

Can B Corp.
OTC: CANB

INITIATING COVERAGE
BUY, \$1.20

October 26, 2021

MARKET DATA

Share Price:	0.5655
Market Cap:	15.34 M
52wk Range:	0.27 - 1.37
Ave. Volume:	65,000
Basic S/O:	27.13 M
Fully Diluted S/O:	46.01 M
Float:	16.46 M
Institutional %:	3%
Insider %:	39%

FINANCIAL DATA (mrq)

Cash:	1.09 M
ST Debt:	5.38 M
LT Debt:	0.00 M
Book Value:	2.96 M
EBITDAS (ttm):	(3.28) M
CFFO (ttm):	(4.61) M

Auditor: BF Borigers CPA

USD 2020A 2021e 2022e 2023e

Revenue (in Millions)

	2020A	2021e	2022e	2023e
Mar	0.57	0.31A	6.43	9.37
Jun	0.21	0.40A	6.72	9.51
Sep	0.46	0.71	8.38	9.67
Dec	0.48	4.44	9.22	9.83
REV	1.71	5.86	29.59	38.37
<i>P/S</i>	<i>8.97</i>	<i>2.62</i>	<i>0.52</i>	<i>0.40</i>

Diluted EPS

	2020A	2021e	2022e	2023e
Mar	(0.33)	(0.24)A	(0.02)	0.02
Jun	(0.33)	(0.12)A	(0.00)	0.02
Sep	(0.30)	(0.10)	0.01	0.02
Dec	(0.01)	(0.06)	0.02	0.02
EPS	(1.62)	(0.43)	0.02	0.06
<i>P/E</i>	<i>N/A</i>	<i>N/A</i>	<i>28.28</i>	<i>9.43</i>

**2023 EPS does not add due to rounding

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Vertically Integrated CBD Processor Poised For Rapid Growth Amidst Profit Sharing Agreements

Business Summary

Can B Corp. is a vertically integrated producer of cannabinoid-related products, processing from hemp biomass through to Delta-8 isomers and finished products. The Company has a number of brands it owns, each targeting specific channels, as well as offers portfolios of cannabinoid products under white label agreements. Can B also operates a pain management device business that is highly profitable and has significant room for growth. The Company operates five business lines, Hemp Operations, Pure Health Products, Imbibe Wellness Solutions, Green Grow Farms, and Duramed.

Key Points

- CANB recently launched a program whereby it purchases hemp biomass for \$0.50 per pound with restricted stock and does a profit split after all processing costs are repaid. This plan significantly reduces cash needs, funds operations, provides more processing for its plants, and generates a guaranteed profit split. We expect this program will be repeated and on continually better terms.
- In 2021, the Company has used mostly stock to acquire plants and equipment to turn it into a vertically integrated processor, including two plants making Delta-8 isomers and finished products.
- Can B provides a full chain of custody, from biomass to finished products, and its Lacey, WA facility will soon be NSF certified, which will allow the Company to solicit business from large retailers and expand its white label business.
- Duramed should see a near term boost in Revenue and profits after launching in Michigan earlier this summer with more units than it currently has in the New York/New Jersey market.
- Management is working to increase its Duramed footprint in existing markets and expand into Florida, while doubling the total number of sam units it has on the market. Additionally, it is working to increase workers comp cases, which will provide a large margin for disposing of older units.

Valuation

We are initiating coverage of Can B Corp. with a Buy rating and \$1.20 target price. Can B has successfully completed a number of acquisitions, which turned it into a vertically integrated CBD producer, and acquired its feedstock, all with minimal cash outlay. We expect the Company will continue to make strategic acquisitions in a shareholder friendly manner and move with the market based on in-demand isomers. Our target price is based on a P/E multiple of 20 times our fiscal 2023 Diluted EPS estimate of \$0.06, discounted one year at 10%.

COMPANY OVERVIEW

Can B Corp. is a vertically integrated producer of cannabinoid-related products, processing from hemp biomass through to Delta-8 isomers and finished products. The Company has a number of brands it owns, each targeting specific channels, as well as offers portfolios of cannabinoid products under white label agreements. Can B also operates a pain management device business that is highly profitable and has significant room for growth. The Company operates five business lines, Hemp Operations, Pure Health Products, Imbibe Wellness Solutions, Green Grow Farms, and Duramed.

Hemp Operations

Can B has a vertically integrated cannabis operation, whereby it purchases biomass from farmers and processes to isolate, isomer or finished products. The Company recently embarked on a strategy where it will make bulk purchases of hemp biomass for restricted stock at \$0.50 per pound and process it through its own facilities into winter crude, isolate and then finished products or isomers. Additionally, Can B pays the farmer a majority of the net profit of the sold finished product, after deducting all relevant expenses, with the remainder staying with the Company. This model enables Can B to buy its raw material with no cash outlay (and ideally less dilutive on each transaction assuming the stock price rises) and have its processing operations funded by the product from the farmers, while receiving a favorable split of the resulting profit. The model saves the Company from self-funding its working capital requirements as it expands and creates an outlet for farmers looking to capture a larger slice of the profit from a finished product, as well as taking risk away from the Company over the quality of the hemp biomass it acquires. It also provides a simple chain of custody of the materials from the farm to finished product. Management noted there are numerous farmers that have expressed interest in a deal like this. Over time, we expect the dilution to be reduced from the higher stock price and the splits to become more and more favorable to Can B as it proves out the model to the farming industry.

The hemp biomass is shipped to its Mead, CO facility to be processed into winter crude, then moved to its Fort Morgan, CO facility for distillation into nearly pure isolate. From there, the isolate can be processed at the Lacey, WA facility into finished products for its own CBD brands or under white label agreements, or be sent to McMinnville, TN or Miami, FL for further distillation into isomers, like Delta-8 and Delta-10.

- The 15,000 square foot Mead, CO plant has a current monthly processing capacity of 330,000 pounds of hemp biomass into 5,000 liters of winter CBD crude (a liquid). The Company expects this facility will be able to double capacity in 2022 through an acquisition or equipment purchases.
- The two facilities in Fort Morgan, CO (18,000 square feet and 30,000 square feet) have a combined current monthly processing capacity of 3,500 liters of winter CBD crude into 3,300 kilograms of CBD isolate (a powder). The Company expects this facility will double capacity in 2022 due to running a second shift.
- The 300,000 square foot McMinnville, TN facility has a current monthly processing capacity of 1,500 liters of isomers, with the expectation that it will increase to 5,000 liters per month in 2022 once new equipment is installed. The facility can produce, at a small scale product from hemp biomass to finished, but primarily focuses on Delta-8, Delta-10, THCO, CBN and other isomers, with Delta-8 the near term focus. It also produces finished products, like vapes, tinctures, shatter, creams and lotions, and smokable flower, among other items. Can B uses only 15,000 square feet of the leased space for its operations, sublets 50,000 square feet, and intends to use the remaining space as a cannabis-related incubator.
- The 9,000 square foot facility in Miami, FL has a current monthly processing capacity of 1,200 liters of isomers, with the expectation that it will increase to 2,400 liters per month in 2022. The facility can produce Delta-8, Delta-10, THCO, CBN and other isomers, but will likely focus on Delta-8 in the near term. It also produces finished products, like gummies, chocolates, ice cream, suckers, popcorn and gelato. This location also has a R&D lab, offices, storage space, a Wellness Education and Retail Showroom and a Corporate Meeting Center.

Branded Products

Can B owns a number of brands, that were either self-developed or acquired, covering a number of different market segments:

COMPANY OVERVIEW (continued)

Canbiola is a self-developed CBD-infused product portfolio consisting of soaps, massage oils, tinctures, balms, sprays, gels, capsules, and hand sanitizers targeting health and wellness uses, with distribution through medical facilities.

Can B Superfoods is a self-developed line of CBD and nutrient-infused meal replacement drink mixes.

Pure Leaf Oil is a lower priced brand targeting the convenience store segment, with around 150 CBD-infused products which include oils, pain relief products, bath salts, and massage oils, along with oils for pets.

NuWellness is a self-developed brand designed for a group of roughly 3,000 independent pharmacies to carry the roughly 25 SKUs. The launch into this network was put on hold during Covid.

Seven Chakras is a brand targeting the hotel and spa market, with roughly 60 CBD-infused products ranging from oils, lotions, topical pain relief products, capsules, lip balm, and bath soaks, among others. The Company is working to more than double the SKUs in this brand in the near future.

Music City Botanicals owns a portfolio of 43 SKUs and a variety of different types of products, including CBD-infused balms, gummies, Donut Shop co-branded coffee, vapes, flower, tinctures and capsules, as well as Delta-8 gummies, shatter, and vapes.

Pure Health Products

Until it was acquired by Can B in 2018, PHP was the supplier for the Company's *Canbiola* and *Can B* product lines. In addition to making over 150 finished products, like roll-on and salve topicals, drops, sprays, capsules, meal replacement powders, bath salts, massage oils and pet-focused drops and sprays, PHP also provides turn key outsourcing, where new or existing brands can inexpensively bring a CBD-infused product portfolio to market. PHP currently has four white label customers. PHP expects to receive its NSF certification shortly, which will allow it to bid on orders from larger retail clients.

Imbibe Health Solutions

Imbibe was acquired in early 2021 to bring Walter Hoelzel onto the team to develop a celebrity/influencer cannabis brand, which it hopes to sign in 2022. Mr. Hoelzel has a history of brand development with the likes of American Eagle Outfitters, Casa Zeta-Jones, Old Navy, and Williams-Sonoma. Acquired in the Imbibe acquisition were a suite of health and wellness CBD-infused products that are in development, including salves, bath soaks, massage oil, supplements and cryo gel. Imbibe was acquired for \$65,000 in stock.

Green Grow Farms

Green Grow owns a license to produce hemp in New York. The Company has not produced under this license since acquiring Green Grow as it has been cheaper to buy hemp in the market, especially under its current restricted stock and profit split model. CANB is, however, currently conducting a 26 acre test of industrial hemp, which it ultimately intends to process into threads and yarns to create end products, like towels. Green Grow was acquired in late 2019 for the forgiveness of a \$144,310 loan and a share exchange which was ultimately unwound.

Duramed

Since early 2019, Duramed has held a non-exclusive license to market the ZetrOz sam Pro 2.0, a long duration daily ultrasonic therapy device, and related sam Gel Coupling Patches to the Personal Injury Protection/No Fault Market. The Company has been operating in New York and New Jersey, serving 15 offices, and added 25 in Michigan earlier this Summer. Duramed purchases the units for roughly \$3,000 per unit and is reimbursed at varying rates based on the market, with products available for use roughly half of the year, with the remainder reserved for cleaning and repairs and waiting for redeployment. The Company is also moving to the Medicare and workers comp market, where it can resell the used product at roughly three times the original unit price, which would become a high Revenue, high margin transaction. Duramed uses third party consultants and law firms for doctor and patient introductions, but is precluded by law from compensating prescribers. Management intends to expand this business through the purchase of additional units, expand in existing markets with new prescribing offices, opening of an office in Miami to enter the Florida market, and marketing of additional related products, like braces and supports. This business generated less than \$1.0 million in Revenue in 2020, but should grow substantially in 2022 with more units and a full year in Michigan.

CORPORATE & CAPITAL HISTORY

- January 13, 2017—Entered into a JV agreement with Health Max, a CBD company, shifting its focus from web-based advertising to the cannabis industry; this deal was subsequently terminated.
- May 15, 2017—Completed a corporate name change from WrapMail, Inc. to Canbiola, Inc. and changed its ticker symbol to “CANB”.
- October 13, 2017—Raised \$249,000 from the sale of 262,104 Series B Convertible Preferred Shares.
- June 6, 2018—Raised \$144,000 from the sale of a \$144,000 12% notes convertible at a 45% discount to the lowest trading price in the 25 days preceding the closing or preceding the conversion. The issuance also included 9,500 split-adjusted warrants
- November 16—December 28, 2018—Raised \$675,000 from the sale of 77,587 shares at \$8.70 per share, split-adjusted.
- December 28, 2018—Acquired 100% of Pure Health Partners in exchange for the cancellation of an \$83,825 note owed to the Company and the issuance of 10,323 shares of CANB stock. PHP had been a manufacturing partner of the Company since January 24, 2018.
- January 14, 2019—Entered into a Distribution Agreement with Sam International and ZetrOZ Systems to grant Duramed the exclusive distribution rights for the sam Pro 2.0 and sam Gel Coupling Patches in the US for the Personal Injury Protection/No Fault Market.
- January 31, 2019—Acquired the assets of Seven Chakras, including brands, formulations and inventory, for \$66,000 in cash and 3,334 split-adjusted shares.
- July 31, 2019—Raised \$3,936,700 in gross proceeds from the sale of 452,495 shares at \$8.70 per share, split-adjusted.
- December 4, 2019—Acquired 100% of Green Grow Farms, Inc. from Iconic Brands [OTC: ICNB] for \$1,000,000 in shares, or 543,714 shares. CANB also received 1,000,000 shares of ICNB and forgave a \$144,310 loan.
- January 16, 2020—Completed a corporate name change from Canbiola, Inc. to Can B Corp.
- January 3, 2020—Raised \$500,000 from the sale of a \$550,000 12% notes convertible at the lower of \$6.00 or 80% of the closing price on the date of conversion. The issuance also included 109,508 commitment shares.
- January 28, 2020—Entered into a Licensing Agreement with Lifeguard Licensing Corp to use the “LIFEGUARD” trademark. CANB will pay a royalty of 6% of net sales, with a minimum quarterly payment of \$60,000, to be increased 10% annually over the initial five-year term.
- March 6, 2020—Completed a 1:300 reverse stock split.
- May 12, 2020—Raised \$204,545 from the sale of a \$225,000 12% notes convertible at 80% of the lowest closing bid price in the 20 trading days prior to conversion. The issuance also included 142,545 commitment shares, with 118,000 of the shares to be returned if repaid within 180 days.
- June 15, 2020—Raised \$104,000 from the sale of a \$115,000 12% notes convertible at 80% of the lowest closing bid price in the 20 trading days prior to conversion.
- June 19, 2020—Raised \$200,000 from the sale of a \$220,000 12% notes convertible at 80% of the lowest closing bid price in the 20 trading days prior to conversion. The issuance also included 20,000 commitment shares.
- July 29, 2020—Completed a share swap with Iconic Brands, whereby the Company swapped 1,000,000 ICNB shares for 543,714 CANB shares.
- December 10, 2020—Raised \$2,500,000 from the issuance of \$2,777,778 in 12% notes convertible at \$0.39 per share and due on January 31, 2022, the issuance of 409,437 commitment shares, and the issuance of 3,557,605 in three-year warrants exercisable at \$0.45.
- February 22, 2021—Acquired the intellectual property and products/brands of Imbibe Health Solutions for \$65,000 in stock.
- March 17, 2021—Acquired promotional materials and manufacturing equipment from a third party for Botanical Biotech, LLC for 355,250 shares of common and \$177,528 in cash.
- May 24, 2021—Raised \$1,350,000 from the issuance of \$1,500,000 in 12% notes convertible at \$0.39 per share and due on January 31, 2022, the issuance of 221,096 commitment shares, and the issuance of 1,923,087 in three-year warrants exercisable at \$0.45.
- August 12, 2021—Acquired TWS Pharma, its equipment and inventory at the Mead and Fort Morgan, CO locations for \$5,316,774, comprised of 6,559,313 shares at \$0.62 per share and a \$1.2 million 6% note with monthly payments of \$107,583.
- August 13, 2021—Acquired Music City Botanicals (processing equipment and product portfolio) for \$1,394,324, comprised of \$498,259 in cash and \$896,065 in shares at \$0.62 per share.

CAP TABLE

(as of August 31, 2021)

Management & Directors	4,115,945
TWS Shareholders	6,559,313
Public US Float	14,272,332
Shares Outstanding	24,947,590
Series A Preferred	666,680
Series D Preferred	0
Options (exercisable at \$0.39)	1,759,119
Warrants (exercisable at \$0.45)	5,487,359
Convertible Notes (convertible at \$0.39)	10,968,662
Fully Diluted Shares	43,829,410

*The Series A Preferred and Series D Preferred give additional voting rights to the holders, totaling 1,333,360 votes for the Series A and 19,500,000 votes for the Series D. All Preferred Stock is held by management. These additional voting rights give the management team total control over the direction of Can B. The Series D Preferred has no common stock conversion feature.

As seen on the previous page, the Company has been aggressive in building a vertically integrated operation and adding brands by raising capital internally and using common stock in acquisitions as much as possible. Additionally, Can B has recently launched its restricted stock for raw material program. These actions should be viewed as a net positive to shareholders as going to the market to sell stock to raise cash would likely have come at a discount to market prices and with heavy warrant coverage, which would be more dilutive down the road. We expect management to continue the raw material for restricted stock program and issuing shares as part of acquisitions. The two Arena convertible notes came at a price, when factoring in the discount and commitment shares, but was required to consolidate the existing convertible notes. It is unclear what will come of the roughly \$4.0 million in convertible debt due January 31, however we note it is convertible at \$0.39, and should Can B meet our estimates the stock could continue to rise whereby Arena may be incentivized to convert or the Company could raise the money in the market at a less dilutive price. Besides these notes, the only other debt on Can B's Balance Sheet is the \$1.2 million note owed to the sellers of TWS, which own roughly one-quarter of the shares outstanding.

CORPORATE INFORMATION

Corporate HQ: 960 S. Broadway, Suite 120, Hicksville, NY 11801
 Website: canbcorp.com

MANAGEMENT & DIRECTORS

	Age	Position(s)	Compensation	Shares ¹	Options
Marco Alfonsi	60	Chairman & CEO	\$ 180,000 ¹	1,447,998	277,008

Marco Alfonsi joined the Company in early 2015 after serving as CEO for Prosperity Systems for eight years. Prior to that role, Mr. Alfonsi spent 20 years in the financial services sector running several companies and raising over \$100 million for small companies.

Stanley Teeple	72	CFO, Director	\$ 180,000 ¹	1,253,861	287,008
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Stanley Teeple joined Can B in late 2018 after serving as CFO of Generation Alpha (OTC: GNAL), a cannabis lighting company. Mr. Teeple has served in various executive roles for small companies over the prior 30+ years, most recently as CFO of Zonzia Media (OTC: ZONX) and CFO of Indigo-Energy (OTC: IDGG).

Philip Scala	69	Interim COO	\$ 52,000 ²	2,816	277,008
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Phil Scala joined the Company in late 2019 after founding and serving as CEO of Pathfinder Consultants, a government-related marketing company. Prior to this, Mr. Scala spent 29 years with the FBI overseeing a number of high profile cases.

Pasquale Ferro	60	President of PHP	\$ 180,000 ¹	1,354,602	277,008
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Pat Ferro joined Can B in late 2018 when the Company acquired Pure Health Products, a company Mr. Ferro founded in 2015. Prior to this, Mr. Ferro was involved in real estate development.

David Posel	43	COO of PHP	N/A	0	0
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David Posel joined the Company in early 2018 to work with Pure Health Products prior to its acquisition, and also serves as a Partner of Hemp Commodities & Trade for USA Wholesale Exchange. Previous experience includes President of HealthMax Group and CEO of HALO BioSynthesis Laboratories, both of which were engaged in CBD.

Frederick Alger Boyer Jr	52	Director	\$ 0	20,000	10,000
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Frederick Boyer was appointed a Director in October 2019 and is the President and CEO of Advance Care Medical. Mr. Boyer spent over 25 years in financial services prior to this, most recently as Head of Equities for H.C. Wainwright, after time spent with Rodman & Renshaw, Oppenheimer, Piper Jaffray and Credit Suisse.

Ronald Silver	85	Director	\$ 0	16,668	22,500
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Ronald Silver joined the Board in October 2019 and runs a consulting firm (Ron Silver & Associates) and maintains a law practice. Prior to this, Mr. Silver served in the Florida House of Representatives and Senate.

James Murphy	73	Director	\$ 0	20,000	10,000
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James Murphy joined the Board in October 2019 and is the Founder and President of Sutton Associates, a global investigative and research firm. Previous experience includes years spent with the FBI.

¹ The employment agreements for Mr. Alfonsi, Mr. Teeple, and Mr. Ferro each grant \$100,000 of shares under the Incentive Stock Option Plan per year, 200 total shares of Series C Preferred for each, and are eligible for cash or stock bonuses.

² The employment agreement for Mr. Scala grants \$100,000 of shares under the Incentive Stock Option Plan per year, 20 total shares of Series C Preferred, and are eligible for cash or stock bonuses.

MARKET OVERVIEW

The Agricultural Improvement Act of 2018 made hemp-derived CBD (less than .3% THC) products legal in all 50 states, however, each state still regulates the sales of CBD to different degrees. Subsequent to the easing of regulations on cannabis in the United States, many other countries around the world have started the process of legalization, primarily for medicinal purposes. With cannabis recently becoming legal or in the process of becoming legal in many regions around the world, companies have taken advantage of selling the various products the plant has to offer.

The legal cannabis market is split in three major segments: medicinal, recreational, and industrial. According to a report by Grand View Research, the global legal cannabis market is expected to reach \$70.6 billion by 2028, expanding at a CAGR of 26.7% from 2021. The primary drivers for growth include increased legalization for medical and recreational use. The recreational segment is estimated to dominate the market with a revenue share of roughly 55% due to the growing demand among younger demographics and patients who technically do not qualify for medicinal usage. Medicinal and recreational cannabis products primarily focus on the different levels of delta-9-tetrahydrocannabinol (THC) or cannabinoïd (CBD) chemicals found in cannabis. THC and CBD share many of the same medical benefits and can relieve similar health conditions, but differ in terms of how psychoactive each are. THC is what is known to produce the “high” that users experience, primarily driving the recreational market. CBD has a more calming effect on the brain and is primarily used for medicinal and health and wellness purposes. The lack of intoxicating effects makes CBD the primary choice for many users, especially those who are treating chronic symptoms with daily applications. Consumption methods consist of smoking, vaporizing, infused food and drink products, pills, topicals, and tinctures, all of which Can B produces and sells through various brands and channels.

The global CBD market was estimated to be roughly \$4.0 billion in 2020 and is expected to grow at a compound annual rate of 37.7%, to \$19.5 Billion in 2025 according to BDSA, one of the leading cannabis market research firms. The main driver of growth in the CBD industry is the high demand for medicinal and health and wellness products. Of BDSA’s \$19.5 billion forecast, mainstream retail (grocery, drug, ecommerce, natural/vitamin, pet, beauty) is expected to consume the largest market share, making up \$15 billion of sales, or more than 75% of total revenues. Pharmaceuticals are expected to bring in \$2.4 billion, and dispensaries the other \$2.2 billion. Major retailers have already started adding CBD products to their shelves, including CVS Health [NYSE: CVS], Walgreens [NASDAQ: WBA], Ulta Beauty [NASDAQ: ULTA], GNC, Kroger [NYSE: KR], Urban Outfitters [NASDAQ: URBN], and Neiman Marcus, among others.

The CBD health and wellness market is highly fragmented due to the large number of small brands. When CBD products first became legal the market was dominated by small, local vendors. Laws and regulations made it difficult to have interstate distribution, helping the mom and pop brands maintain market share. However, in recent years it has gotten easier to have distribute nationwide, allowing for some companies to begin accumulating market share, albeit still on a small level. Some of the larger players in the market include Charlotte’s Web [TSX: CWEB], Medical Marijuana [OTC: MJNA], Gaia Herbs, CV Sciences [OTC: CVSI], Pure Hemp Botanicals, cbdMD [NYSE Amex: YCBD], Green Roads, CBD American Shaman, CBDistillery. These larger companies are starting to take share, but have not been able to gain a large enough presence to push out many of the local vendors. However, increased brand recognition, higher chances of gaining FDA approval, and big box store partnerships are expected to help large vendors take a larger share of the market over time.

Hemp is the main feedstock for cannbinoid products due to less stringent regulations and its low THC content. Hemp is unique among other crops because every part of the plant has utility and market value while offering minimal environmental impact as it can be used as a rotation crop. The industrial hemp market has seen exponential growth since the passage of the Agricultural Improvement Act of 2018. With hemp bringing in prices of roughly \$40 per pound following legalization, farmers rushed to grow it leading to the current oversupplied market. Many processors and brands are purchasing rather than growing and farmers are looking for the best deal to offload crops, which we believe CANB’s profit share model does. Facts and Factors estimated the industrial cannabis market will grow 34% annually, to \$36 billion by 2026. The expected growth in the industrial cannabis market is owed to a surging demand for hemp products in various industries, with end uses that include fabric, food, beauty products, building products, paints, ink, paper, composite boards, clutch pads, plastics, fuel, biodiesel, and Eco-solid fuel. Management has a 26 acre pilot of industrial hemp it intends to harvest for eventual use in hemp products, like towels.

RISKS

Significant Regulatory Risks

The 2018 Farm Bill effectively legalized hemp as a commodity crop, but did not specifically legalize CBD. Additionally, the FDA prohibits the addition of CBD to food products, cosmetics or supplements, all of which Can B engages in, and the FDA has begun enforcing its CBD-related policies. Should Can B fall under FDA review or other regulatory scrutiny it may be unable to continue its current operations, which could severely impair its ability to meet our estimates.

Regulation of Delta-8

Delta-8 is currently unregulated, despite causing similar psychoactive effects as delta-9 THC, and is expected to make up a large portion of the Company's near term revenue. The legality of Delta-8 varies state-by-state and the federal government has yet to take a definitive position. Should more states ban Delta-8 or its be classified similar to delta-9 THC federally, Can B may be unable to sell this product.

Processing Capabilities

The Company recently acquired most of its processing equipment. There are no assurances the machinery will perform as expected, or produce the output as expected. Any downtime on the equipment could have an adverse impact on our estimates.

Acquisitions

Can B overhauled its business model and Balance Sheet in 2021 with a number of acquisitions. We expect additional acquisitions in the future, however there are no assurances each acquisition will work as intended.

Preferred Share Voting Structure

Due to the voting rights of the Series A and Series D Preferred Stock, management holds voting control over the future of Can B.

Feedstock Quality

The end product yield is highly dependent on the quality of the hemp biomass it purchases. Should purchased product be of lower quality the Revenue and profits estimated in our model may not be achievable.

Highly Competitive Industry

The CBD health and wellness and hemp markets are highly competitive and subject to rapid change. Companies competing in this space possess well-known brand names, greater access to capital, higher research and development capacity, and broader distribution channels.

History of Losses

The Company has not produced a profit to date and there are no assurances it will do so in the future.

Potential Dilution

The Company has sold stock for cash, issued stock for services, raw materials, and as payment for acquisitions, as well as issued stock in convertible debt financings, along with options and warrants. We expect additional stock issuances to occur in the future which would dilute current shareholders

COVID-19

Covid had a negative impact on the Duramed business and CBD product sales. As Covid cases fluctuate in the U.S. it is possible a market or the entire country could be subject to quarantines or lockdowns, which could negatively impact results.

Illiquid Trading

The Company's stock trades far less than \$1,000,000 per day, which may make it difficult to buy or sell a large position in the open market without moving the stock price.

Material Weaknesses over Financial Reporting

CANB's auditor found a material weakness in internal controls over financial reporting related to the lack of sufficient financial reporting and accounting personnel with US GAAP and SEC reporting requirement experience. Given its size, this weakness may continued to be listed until adding staff is warranted.

ESTIMATED INCOME STATEMENT

	(in 000s of USD)														
	Q1:21A	Q2:21A	Q3:21e	Q4:21e	2021e	Q1:22e	Q2:22e	Q3:22e	Q4:22e	2022e	Q1:23e	Q2:23e	Q3:23e	Q4:23e	2023e
Product Sales	244	362	662	4,288	5,556	6,232	6,465	8,063	8,831	29,592	8,936	9,041	9,147	9,253	36,377
Service Revenue	63	40	50	150	303	200	250	313	391	1,153	430	473	520	572	1,994
Total Revenue	307	402	712	4,438	5,859	6,432	6,715	8,376	9,222	30,745	9,366	9,514	9,667	9,825	38,372
Cost of Revenue	77	259	132	2,853	3,321	4,011	3,835	4,839	5,360	18,045	5,416	5,472	5,529	5,587	22,004
Gross Profit	230	143	579	1,586	2,538	2,420	2,880	3,537	3,863	12,700	3,950	4,042	4,138	4,239	16,368
Operating Expenses	2,023	2,729	2,932	2,831	10,515	2,853	2,818	2,888	2,963	11,522	3,047	3,130	3,218	3,312	12,708
Income From Operations	(1,793)	(2,586)	(2,353)	(1,245)	(7,977)	(432)	62	649	900	1,178	903	911	919	927	3,660
Gain of Debt Extinguishment	6	197	-	-	203	-	-	-	-	-	-	-	-	-	-
Interest Expense	(393)	(348)	(318)	(314)	(1,373)	(153)	(148)	(145)	(145)	(591)	(145)	(145)	(145)	(145)	(580)
Other Expense	-	(2)	-	-	(2)	-	-	-	-	-	-	-	-	-	-
Income Before Taxes	(2,180)	(2,739)	(2,671)	(1,559)	(9,149)	(585)	(86)	504	755	588	758	766	774	782	3,080
Income Taxes	-	1	-	-	1	-	-	-	-	-	189	192	194	195	770
Net Profit	(2,180)	(2,740)	(2,671)	(1,559)	(9,150)	(585)	(86)	504	755	588	568	575	581	586	2,310
Basic EPS	(0.24)	(0.12)	(0.10)	(0.06)	(0.42)	(0.02)	(0.00)	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.07
Basic S/O	9,132	23,388	27,133	27,462	21,779	29,524	29,624	30,904	31,004	30,264	32,079	32,174	33,158	33,233	32,661
Diluted EPS	(0.24)	(0.12)	(0.10)	(0.06)	(0.42)	(0.02)	(0.00)	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.06
Diluted S/O	9,132	23,388	27,133	27,462	21,779	29,524	29,624	35,989	36,334	32,868	36,528	36,668	36,797	33,988	35,995
Gross Margin	74.9%	35.6%	81.4%	35.7%	43.3%	37.6%	42.9%	42.2%	41.9%	41.3%	42.2%	42.5%	42.8%	43.1%	42.7%
Operating Margin	-584.0%	-643.3%	-330.7%	-28.1%	-136.2%	-6.7%	0.9%	7.7%	9.8%	3.8%	9.6%	9.6%	9.5%	9.4%	9.5%
Net Margin	-710.1%	-681.6%	-375.4%	-35.1%	-156.2%	-9.1%	-1.3%	6.0%	8.2%	1.9%	6.1%	6.0%	6.0%	6.0%	6.0%

Source: CANB documents filed with the SEC and Greenridge Global estimates

KEY MODEL ASSUMPTIONS

Our model assumes the Company continues its model of buying hemp biomass for \$0.50 per pound with restricted stock and resulting profit splits from the product, however these will likely trend more towards Can B's favor as the Company proves out the model. The model assumes all products sold will be Delta-8. Should regulation take that product away we would expect it to move into another area, like Delta-10. We see its involvement in Delta-8 as less of a risk as it is not building a brand around it, just processing and supplying. Finally, we assume the Arena debt will be mostly repaid with the issuance of a new note with more traditional terms, as it will likely turn cash flow breakeven in Q1:22, and have only a portion of the note convert to common. As the Company turns profitable, we expect less and less shares to be used for services and compensation, but to be used for acquisitions.

VALUATION

We are initiating coverage of Can B Corp. with a Buy rating and \$1.20 target price. Can B has successfully completed a number of acquisitions, which turned it into a vertically integrated CBD producer, and acquired its feedstock, all with minimal cash outlay. We expect the Company will continue to make strategic acquisitions in a shareholder friendly manner and move with the market based on in-demand iso-mers. Our target price is based on a P/E multiple of 20 times our fiscal 2023 Diluted EPS estimate of \$0.06, discounted one year at 10%.

HISTORIC INCOME STATEMENT

(in 000s of USD)	2017A	2018A	2019A	2020A	Q2:21A
Product Sales	\$ 79	\$ 652	\$ 2,304	\$ 1,708	\$ 362
Service Revenue	\$ 44	\$ 17	\$ 1	\$ 1	\$ 40
Total Revenue	\$ 123	\$ 669	\$ 2,305	\$ 1,709	\$ 402
Cost of Revenue	\$ 45	\$ 406	\$ 598	\$ 278	\$ 259
Gross Profit	\$ 78	\$ 263	\$ 1,707	\$ 1,431	\$ 143
Operating Expenses	\$ 791	\$ 3,679	\$ 7,599	\$ 5,806	\$ 2,729
Income From Operations	\$ (713)	\$ (3,416)	\$ (5,892)	\$ (4,375)	\$ (2,586)
Other Income	\$ (905)	\$ 1,591	\$ 3	\$ 10	\$ -
Gain of Debt Extinguishment	\$ -	\$ -	\$ -	\$ -	\$ 197
Interest Expense	\$ (276)	\$ (254)	\$ (9)	\$ (935)	\$ (348)
Other Expense	\$ (1,162)	\$ (2,033)	\$ -	\$ (414)	\$ (2)
Income Before Taxes	\$ (3,056)	\$ (4,112)	\$ (5,898)	\$ (5,714)	\$ (2,739)
Income Taxes	\$ -	\$ -	\$ 2	\$ 3	\$ 1
Net Profit	\$ (3,056)	\$ (4,112)	\$ (5,900)	\$ (5,717)	\$ (2,740)
Basic EPS	\$ (5.55)	\$ (4.47)	\$ (2.87)	\$ (1.62)	\$ (0.12)
Basic S/O	551	920	2,059	3,535	23,388
Diluted EPS	\$ (3.58)	\$ (2.91)	\$ (2.20)	\$ (1.36)	\$ (0.12)
Diluted S/O	854	1,413	2,687	4,201	23,388

NOTE: Results prior to 2017 were for the predecessor business and unrelated to Can B's current operations.

HISTORIC BALANCE SHEET

(in 000s of USD)	2017A	2018A	2019A	2020A	Q2:21A
Cash & Cash Equivalents	\$ 2	\$ 808	\$ 47	\$ 458	\$ 1,093
Accounts Receivable, Net	\$ 6	\$ 39	\$ 1,252	\$ 2,003	\$ 2,160
Inventory	\$ 10	\$ 87	\$ 784	\$ 345	\$ 320
Note Receivable	\$ 75	\$ -	\$ 24	\$ 3	\$ 3
Operating Lease Right-of-Use Asset, Current	\$ -	\$ -	\$ -	\$ 36	\$ 37
Deposits	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Expenses	\$ 65	\$ 210	\$ 1,280	\$ 1,209	\$ 633
Total Current Assets	\$ 157	\$ 1,144	\$ 3,387	\$ 4,054	\$ 4,246
Property & Equipment, Net	\$ 11	\$ 60	\$ 1,075	\$ 995	\$ 1,089
Deposits	\$ 12	\$ 49	\$ 21	\$ 21	\$ 23
Intangible Assets, Net	\$ -	\$ -	\$ 1,057	\$ 523	\$ 735
Investment in Marketable Security	\$ -	\$ -	\$ -	\$ -	\$ -
Goodwill	\$ -	\$ 56	\$ 56	\$ 56	\$ 56
Operating Lease Right-of-Use Asset, Non-Current	\$ -	\$ -	\$ 97	\$ 22	\$ -
Other Non-Current Assets	\$ 39	\$ 2,385	\$ 1,238	\$ 20	\$ 13
Total Assets	\$ 219	\$ 3,694	\$ 6,931	\$ 5,691	\$ 6,162
Accounts Payable	\$ 143	\$ 73	\$ 227	\$ 154	\$ 384
Accrued Expenses	\$ 161	\$ 113	\$ 206	\$ 200	\$ 158
Notes & Loans Payable, Net	\$ 194	\$ 19	\$ 35	\$ 1,828	\$ 2,626
Derivative Liability	\$ 1,451	\$ -	\$ -	\$ -	\$ -
Operating Lease Liability, Current	\$ -	\$ -	\$ 38	\$ 43	\$ 38
Total Current Liabilities	\$ 1,949	\$ 205	\$ 506	\$ 2,225	\$ 3,206
Notes & Loans Payable, Net	\$ -	\$ -	\$ 59	\$ 195	\$ -
Operating Lease Liability, Non-Current	\$ -	\$ -	\$ -	\$ 16	\$ -
Total Long Term Liabilities	\$ -	\$ -	\$ 59	\$ 211	\$ -
Total Liabilities	\$ 1,949	\$ 205	\$ 565	\$ 2,436	\$ 3,206
Series A Preferred	\$ 243	\$ 4,557	\$ 5,539	\$ 5,539	\$ 5,539
Series B Preferred	\$ -	\$ 1	\$ -	\$ -	\$ -
Series C Preferred	\$ -	\$ -	\$ -	\$ -	\$ -
Series D Preferred	\$ -	\$ -	\$ -	\$ -	\$ -
Common Stock	\$ 12,524	\$ 16,625	\$ 23,113	\$ 26,112	\$ 30,070
Treasury Stock	\$ -	\$ -	\$ -	\$ (573)	\$ (573)
Additional Paid-In Capital	\$ 150	\$ 1,075	\$ 1,075	\$ 2,563	\$ 3,226
Accumulated Deficit	\$(14,647)	\$(18,769)	\$(23,361)	\$(30,386)	\$(35,306)
Total Stockholders Equity	\$ (1,730)	\$ 3,489	\$ 6,366	\$ 3,255	\$ 2,956
Total Liabilities & Equity	\$ 219	\$ 3,694	\$ 6,931	\$ 5,691	\$ 6,162

NOTE: Results prior to 2017 were for the predecessor business and unrelated to Can B's current operations.

HISTORIC STATEMENT OF CASH FLOWS

(in 000s of USD)	2017A	2018A	2019A	2020A	Q2:21A
Net Income	\$ (2,140)	\$ (4,112)	\$ (5,901)	\$ (5,717)	\$ (4,920)
Stock-Based Compensation	\$ 232	\$ 2,779	\$ 4,398	\$ 2,711	\$ -
Loss on Stock Issuance	\$ 192	\$ 649	\$ -	\$ -	\$ -
Loss on Debt Conversion	\$ 32	\$ 1,299	\$ -	\$ -	\$ -
Impairment of Intangibles	\$ 21	\$ -	\$ -	\$ -	\$ -
Debt Issuance Expense	\$ -	\$ 14	\$ -	\$ -	\$ -
Derivative Liability	\$ 916	\$ (1,591)	\$ -	\$ -	\$ -
Depreciation	\$ 3	\$ 6	\$ 90	\$ 124	\$ 72
Amortization of Intangibles	\$ 4	\$ -	\$ 142	\$ 659	\$ 103
Amortization of Original Issue Discount	\$ 250	\$ 176	\$ -	\$ 274	\$ 698
Unrealized Loss on Investment	\$ -	\$ -	\$ -	\$ -	\$ -
Bad Debt Expense	\$ 17	\$ -	\$ 254	\$ 271	\$ 47
Gain on Asset Sale	\$ -	\$ -	\$ -	\$ (148)	\$ -
Forgiveness of PHP Receivable	\$ -	\$ 86	\$ -	\$ -	\$ -
Forgiveness of PPP Loan	\$ -	\$ -	\$ -	\$ -	\$ (195)
Accounts Receivable	\$ (9)	\$ (33)	\$ (1,466)	\$ (1,022)	\$ (204)
Inventory	\$ (10)	\$ 2	\$ (210)	\$ 931	\$ 25
Prepaid Expenses	\$ 3	\$ -	\$ (4)	\$ (11)	\$ 576
Deposits	\$ -	\$ (35)	\$ 27	\$ -	\$ (2)
Other Non-Current Assets	\$ -	\$ -	\$ (58)	\$ 58	\$ 7
Operating Lease Right-of-Use Asset	\$ -	\$ -	\$ -	\$ 1	\$ -
Accounts Payable	\$ 89	\$ (115)	\$ 153	\$ (73)	\$ 648
Accrued Expenses	\$ 114	\$ 121	\$ 162	\$ (5)	\$ (43)
Cash From Operating Activities	\$ (286)	\$ (754)	\$ (2,413)	\$ (1,947)	\$ (3,188)
Note Receivable	\$ (75)	\$ -	\$ (5)	\$ 21	\$ -
Purchase of PP&E	\$ -	\$ -	\$ (1,105)	\$ (50)	\$ (166)
Sale of PP&E	\$ -	\$ -	\$ -	\$ 4	\$ -
Purchase of Intangible Asset	\$ -	\$ (46)	\$ (550)	\$ -	\$ (178)
Investment in Marketable Security	\$ -	\$ -	\$ -	\$ -	\$ -
Cash From Investing Activities	\$ (75)	\$ (46)	\$ (1,660)	\$ (25)	\$ (344)
Proceeds from Notes & Loans Payable	\$ 183	\$ 155	\$ 35	\$ 4,521	\$ 1,525
Proceeds from Issuance of Series B Preferred	\$ 150	\$ 724	\$ -	\$ -	\$ -
Proceeds from Issuance of Series D Preferred	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Sale of Common	\$ -	\$ 850	\$ 3,296	\$ 300	\$ 2,866
Purchase of Treasury Stock	\$ -	\$ -	\$ -	\$ (560)	\$ -
Repayments of Notes & Loans Payable	\$ -	\$ (123)	\$ (19)	\$ (1,360)	\$ (224)
Deferred Financing Costs	\$ -	\$ -	\$ -	\$ (518)	\$ -
Cash From Financing Activities	\$ 333	\$ 1,606	\$ 3,312	\$ 2,383	\$ 4,167
Net Change in Cash	\$ (28)	\$ 806	\$ (761)	\$ 411	\$ 635
Cash & Cash Equivalents, Beginning	\$ 30	\$ 2	\$ 808	\$ 47	\$ 458
Cash & Cash Equivalents, Ending	\$ 2	\$ 808	\$ 47	\$ 458	\$ 1,093

NOTE: Results prior to 2017 were for the predecessor business and unrelated to Can B's current operations.

DISCLOSURES

Distribution of Ratings

Rating	Count	Percent	<u>I.B. last 12 months</u>	
			Count	Percent
BUY	10	91%	0	0%
HOLD	1	9%	0	0%
SELL	0	0%	0	0%
NO RATING	0	0%	0	0%

Explanation of Ratings

- BUY:** Describes undervalued stocks we expect to provide a total return (capital appreciation + yield) of 15% or more in the next twelve month period.
- HOLD:** Describes fully valued stocks we expect to provide a total return (capital appreciation + yield) of plus or minus 15% in the next twelve month period.
- SELL:** Describes overvalued stocks we expect to provide a total negative return (capital depreciation + yield) of 15% or more in the next twelve month period.
- NO RATING:** Describes stocks that have their investment rating and/or target price temporarily removed for fundamental or compliance-based reasons.

Analyst Certification

I, William Gregozeski, CFA, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and subject company. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Other Disclosures

<u>Company</u>	<u>Disclosures</u>
Can B Corp.	8

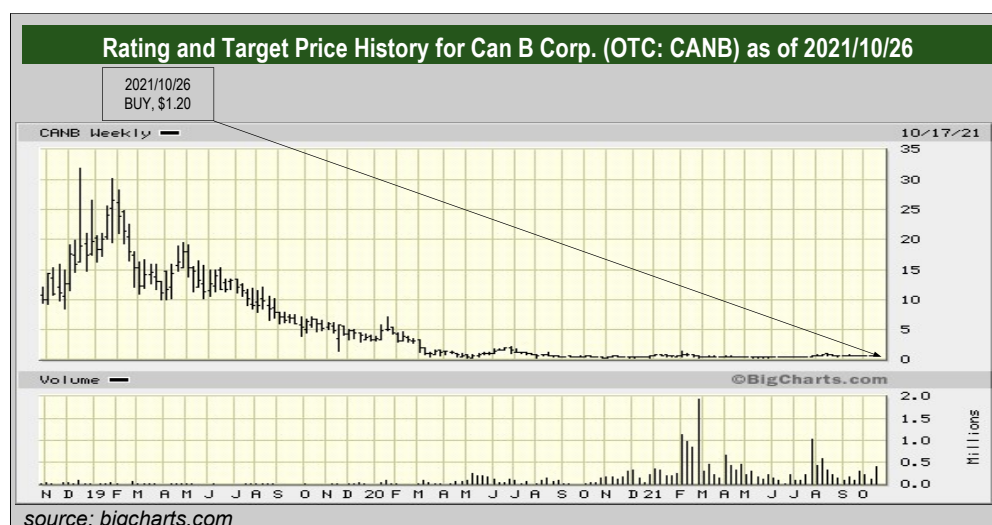
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DISCLOSURES (continued)

Other Disclosures

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