

## PURATION, INC.

### Mark it Down: Puration is a Clear Winner in the Billion-Dollar CBD Market

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#### PURATION, INC. (OTC – PURA – \$0.1255)

Price Target: \$0.25

Rating: Speculative Buy

#### COMPANY SNAPSHOT

Puration, Inc. is a leading Texas-based, CBD-infused beverage provider. The Company's flagship product, EVERx, which was introduced in 2017, targets the sports nutrition market. Puration plans to introduce new beverages as well as grow its product portfolio organically as well as through targeted acquisitions. As of October 2018, the Company was set to spin off its cannabis cultivation segment to focus its efforts exclusively on its high-growth core CBD-infused beverage business.

#### KEY STATISTICS

Price as of 2/27/19	\$0.1255
52 Week High – Low	\$0.25 - \$0.017
Est. Shares Outstanding	560M
Market Capitalization	\$63.8M
Average Volume	3,034,662
Exchange	OTCPK

#### COMPANY INFORMATION

**Puration, Inc.**  
14065 Proton Road  
Farmers Branch TX 75244

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#### INVESTMENT HIGHLIGHTS

**In a business segment that features pretenders and also-rans, PURA is already a clear winner and emerging leader in the hemp-derived CBD market slated to reach \$22B by 2022.** Since our November 2018 update, PURA has signed a major contract, introduced new formulations/packaging, added global distribution and is enjoying substantial repeat orders. Given the M&A, investment and business exploration activity by major consumer products companies, we expect PURA to return to its 52-week high of \$0.25 with potential upside to the \$0.35 mark and be considered an M&A candidate.

**Impressive, Large Single Order in CBD Market.** PURA has bagged a \$1.5M order with Generex (OTC – GNBT – NR), GNBT will be introducing *NuGenerex CBD HydroHealth High Alkaline Water* to its patient population and ever-growing pharmacy network. This high value new offering will be infused with custom CBD extracts as therapies for symptoms of specific health issues.

**Big Marketing Push Set to Gain Traction.** PURA has gone global with a new European distributor and is at the forefront as a major sponsor of key events such as the 2019 The Arnold Sports Festival (site of the Puration product launch in 2017), which will be attended by 200,000 visitors watching 22,000 athletes compete.

**Our Estimates May Be Too Low.** For 2019, we estimate sales will reach \$3M, with operating profit of \$800,000—an unusually high margin. With repeat e-commerce and other orders, the GNBT contract and new channels, PURA has great visibility and is firing on all cylinders.

**Potential M&A Candidate.** There is substantial interest in hemp-derived CBD-infused products, as evidenced by the flurry of M&A, investment activity and talk by major beverage companies such as Constellation, Brands, Diageo, Tilray, Coca-Cola, Starbucks, etc. Once critical mass of sales is achieved, given its broad popularity, PURA could emerge as an M&A target.

**RECENT TRADING HISTORY FOR PURATION, INC.**

(Source: [www.Stockta.com](http://www.Stockta.com))





## SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

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