

# LUDLOW RESEARCH

## Market Research Report

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## BIOHEMP INTERNATIONAL, INC (OTC:BKIT)

(NEW YORK)–July 15, 2019--Ludlow Research updated its research opinion on **BioHemp International, Inc.** (OTC: **BKIT**), with an adjusted short-term 'speculative' target of \$1.00 to \$1.50 based on recent developments with company, and share price.

### **Confusion on 8K Sends Share Price Down**

On July 11, 2019 the Company issued an 8K that made it seem they had issued 25 million shares for certain IP assets. This issuance would have equated to nearly a doubling of shares outstanding, but it seems there was confusion as shares structure remained unchanged.

Even an experienced person could have easily misread the 8K, as we did, and come to assumption that the company had done a large share increase.

On July 15, 2019, the company released a press release clarifying that the shares mentioned were already issued back in March 2019, and that the current outstanding remain the same at 28.8 million. This information has also been updated on OTC Markets, which is transfer agent verified <https://www.otcmarkets.com/stock/bkit/security>

### **Confirmation from Transfer Agent**

Ludlow Research did its own investigation, and confirmed with Pacific Stock Transfer, BKIT transfer agent, that as of July 12, 2019 the shares outstanding remained the same at 28.8 million, and a public float of only 3.8 million.

### **Update Summary**

This shows that the sell-off in BKIT stock has been way over done as the share structure of the company remains the same as when it was trading at \$1.95 per share. What has changed is confidence in company for after a major events like this it can take a while for a company to rebuild that confidence with investors back to pre-event levels.

For this reason Ludlow Research has adjusted its short-term target on BKIT to \$1.00 to \$1.50 based on its low public float, with prospect the company now needs to provide market with working operational assets, and plan towards immediate revenue production.

BKIT strategy is to roll up multi-branded e-commerce and brick & mortar retailers under one platform, while focusing on acquiring strong CBD assets through consolidation across the CBD industry. By creating these economies of scale for brands and vendors, the Company is positioning itself to be a major CBD distribution channel within the industry.

### Launches Online Direct to Consumer Sales



Brightfield Group Estimates that CBD Market Size was \$591 million in 2018, with market leader Charlotte's Web Holding with \$40 million of that revenue share. This shows big opportunity to build market shares in the growing CBD market.

When an industry is ready to begin consolidation, the combined market share of the three largest companies drops to between 30% and 10%, as competitors quickly arise to create the frontier of industry consolidation.

Based on the legalization of CBD in the US combined with the size of the largest players in the CBD market, the collective CBD industry is at Stage 1 of the HBS scale, and prime for rapid consolidation. BioHemp International strives to be the market front runner executing this rollup strategy

### Key Highlights

- To establish multi-tier distribution channels for CBD products
- To acquire strong CBD assets through consolidation
- CEO background in private equity and business development
- Pending portfolio of diversified CBD assets

### States to Legalize CBD Infusion

A California State Assembly bill that would authorize the retail sale of hemp-derived cannabidiol (CBD) in food, beverages, and cosmetics.

The bill, AB 228, clarifies food, drinks and cosmetics that contain hemp-derived CBD are legal for sale in California. The bill, the U.S. Hemp Roundtable wrote in a recent update, "would expressly permit the retail sale of hemp-derived CBD in foods and supplements, and also in topical applications." If passed, this new law would allow major retail chains to start selling CBD beverages, foods and cosmetics, which could be a major catalyst to the overall CBD industry.

Watch as many more states move to legalize CBD infused beverages, and products.

## **CBD Consolidation and Distribution**

*Don't try to be the gold mine, but rather be the store that sells the picks and shovels to the miners", and that seems what BKIT strategy may just be*

You don't have to look far on any stock forum or social media platform to see cannabis and CBD stocks are just popping up everywhere in past couple of years.

Some CBD stocks like NBEV CVSI or KGKG may end up becoming giants down the road, but many more may not have the power to reach that next level up, and that is when BKIT may find excellent assets to roll-up on the cheap.

**Distribution:** In addition, many of these smaller CBD stocks are all focused on one or few products, but what will be required more than anything down the road is the distribution chain to funnel these products to market. That is exactly where BKIT may find its growth opportunity.

### **New CEO at the Helm**

BKIT recently appointed a new CEO, Daniel Blum, who has a strong background from the private equity and M&A field, and that may spell rapid growth for BKIT in any roll-up strategy.

Mr. Blum has a distinguished resumé and a strong background in business development with over 8 years' experience across a variety of sectors including fintech, sales and hospitality. He leaves his role as a business development executive at Pitchbook Data where he oversaw technology covering the private capital markets, including venture capital, private equity and M&A transactions. Before that, he held positions at Salesforce and Preqin, a private equity investor intelligence company. Mr. Blum holds a Bachelor of Arts in economics from Union College.

For these reason Ludlow Research has updated its research opinion on BKIT with a short-term 'speculative' target of \$1.00 to \$1.50 based on their rollup strategy to build multi-leveled distribution platform for the CBE market.

### **Request an Investor Packet on BKIT**

<https://wallstreetnewscast.com/investors/bkit/>

### **About BioHemp International, Inc.**

BioHemp International (OTC: BKIT) is a Company focused on rolling up a distribution platform for CBD providers to become the leading consolidation force in the CBD industry. For more information, view the Company's website [www.BioHempInternational.com](http://www.BioHempInternational.com)

## About Ludlow Research

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