzling Nevada market. The company also [raised \\$2.8 million](#) during the quarter and paid down some of its debt. It is also developing cannabis facilities in Maryland and Massachusetts.

*Top Best Performing Stocks – First Quarter 2018*

MariMed Inc.	46%
Invictus MD Strategies	16%
Kush Bottles	14%
Canopy Growth	.92%

In addition to the stellar performance of MariMed, Invictus MD Strategies (IVITF) jumped 16% and Kush Bottle (KSHB) gained 14% for the quarter. Canopy Growth squeaked out a positive return of .92%.

The losers far outweighed the winners. The biggest loser on the GMR Index was Axim Biotechnologies (AXIM) which fell a whopping 65% as it began the year at \$9.75, then closed out March at \$3.40. The company stock has fallen 71% over the past year. Axim is working on [a chewing gum formula](#) for medical marijuana.

The next loser was Namaste Technologies (NXTTF) dropping 50% for the quarter, followed by WeedMD (WDDMF) and Aphria (APHQF) both clocking in negative returns of 44% each for the first quarter.

Top 5 Worst Performing Stocks – First Quarter 2018

Axim Biotechnologies	-65%
Namaste Technologies	-50%
WeedMD	-44%
Aphria	-44%
Emblem Corp.	42%

## Changes to the Green Market Report Index

The Index is removing Corbus Pharmaceutical Holdings (CRBP) from the list and replacing it with Hiku Brands Company Ltd., which trades on the OTC Market with the ticker DJACF and on the Canadian Stock Exchange with the stock symbol HIKU.CN. The reason for removal of Corbus Pharmaceuticals is that while it claims to be a cannabis company and many investors recognize it as such, it really doesn't have much real exposure to cannabis.

The drug that has led to this company being called a "cannabis company" is JBT-101, which is an oral endocannabinoid-mimetic drug. What that means is that JBT-101 interacts with endocannabinoid receptors by mimicking cannabinoids, no cannabis required. The company has an Outperform rating from [Raymond James](#), but the stock has fallen along with other cannabis stocks as it trades lockstep. The stock is lately trading at \$6.30, down from its 52-week high of \$9.95, but higher than its year low of \$5.30.

There are so many cannabis stocks with real exposure to the plant to choose as a new addition to the Index. With the belief that brands will be big winners in the industry, The GMR Index is adding the Hiku Brands company. Hiku combines the retail outlet of Tokyo Smoke, the Doja cannabis lifestyle brand and the women's focused line Van der Pop.



The stock was officially on the list as of April 2, 2018 when it closed at a price of \$1.61. The stock on the OTC Market was lately trading at \$1.48 down, from its 52-week high of \$3.87 and much higher than its year's low of 20 cents. Similarly, on the Canadian exchange it was lately trading at C\$1.87 versus a year's high of C\$3.09 and a low of C\$0.44.

Back in December, Cannabis Company Limited known as [DOJA Cannabis](#) (DJACF) [merged with TS Brandco Holdings](#), known as [Tokyo Smoke](#). The combined company became Hiku Brands Company Ltd. and is home to the brands of DOJA, Tokyo Smoke, and Van der Pop.

As part of that agreement, [Aphria](#) (APHQF) committed to making a \$10 million strategic equity investment into the new company Hiku and the parties agreed to a supply agreement for Hiku's brands. As a result of this deal, Hiku came to the market with a solid \$31 million in cash.

Last month, Hiku announced that it signed a Letter of Intent with the company Dosist (once known as hmbldt) to sell the Dosist products through a retail concept and create a dose controlled vape pen. Dosist is known for its clean, white minimalist packaging style. Its claim to fame is the precisely controlled doses that vibrates when the consumer reaches that amount. The pens were named as one of Time magazine's best invention of 2016.



Dosist pens deliver precise dosage through its recyclable, proprietary, medical grade vaporizer, the Dose pen. Dosist's products are designed for clarity and control from their beautifully designed packaging to the slight vibration which alerts the user after they've received a precise 2.25mg dose. Dosist's targeted formulas and proprietary dose pen were named one of TIME magazine's best inventions of 2016. The pens come loaded with one of six custom formulas--bliss, sleep, calm (high CBD), relief, arouse, and passion.



The difficult part about adding Hiku to the index is that the company hasn't issued a financial statement since many of these changes took place. The last financial statement was through September 2017 and there was no revenue to report. Now the company has the retail sales from Tokyo Smoke, which is a combination coffee café and dispensary in Canada. That company raised \$3 million in a financing round in 2017. Other coffee chains are looking into selling cannabis, proof that the Tokyo Smoke idea is a popular one.

The GMR Index believes the stock will recover once it begins reporting real revenue from the combination of all these brands. It is also a strong representative of the cannabis community of companies.

## Looking Ahead

While the first quarter punished cannabis stocks, the second quarter got off to a strong start with three key events that took place in early April. First, Senator Mitch McConnell introduced legislation that would remove industrial hemp from the controlled substances list. Then, former Speaker of the House John Boehner joined the board of cannabis company Acreage Holdings. On April 13, Senator Cory Gardner said that he had a telephone agreement with President Trump to protect states that have legalized marijuana.

The assurance that the Justice Department won't go after these states has led investors to breathe a little easier and the stocks move higher. The Horizons Marijuana Life Sciences ETF moved from \$16.20 on April 2 and was lately trading at \$16.60. As the cannabis companies continue to feel that the legal pressures are lifting, the stocks should recover from the declines seen over the past months. Plus, California sales results will begin showing up in first quarter reports boosting company financial statements for the second quarter.

The Green Market Report Cannabis Company Index can be found at:  
<https://www.greenmarketreport.com/portfolios/green-market-report/>.

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