

# Quadron Cannatech Corp.

(CSE:QCC)

## Service Provider to Cannabis Industry Participants

### Company Description

The Company operates through its three wholly owned subsidiaries, Soma Labs, Greenmantle, and Cybernetic, through which Quadron provides a variety of products and services to cannabis industry participants in Canada and the US.

### Investment Highlights

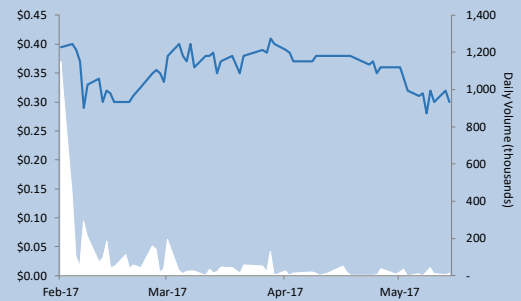
- **Soma Labs:** design and production of automated cannabis extraction and processing equipment which it leases and/or sells to industry participants. The company has successfully gone through a proof of concept stage, are now ready to build and license machinery to licensed and authorized growers, processors and extract manufacturers.
- **Greenmantle:** distributes ancillary products, such as customized dispensing devices (i.e. vaporizer pens) and branded consumption products (i.e. capsules) along with a variety of packaging options to authorized cannabis industry participants.
- **Cybernetic:** specializes in providing equipment automation services, control solutions and process manufacturing expertise to a variety of industry sectors.
- **Cannabis oil consumption in Canada is expected to grow 198,000% from 284 litres in 2015 to 562,613 litres by 2020** vs. dried marijuana consumption of 6,388 kg in 2015 to 110,034 kg in 2020 (1,600% growth).
- **Quadron signed an R&D agreement with Odorchem, which will bring \$1.5mm in revenue over a 3-year term.** Odorchem manufactures and distributes odor neutralizers for cannabis cultivators, and have been operating since 1995, with stable revenues of \$3.5mm.
- **The company is run by Rosy Mondin, President and CEO, with good ties within the cannabis industry,** being the Co-founder and Executive Director of the Cannabis Trade Alliance of Canada, as well as an Advisory Board Member for the Canadian Association of Medical Dispensaries.

### Financial Analysis

The company's revenue lines are three-fold: Quadron supplies extraction and processing equipment (including distillation and refining) to licensed and authorized producers and enters into operating leases arrangements. In addition, Quadron also sells ancillary products (vaporizer pens, cartridges etc) and other production solutions (odor abatement system) as part of Quadron's full-service extraction and processing solutions.

Quadron reported \$1.8mm in revenue for the last 12 months, earning a 27% gross profit margin, which was all attributed to ancillary product sales. Quadron anticipates leasing revenues for their extraction equipment to kick-in in mid-2017, with the goal of selling a minimum of 2 machines per quarter.

### Price Performance



### Market Data (CSE:QCC)

Price (June 7, 2017 close)	\$0.30
52 Week Range	\$0.25 - \$0.45
Market Cap (mm)	\$14.4
Shares Outstanding (basic, mm)	47.9
Free Float	60%
Average Daily Volume (3 months)	39k
Total Debt (mm)	\$0.0
Cash & Short-Term Investments (mm)	\$2.2
Total Assets (mm)	\$3.2

### Headquarters

Vancouver, BC, Canada

*All figures in CAD unless otherwise stated.  
Source: Thomson Reuters*

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