



PURATION, INC.

FDA Be Damned, CBD Consumers Not Changing Buying Habits

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PURATION, INC. (OTC – PURA – \$0.029)	
Price Target: \$0.35	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 and through targeted acquisitions. The Company has spun off its cannabis cultivation segment to focus its efforts exclusively on its high-growth core CBD-infused beverage business. As part of the spin-off, the acquirer, NOUV, is set to provide a stock dividend to PURA shareholders in the near future.

KEY STATISTICS

Price as of 2/4/20	\$0.029
52 Week High – Low	\$0.15 - \$0.027
Est. Shares Outstanding	643.4M
Market Capitalization	\$18.7M
Average Volume	1,937,285
Exchange	OTCPK

COMPANY INFORMATION

Puration, Inc.
 14065 Proton Road
 Farmers Branch TX 75244
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 Email: info@purationinc.com
 Phone : 800.861.1350

INVESTMENT HIGHLIGHTS

Conclusion: Following the negative CBD comments made by the FDA in late 2019, we thought it would be prudent to contact the respondents to our most recent CBD User Survey and see how this impacts them. While we did not generate a 100% response rate, from the original 246 participants, they made it clear that CBD consumers could care less about the FDA comments. In fact, **85% that completed an updated survey reported that they would be not buying fewer CBD products.** Investors can infer that the genie is not going back inside the bottle and favorable sentiment remains high.

The Reactions: When asked if they were aware of the FDA comments, the responses were generally evenly split. Interestingly, whether informed through the news or our survey, only about 15% said they might reduce purchases. Roughly 45% of all respondents noted that they will do more research before buying new products but this appears to be more individual products in general. Considering few expected changes in most buying habits, this move demonstrates prudence rather than caution.

More Numbers: In a slap to the FDA, roughly 40% of respondents reported that they plan to INCREASE CBD purchases this year. Survey answers suggest consumers already spend nearly \$100/mo. on CBD products.

Major Upside to Sales Estimate, and Share Price: Management recently doubled the 2020 sales outlook to \$16M due to the pending launch of its white label cannabis infused beverage line. Leveraging its production experience by offering it to third parties during a period whereby smaller players require expertise so as not to run afoul of the FDA or FTC is a brilliant move. While margins may be smaller, it is likely to be in high demand and very profitable. Plus, it could be spun off as its own public entity, generating even more value for shareholders. Thus, we view the current share price as a unique entry point for opportunistic investors.



SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 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*. In addition to his duties running GSCR, Rob serves as Managing Director, Research for Marble Arch Research, Inc., an Atlanta-based independent research provider, producing research and valuation reports on early stage private companies.

ANALYST CERTIFICATION

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