Zacks Small-Cap Research

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Jammin Java Corp. (JAMN-OTCQB)

JAMN: Marley's One Love now available in K2.0-compatible capsules. FY3Q financial results to be reported in mid-December

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	10/13/2013
Current Price (12/05/14)	$0.18
Six- Month Target Price	**$0.48**

OUTLOOK

Jammin Java is a growth company in the premium coffee industry. Management is implementing a growth strategy based on multi-channel geographic penetration and brand awareness-based volume growth. Management's goals for fiscal 2015 are to generate organic revenue growth, to improve the gross margin to 20%+ and to expand distribution to 10,000 retail locations. The company is positioned to benefit from the product cycles of both the K2.0 brewer and recyclable EcoCup™ capsules. One Love is already available in K2.0 brewer-compatible RealCups in the U.S. and Canada.

SUMMARY DATA

52-Week High	**$0.43**
52-Week Low	**$0.18**
One-Year Return (%)	**-57.07**
Beta	**2.44**
Average Daily Volume (shrs.)	**141,124**
Shares Outstanding (million)	**118.7**
Market Capitalization ($mil.)	**$21.4**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**14.0**
Insider Ownership (%)	**22.5**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2015 Estimate	**N/M**
P/E using 2016 Estimate	**18.0**
Zacks Rank	**3**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Beverages-Soft**
Zacks Rank in Industry	**6 of 17**

ZACKS ESTIMATES

Net Revenue
(in thousands of $)

	Q1 (Apr)	Q2 (Jul)	Q3 (Oct)	Q4 (Jan)	Year (Jan)
2013	309 A	559 A	536 A	411 A	1,816 A
2014	817 A	1,605 A	2,193 A	1,029 A	5,654 A
2015	2,121 A	2,078 A	2,829 E	2,970 E	9,999 E
2016					12,500 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Apr)	Q2 (Jul)	Q3 (Oct)	Q4 (Jan)	Year (Jan)
2013	-$0.01 A	-$0.01 A	-$0.01 A	-$0.02 A	-$0.05 A
2014	-$0.00 A	-$0.01 A	-$0.01 A	-$0.04 A	-$0.07 A
2015	-$0.02 A	-$0.03 A	-$0.02 E	-$0.02 E	-$0.09 E
2016					$0.01 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

Quarterly EPS may not equal annual EPS total due to rounding.

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KEY POINTS

- Jammin Java Corp. is a producer, marketer and distributor of premium roasted gourmet coffees sold under the **brand name of Marley Coffee**.
- Management executed a **growth strategy** of geographic expansion through multiple distribution channels, which drove dramatic, **triple-digit, year-over-year revenue growth during fiscal 2013 and 2014**. Now, management's overall objective is to generate organic growth. Specifically, **management's goals** for fiscal 2015 include generating **$10 million in gross revenues**, expanding distribution to **10,000 retail locations** and improving the **gross margin to 20% or above**.
- **Expanded distribution network** through
  - National and regional grocery chains (Ahold, BI-LO, Winn Dixie, Kroger, Safeway, etc.)
    - The domestic availability of Jammin Java's coffees and teas through the retail grocery channel expanded geographically from southern California in 2010 to a national footprint in 2013. Additional distribution agreements are continually being announced.
  - Independent domestic distributors, like United Natural Foods and Gourmet Merchants Int'l
  - E-tailers, such as amazon.com, cooking.com, coffeewiz.com, shoffee.com, etc.
  - Office Coffee Service (OCS) in partnership with National Coffee Service & Vending and its acquisition of Denver-based Black Rock Beverage Service.
  - Alternative distribution through vending (in partnership with AVT) and BikeCaffe coffee carts.
  - Internationally in Canada, Chile, Japan, the UK, Continental Europe, South America, South Korea and Japan.
  - Jammin Java continues to gain penetration in the grocery market with Marley Coffee, which is available at approximately **8,000 retail locations**.
- **New product innovation**:
  - In November 2011, Jammin Java **entered the ground coffee segment** with **8 oz. bags** of ground coffee.
  - In November 2012, Jammin Java **entered the fast growing single-serve market** with **RealCups**™, a K-Cup compatible product.
  - In early October 2013, ***Smile Jamaica***, Jamaican Blue Mountain coffee blend, was launched
  - In early March 2014, Marley Coffee launched several new products, specifically, **Rainforest Alliance Certified versions** of Buffalo Soldier, Mystic Morning and Smile Jamaica and two new flavor blends: **Catch a Fire** (Jamaican chili flavor) and **Spiced Root Rum** (Jamaican rum flavor).
  - In the first half of 2015, management anticipates that Marley Coffee will be available in **recyclable EcoCup**™ capsules, which will be compatible with all K-Cup brewers, including the future Keurig Green Mountain K2.0.
  - Management anticipates all Marley Coffee RealCups will be K2.0 brewer-compatible sometime in the first quarter of 2015 and all will utilize recyclable capsules by the summer of 2015.
- During 2013, Jammin Java benefitted from approximately **$4.8 million in capital** through the settlement of trade payables with **Ironridge Global IV, Ltd**. The funds are allowing for an accelerated pace of distribution expansion.
- In April 2014, **Mother Parkers Tea & Coffee** entered into a strategic transaction with Jammin Java by purchase 7,333,529 Units of Jammin Java for **$2.5 million**. In addition, Mother Parkers is expected to provide $2.0 million in marketing funds over the next two years.
- In June 2014, Jammin Java formed an Advisory Board to provide strategic guidance and recommendations to the Board of Directors. The first two members are Michael Higgins (Co-CEO of Mother Parkers Tea & Coffee) and Anthony Schiano (former CEO for Giant Food Stores).
- In the effort to expand the distribution of Marley Coffee products by driving consumer trial to achieve product acceptance, Jammin Java has partnered with Remington to offer brewers bundled with Marley Coffee products at Sam's Club this Holiday season.
- Management continues to build awareness and promote increased distribution through attending trade shows, new distribution events, etc.
- Through sponsorship agreements, Marley Coffee has strategic partnerships with the Denver Broncos, Colorado Rockies, Colorado Rapids, the Ottawa Sports and Entertainment Group (Ottawa

REDBLACKS CFL, Ottawa 67's OHL and Ottawa Fury FC NASL teams) and Colorado Buffaloes (both football and basketball teams).

- Management continues to aggressively pursue strategies to increase distribution, marketing and product innovation.
- We maintain our Outperform rating and adjust our price target to $0.48.

RECENT NEWS

New Products

On November 27, 2014, Mother Parkers Tea & Coffee announced that Marley Coffee's **One Love** coffee blend will be available at retail outlets in Canada and the U.S. the following week in a **Keurig Green Mountain K2.0-compatible** version RealCup capsule. Mother Parkers is currently converting eight other varieties of Marley Coffee. Jammin Java's management anticipates shipping the new Keurig K2.0-compatible capsules beginning in February 2015.

Management of Marley Coffee **anticipates launching recyclable EcoCup™ capsules in April 2015**. EcoCups are compatible with all K-Cup brewers, including the Keurig Green Mountain K2.0 platform. EcoCup will be available for use with loose leaf tea. The development of the EcoCup enhances the sustainability value embodied by the Marley Coffee brand. With this green technology, Marley Coffee may garner further market share with environmentally conscious consumers and has the potential to grow the single-serve beverage category, itself.

New Drink System Platforms

Management continuously seeks out opportunities to expand the Marley Coffee brand, especially by trying to seize the benefits of first mover advantage. As new beverage platforms emerge, Marley Coffee attempts to partner with companies that have developed innovative at-home appliances to supply consumers with liquid refreshments.

In late September 2014, **Sparkling Drink Systems International** signed a Letter of Intent (LOI) with Marley Coffee for the creation of a strategic partnership to produce a range of Marley coffee pods for use with Sparkling's **ViBEration at-home carbonation system**. Management expects the Marley Coffee/ViBEration co-branded coffee pod range, to be available in early 2015, initially the Lively Up!, One Love and Get Up, Stand Up blends.

On August 29, 2014, Marley Coffee announced that an agreement was signed with **Bevyz**, the manufacturer of a proprietary, **single-serve drink system** that dispenses hot, cold and sparkling beverages. The innovative multi-drink system could potentially become a disruptive innovation and achieve significant market penetration. Under the agreement, Bevyz will produce Marley Coffee-branded capsules for use in its systems, initially in North America and Europe. Bevyz is a wholly-owned subsidiary of MDS Global Holding plc.

Holiday Promotion

During 2014 Holiday season, two 8-ounce bags of ground Mystic Morning coffee will bundled with Remington's JetBrew brewers purchased at Sam's Club. JetBrew utilizes SpinBrew technology, which uses jets inside the brew basket to spin and stir coffee grounds with hot water. In another promotion, trial samples of Marley Coffee will be provided with Remington's K-Cup compatible, iCoffee single-serve brewer.

Domestic Distribution Announcements

On October 30, 2014, Jammin Java (d/b/a Marley Coffee) announced that **Albertsons** (a major food retailer with over 600 locations in 16 states) further expanded the distribution Marley Coffee products (9 SKUs) to its 104 stores in the **Northwestern region**. This represents an expansion of the relationship that started in February when the Intermountain Division stores began to carry seven SKUs of Marley Coffee products and then expanded to the Southern Division (Texas, Louisiana and Arkansas) in June. The initial products being carried by the Northwestern stores are RealCups of Lively Up, One Love and Get Up, Stand Up, along with 8-ounce bags of One Love, Lively Up, Buffalo Soldier, Mystic Morning and Get Up, Stand Up.

Expanded Distribution Announcement

On October 28, 2014, Marley Coffee entered into an agreement with Market America to expand the distribution channel through SHOP.COM. Marley Coffee products are now directly available to SHOP.COM's six million+ preferred customers with a cash back feature.

New Sponsorship Agreement

On September 11, 2014, Marley Coffee announced the signing of a **four-year partnership contract** with the University of Colorado and Buffalo Sports Properties to be the official coffee of the Colorado Buffaloes football and basketball teams and to be the **exclusive coffee provider** at the University of Colorado's **Folsom Field** and **Coors Event Center**. The agreement includes Marley Coffee being the exclusive coffee provider at concession stands and in the suite and club levels. Also, Marley Coffee will receive logo placement on the video board and rotational messaging on the LED ribbon boards. During each Colorado Buffaloes home football game, a BikeCaffe selling Marley Coffee beverages and merchandise will be located on the stadium concourse.

Brand Building - Trade Shows Attendance

For the few years, management has been cultivating interest in Jammin Java's brand name Marley products through **exhibitions at national and regional trade shows**. Thus far in 2014, management has attended the Fancy Foods Winter Show in San Francisco (January 19-21), the KEHE Summer Selling & Innovation Show in New Orleans (February 4-5), the UNFI East Spring Summer Show at Disney's Contemporary Resort in Lake Buena (February 13-14), the Snack & Dry Grocery EPPS in Denver (Feb 17-19), EXPO WEST Naturals in Anaheim (March 7-9), UNFI East Winter Holiday Show in Ledyard, CT (May 14-15), UNFI West Winter Holiday Show in Portland (May 29-30), the KEHE Holiday Show (June 9-11), the 60th Fancy Foods Summer Show in NYC (June 29-July 1) and the EXPO East Naturals in Baltimore (September 17-20).

Marley Coffee Receives Awards

In early October 2014, Marley Coffee received several awards from the **Soil Association** of the U.K. With more than 11,000 public votes were tabulated, **One Love** was voted the winner of the Organic Award in the Non-alcoholic Drinks category. The Soil Association is the organic certifier of the U.K. and is approximately the equivalent to the USDA. Founded in 1946, the **Soil Association** set up an organic certification system in 1973 which now provides an independent audit and tracking system in the U.K.

Additionally, the 400+ judges at the U.K.'s **Guild of Fine Food, Great Taste** awarded **One Love** two stars and an "Outstanding" rating in the **2014 Great Taste Awards**.

In the **2014 "A Day In The Life" Innovative Packaging and Process Competition** conducted by the PAC Packaging Consortium, **EcoCup technology** was awarded First Place for Innovation. The award was announced at PAC's "A Day in the Life" Symposium in Toronto. The PAC Packaging Consortium is a not-for-profit corporation that includes over 2,100 members throughout the packaging value chain.

Financial results for Second Quarter of Fiscal 2015

On May16, 2014, Jammin Java (JAMN) d/b/a Marley Coffee reported financial results for the second fiscal quarter ending July 30, 2014. Net revenues increased 29.5% to $2.08 million versus $1.61 million in the comparable fiscal quarter last year, primarily due to expanded distribution into the retail grocery market and continued growth of other distribution channels. Gross income increased 4.9% to $495,159 compared with $472,079 primarily due to increased sales, but offset by gross profit margin compression of 558 basis points (bps) from 29.4% to 23.8%, primarily due to lower initial margins as the company expands into new markets. It should be noted that the company made considerable adjustments in the fourth fiscal quarter last year, which were primarily related to aggregate adjustments made throughout the year for manufacturer allowances, discounts and promotions. To put the gross margin in context, the overall gross margin in fiscal 2013 was 21.0% and 12.5% in fiscal 2014. The compression was due to the costs of securing shelf space in 7,000 incremental retail locations. Sequentially, the gross margin improved to 23.8% from 21.3% in the first fiscal quarter.

Operating expenses increased 211% year-over-year as G&A expenses increased 82.3% and compensation expenses expanded 154% as more employees and contractors are required to help manage the company's growth. Selling and marketing expenses increased 2,253% to $887,465 due to increased advertising campaigns in new markets. Management expects to continue making significant marketing investments toward brand building during the remainder of the year. Other expense expanded 155% to $815,963 which is attributable to the Ironridge Global transactions, which caused a loss on extinguishment of debt from the issuance of shares.

The company's net loss expanded from $715,079 ($0.01 per diluted share) to $3,015,086 ($0.03 per diluted share) as average weighted shares outstanding increased 30.2% (11.3% sequentially) to 117.35 million, primarily through the settlement of the Ironridge Global Partners transactions which extinguished $4.8 million of accounts payable and accrued expenses through the issuance of common shares, along with the issuance of 7.3 million shares to Mother Parkers. Importantly, management continues to state that anticipated working capital needs for the next 24 months should be met through operations and funds being raised through an ongoing offering to accredited investors.

Management continues to execute on a growth strategy based on multi-channel geographic penetration and brand awareness-based volume growth. Over the last three months, the company issued four press releases enumerating eight new or expanded domestic retail distribution relationships. In addition, Mother Parkers, Jammin Java's strategic partner and investor, was instrumental in obtaining shelf space at additional retailers in Canada. Also, Mother Parkers has developed a Keurig Green Mountain K2.0-compatible RealCup capsule and the recyclable EcoCup™ so that Marley Coffee can benefit from the product cycles of both the K2.0 brewer and increased consumer awareness of product life cycle sustainability.

The gross margin expanded and is securely in management's guidance zone of improving the gross margin to 20% or above, though sales were slightly below our expectations. Another part of management's strategy for the remainder of fiscal 2015 is a plan to increase the velocity ($ sales per Point of Distribution) off the shelf of Marley Coffee through brand building marketing efforts and product innovation, especially by the introduction of recyclable EcoCups next year. Marley Coffee is being well positioned as the organic, sustainable coffee choice. Management points out that the Marley Coffee brand is now in the Top 10 brands in the natural/organic coffee category. Nevertheless, the modest 2.0% sequential net revenue decline in the second fiscal quarter required us to slightly lower our forward 12-month sales outlook, which still is consistent with management's anticipated $10 million top-line for fiscal 2015.

OVERVIEW

Headquartered in Denver, Jammin Java Corp. (JAMN: OTCQB) is a producer, marketer and distributor of sustainably-grown, ethically-farmed, artisan-roasted premium coffees sold under the brand name of Marley Coffee. **All the company's coffees are positioned as USDA Organic, Fair Trade Certified and/or Rainforest Alliance Certified**. The company also distributes tea and has the rights to sell coffee-related products (cups, mugs, milk steamers, grinders, brewing machines, etc.) with the Marley trademark, along with chocolates. Management is **developing deeper distribution** in the retail channels of grocery, online sales, service & hospitality, office coffee service and club stores. Currently, Marley Coffee is **available at approximately 8,000 locations**, well above FY 2014 distribution goal of having Marley products available at 6,000 venues.

Jammin Java was founded in February 2008 by Rohan Marley, son of reggae entertainer Bob Marley, as Marley Coffee Inc. Through a series of business development initiatives, Marley Coffee Inc. has been transformed into Jammin Java Corp. Rohan's vision is to produce and acquire sustainably-grown coffee and market the artesian-roasted beans under the Marley Coffee brand, which reflects the personality of Bob Marley. Rohan Marley acts as a brand ambassador for the many Marley licensed brands, including Marley Coffee. Awareness of Marley Coffee has been greatly enhanced through events celebrating new distribution opportunities where Rohan has been present. Other marketing efforts include social media (Twitter and Facebook), tradeshows, general advertising and public relations.

The company is targeting a specific market niche within the specialty gourmet coffee industry that wishes to support sustainable farming practices while enjoying premium and super-premium specialty coffees. Management's core business model involves the implementation of a multi-channel geographic penetration strategy, which entails expanding distribution both through multiple channels and through geographic expansion. The use of multiple distribution channels increases the awareness and presence of the company's coffees. Through distributors and direct relationships, Jammin Java provides organic, sustainable coffees through the channels of supermarkets, E-tailers, Office Coffee Service (OCS), independent distributors, foodservice, vending and automated retailing. Geographically, the company's operations were concentrated in the western US and western Canada until 2012, when the company entered into a multitude of relationships across the US, Canada and overseas. Sales cycles for national grocery and retail chains are very long and the efforts made to broaden distribution last year came to fruition during fiscal 2014.

Marley Coffee's strategy is to establish strong retail grocery distribution in major metropolitan areas across North America and drive consumer purchasing decisions through brand awareness, customer satisfaction by trial and consumption of Marley coffees in the office and at Kiosks. **Jammin Java coffee products are currently available at approximately 8,000 stores**, which represents approximately a 22% retail grocery market share. During the second half of fiscal 2014, the company continues to expand into new geographies and markets through increased distribution and product innovation.

Sales growth over the last two fiscal years has been very robust. The company has transitioned from a development stage to an operating company. In the process, Jammin Java reported eight consecutive quarters of triple-digit sales growth during the 2013 and 2014 fiscal years. The challenge of maintaining positive working capital during this period of rapid growth was been met by 1) equity capital financing of trade payables by Ironridge Global IV, Ltd., a firm specializing in consumer nondurable investments and which now owns a substantial equity position in Jammin Java and 2) a strategic relationship with Mother Parkers Tea and Coffee, which took an equity stake in Jammin Java and will provide marketing support for Marley Coffee.

In May 2014, Brent Toevs, CEO, issued a **Letter to Shareholders** wherein he recapped the company's accomplishments and outlined management's growth plan. **During fiscal 2015, management is concentrating on increase v**olume (which management terms turn rate or velocity) by building brand awareness (especially through promotions and trial programs), introducing new products, increasing

international distribution and growing local Office Coffee Service (OCS) programs. An annual promotional calendar (for store-level discounts, in-store tastings, etc.) was established during the fourth fiscal quarter, and to-date, results have been positive. Management's overall objective is to generate organic growth which will be manifest in sequential-quarter revenue increases throughout fiscal 2015. Specifically, **management's goals** include generating **$10 million in gross revenues**, expanding distribution to **10,000 retail locations** and improving the **gross margin to 20% or above**.

Strategic Relationship with Mother Parkers

Mother Parkers Tea & Coffee Inc. is a family-owned company based in Ontario that produces Marley Coffee's RealCup single-serve capsules and is also a major food service distributor of Marley Coffee in Canada, which accounted for 20% of Jammin Java's sales in fiscal 2013.[1] Mother Parkers was instrumental in developing many Canadian relationships, and as a result, distributes Marley Coffee to Loblaw's, Sobeys (245 stores in Ontario), Metro (120 stores in Ontario), IGA (280 stores in Quebec), COOP (50 stores), ID Foods and all Bed Bath & Beyond stores in Canada. Jammin Java distributes directly to other retailers, such as London Drugs and Best Buy in Canada.

In July 2014, Mother Parkers Tea & Coffee was instrumental in expanding the distribution of Marley Coffee's RealCups with the addition of three major Canadian grocery chains, namely Loblaws, Longos and Safeway. Loblaws controls approximately 70 stores under 17 banners across Canada, but primarily in British Columbia, Ontario and Quebec, while Longos operates 25 stores in Ontario. **Safeway**, which serves western Canada with over 150 supermarkets, was acquired by Sobeys in 2013.

To further reinforce the collaboration between the two companies, **Mother Parkers took an equity stake** in Jammin Java (d/b/a Marley Coffee) during April 2014. In addition, Mother Parkers received a seat on the Advisory Board of Marley Coffee. The private offering of 7,333,529 Units provided net proceeds of **$2.5 million** to Jammin Java, which will be used fund Marley's Coffee's expansion. Each Unit consists of one share of common stock and one three-year warrant to purchase one share of common stock at $0.51135 per share. Consequently, working capital improved dramatically. More importantly, management continues to state that **anticipated working capital needs for the next 24 months should be met** through operations and funds being raised through an ongoing offering to accredited investors.

CORPORATE EVOLUTION OF JAMMIN JAVA

Jammin Java entered into an eight-year lease for 52 acres of coffee farmland in Portland, Jamaica, which is situated in the proper geographic location and altitude to be classified as Blue Mountain Coffee. The farm is owned by Rohan Marley, Chairman of Marley Coffee, Ltd, Chairman of Jammin Java and co-manager of Marley Coffee, LLC. The farm lease agreement was assigned to Marley Coffee LLC in March 2010 for a sub-license for the non-exclusive worldwide rights to use the Marley Coffee trademark, which has since been upgraded to an exclusive license.

Through the most recent licensing agreement with Fifty-Six Hope Road Music Limited (the entity that owns and controls the intellectual property rights to the Bob Marley name), Jammin Java has the exclusive, worldwide license to utilize the "Marley Coffee" trademarks. Though the company may not open retail coffee houses, the company has the right to use the trademarks not only on coffees and teas, but also for advertising and promotional materials that pertain to the sale of coffee cups, coffee mugs, coffee glasses, saucers, milk steamers, machines for brewing coffee, espresso and/or cappuccino, grinders, water treatment products, tea products, chocolate products and instant coffee products.

[1] Concentration of sales was not broken out by individual customers for fiscal 2014; however, in fiscal 2013, four customers accounted for 73% of net revenues (the second largest was Mother Parkers) and in fiscal 2014, three customers accounted for 57% of net revenues (one of which was Mother Parkers).

Marley Coffee became a publically-traded company, which was initially OTCBB listed with the symbol MYCF, through a reverse merger with publically-traded Global Electronic Recovery Corp. in March 2008. In July 2009, the company's name was changed to Jammin Java Corp. and the stock symbol became JAMN on September 17, 2009.

Corporate Timeline

•	1999	Rohan Marley purchases 52-acre Jamaican Blue Mountain farm
•	February 5, 2008	Marley Coffee Inc. founded by Rohan Marley
•	February 25, 2008	Reverse merger with Global Electronic Recovery Corp.
•	February 25, 2008	Name changed to Marley Coffee Inc. (MYCF)
•	June 11, 2009	Marley Coffee LLC introduces 12 oz. bags of whole bean coffees
•	July 13, 2009	Name changed to Jammin Java Corp. (JAMN)
•	March 2010	Jammin Java introduces 2.2 lb. bags of whole bean Marley coffees
•	March 31, 2010	Initial non-exclusive License Agreement with Marley Coffee LLC
•	December 8, 2010	Launch corporate website at jamminjavacoffee.com
•	August 5, 2011	License Agreement amended to exclusive and expanded in scope
•	Nov. 2, 2011	Introduce 8 oz. ground bags of Marley coffees
•	May 1, 2012	Introduce Marley Coffee RealCups - compatible with Keurig's K-Cup
•	September 13, 2012	more expansive Licensed Products Agreement supersedes prior License
•	July 31, 2013	Marley Coffee available at 7,500 retail locations
•	August 1, 2013	LOI to acquire Black Rock Beverage Services (coffee svc. co. in Denver)
•	December 11, 2013	Acquire BikeCaffe Franchising Inc. (mobile coffee & snack carts)
•	June 27, 2014	Form Advisory Board to provide independent advice to the Board

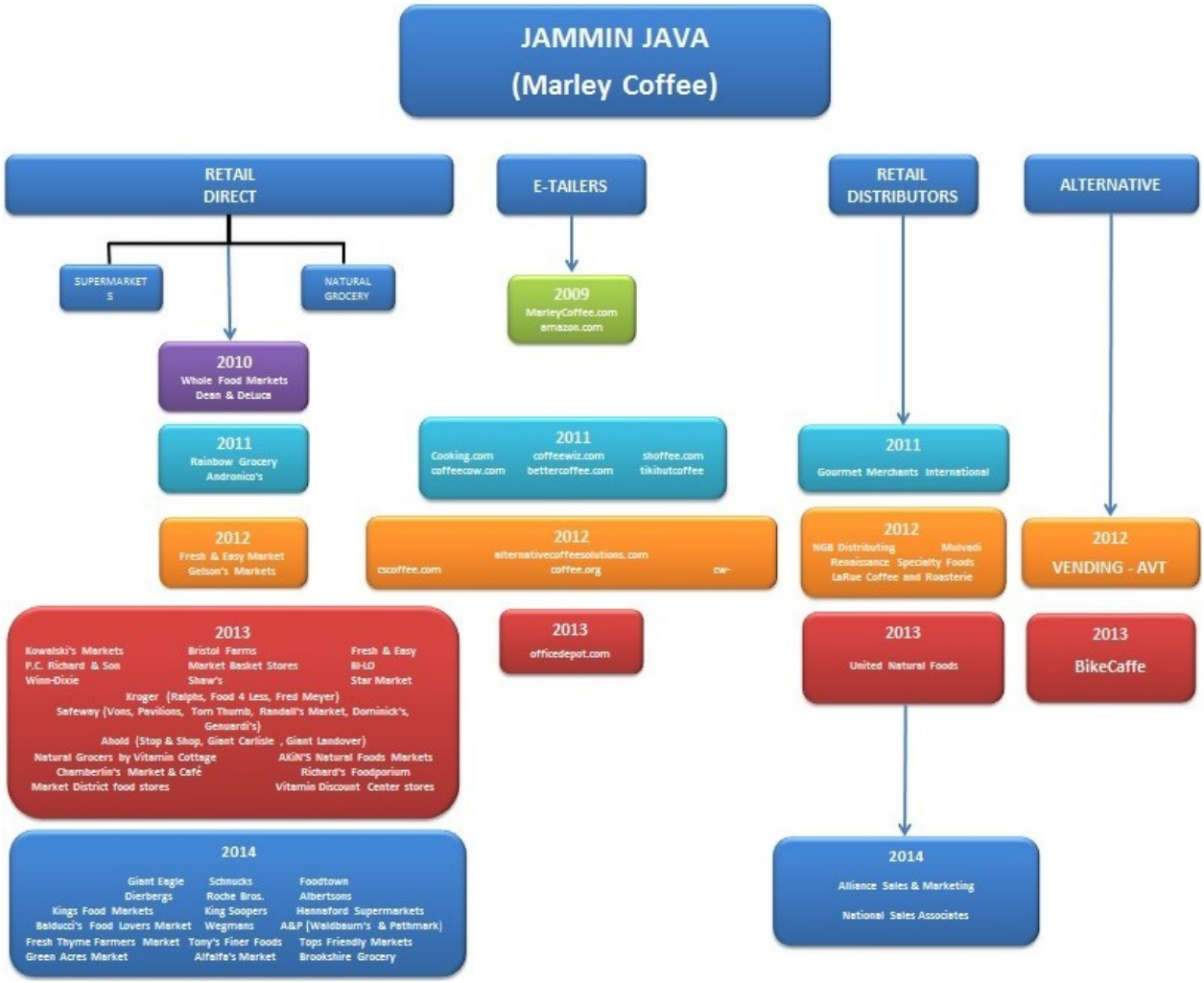
In June 2014, Jammin Java formed an Advisory Board to provide non-binding strategic guidance and recommendations to the Board of Directors. The first two members are Michael Higgins (Co-CEO of Mother Parkers Tea & Coffee) and Anthony Schiano (Principal at Business Solutions International and former CEO for Giant Food Stores, a subsidiary of Royal Ahold NV). The Advisory Board will meet quarterly. Management anticipates appointing additional members of the Advisory Board as Jammin Java grows.

U.S. DISTRIBUTION

In June 2009, Marley Coffee began to offer bags of whole bean coffee, primarily online. Today, Jammin Java provides multiple formats of coffee (whole bean, ground, RealCups™, pods, fractional packages) and tea through numerous channels of distribution (grocery, online retail, office coffee services, independent distributors, foodservice, vending and automated retailing). Significant events in the development and evolution of the distribution of Marley coffees and teas include 1) the amended license agreement that consolidated all Marley Coffee and Jammin Java products under one cohesive development program (in August 2011), 2) the acceleration of the OCS effort through the distributor agreement with National Coffee Service & Vending (April 2011) and the subsequent product introductions of coffee and tea pods (April 2011), 3) the decision to market 8 oz. bags of ground coffee (November 2011) and the development of RealCups™, which began shipping in November 2012.

Having expanded geographically, management anticipates further expansion into 10,000 retail locations from the current 8,000 stores; however, the next stage of growth focuses on volume growth through promotional programs and product innovation.

Graphic Depicting Timing of Initiation of Domestic Distribution Relationships
(OCS omitted)



Domestic Distribution Timeline

•	June 11, 2009	Marley Coffee introduces **12 oz. bags** of 5 varieties of whole bean coffee
•	January 2, 2010	Initial distribution by **Whole Foods** in Los Angeles, Las Vegas & Canada
•	January 2, 2010	***Introduce 2.2 lb. and 12 oz. bags*** of another 3 varieties whole bean coffee
•	January 10, 2010	Marley Coffee available at **Dean & DeLuca** (NY, DC, CA, NC & KS)
•	January 13, 2011	Begin selling coffee through **Cooking.com**
•	March 31, 2011	Three Marley coffees available on **amazon.com**
•	March 16, 2011	**Gourmet Merchants International** becomes distributor in southern CA
•	March 2011	Add Internet venues of **Coffeewiz.com**, **Shoffee.com** & **Coffeecow.com**
•	April 25, 2011	**Nat'l Coffee Svc. & Vending** to supervise office & break-room initiative
•	June 16, 2011	Office Coffee Service distribution deals with **Blue Tiger Coffee** (Seattle), **Distillata** (OH) and **Good as Gold Coffee** (MA)
•	June 27, 2011	Office Coffee Service distribution deal with **BC Coffee & Supplies** (FL)
•	Nov. 2, 2011	***Introduce 8 oz. ground bags*** of Marley coffees
•	Nov. 30, 2011	Available in **Rainbow Grocery** (San Francisco) & **Andronico's** (Berkeley)
•	Dec. 6, 2011	Marley coffees available at **Whole Foods Market Colfax** (CO)
•	Feb. 16, 2012	Add distributors of **NGB Distributing** (PA, NJ, DE & MD) and **Mulvadi** (HI)
•	April 2, 2012	Distribution agreement with **Renaissance Specialty Foods** (northern CA)
•	April 19, 2012	License partnership agreement with **AVT** for **360 Automated Kiosks**

Domestic Distribution Timeline (continued)

•	April 25, 2012	Agreement with **Seaga Manufacturing** for **OCS Vending Machines**
•	April 25, 2012	Partnership agreement with **BikeCaffe** for **coffee service by bike**
•	May 1, 2012	**Introduce Marley Coffee RealCups** - compatible with Keurig's K-Cup
•	May 31, 2012	Available in **Fresh & Easy Neighborhood Market** (CA, AZ & NV)
•	July 2012	Distribution agreement with **LaRue Coffee and Roasterie** (NB, CO, KS)
•	July 31, 2012	Available in **Gelson's Markets** (southern CA)
•	Feb. 14, 2013	Available at **Kowalski's Markets** (MN) & **Bristol Farms** (CA)
•	March 4, 2013	Marley RealCups available at **Office Depot** throughout North America
•	April 1, 2013	Marley RealCups available in **P.C. Richard & Son** (NY, NJ, CT & PA)
•	April 26, 2013	Marley RealCups available at all 69 **Market Basket Stores** (NH & MA)
•	June 2, 2013	Marley RealCups available in **Kroger** nationwide (includes Ralphs, Food 4 Less and Fred Meyer)
•	June 3, 2013	Marley 8 oz. bags available in **Fresh & Easy** (AZ, CA & NV)
•	June 5, 2013	Distribution by **United Natural Foods** across United States
•	June 11, 2013	Marley RealCups available in **BI-LO** and **Winn-Dixie**
•	June 19, 2013	Marley RealCups available in **Shaw's** (New England) and **Star Market**
•	August 16, 2013	Marley RealCups available in **Ahold**'s key supermarket chains (including Stop & Shop, Giant Carlisle and Giant Landover)
•	August 21, 2013	Marley coffee bags and RealCups available in **Safeway** (includes Vons, Pavilions, Tom Thumb, Randall's Market, Dominick's and Genuardi's)
•	October 15, 2013	Marley coffees to be available at all 73 locations of **Natural Grocers by Vitamin Cottage** (western U.S.)
•	October 17, 2013	Marley Coffee RealCups and 8 oz. bags to be available at **AKiN'S** Natural Foods Markets (southwest U.S.) and **Chamberlin's Market & Café** (FL)
•	October 17, 2013	Marley Coffee RealCups to be available **Richard's Foodporium** (FL)
•	October 24, 2013	Marley Coffee RealCups and 8 oz. bags to be available at **Market District** food stores (PA OH), **Vitamin Discount Center** stores (FL), **Brookshire Brothers** (TX) and **Hen House Market** & **Ball's Price Chopper** (KS, MO)
•	Dec. 12, 2013	Marley Coffee RealCups available at **Fairway Market** stores (NYC)
•	January 27, 2014	Marley Coffee RealCups to be available at **Giant Eagle** (PA, OH, WV, MD)
•	February 5, 2014	Marley Coffee available at Intermountain Division stores of **Albertsons**
•	February 19, 2014	Marley Coffee begins utilizing distribution services of **Alliance Sales & Marketing** and **National Sales Associates**
•	March 5, 2014	Marley Coffee RealCups available at up to 40 of **Schnucks** 100+ locations
•	March 25, 2014	Marley Coffee available at **Kings Food Markets** (NJ, NY & CT)
•	March 5, 2014	Marley Coffee RealCups available at **A&P** (125 locations in NYC & NJ)
•	March 5, 2014	Marley Coffee available at **Foodtown** (59 stores in NY, NJ and PA)
•	March 5, 2014	Marley Coffee RealCups available at **Dierbergs** (St. Louis area)
•	March 5, 2014	Marley Coffee available at **Hannaford Supermarkets** (New England)
•	June 5, 2014	Marley Coffee available at **Roche Bros.** (MA), **Fresh Thyme Farmers Market** (IL) and **Tony's Finer Foods** (IL)
•	June 12, 2014	Marley Coffee available at 86 locations of **Albertsons** in TX, LA and AK
•	June 29, 2014	Marley Coffee RealCups available at **Tops Friendly Markets** (upstate NY)
•	August 19, 2014	Marley Coffee at **Wegmans** (MD, MA, NJ, NY, PA & VA), **Green Acres Market** (MI & OK) and **Brookshire Grocery** (TX)
•	Oct. 28, 2014	Distribution with **shop.com** expands to consumer-direct availability
•	Oct. 30, 2014	Marley Coffee available at 106 locations of **Albertsons** in NW region

SPONSORSHIP AGREEMENTS

Partnerships with athletic sports teams are part of the company's overall strategy to promote the Marley brands, which stimulates demand for local office coffee route business. Marley Coffee has forged strategic sponsorship agreements to enhance brand exposure in several sports venues. Not only does Marley Coffee have signage at the locations, but also will be the coffee provider during the games, often on an exclusive basis. Agreements have been signed at the home venues of the Denver Broncos football team (Sports Authority Field at Mile High Stadium), Colorado Rockies baseball team (Coors Field), Colorado Rapids soccer team (Dick's Sporting Goods Park), the Ottawa REDBLACKS CFL, the Ottawa 67's OHL, the Ottawa Fury FC NASL teams (these three at TD Place in Ottawa), the Colorado Buffaloes football team (University of Colorado's Folsom Field) and Colorado Buffaloes basketball team (Coors Event Center). Marley Coffee is headquartered in Denver. Management's connections with Ottawa include Rohan Marley (Chairman) having played professional football for the Ottawa Rough Riders at Lansdowne Park (now TD Place) and Brent Toevs (CEO) being an Ottawa native and long-time Rough Riders season ticket holder.

On September 5, 2013, Marley Coffee entered into a two-year strategic partnership with the Denver Broncos Football Club. During the 2013 and 2014 NFL seasons, Marley Coffee will receive advertising time on the Stadium Vision electronic signage system during every Broncos home game. In addition, Marley Coffee RealCups will be available within the suites at Sports Authority Field at Mile High.

In March 2014, Marley Coffee entered into a **five-year partnership contract** with the **Colorado Rockies**. The partnership platform includes Marley Coffee being the exclusive coffee provider at concession stands, suites, restaurants, cafés and the clubhouse in Coors Field, along with being designated as a "Proud Coffee Partner of the Colorado Rockies." Not only does the Marley Coffee logo appear on co-branded coffee & hot chocolate cups, but also Marley Coffee has signage along the left field line and a presence on menu boards throughout the stadium. At every home game, additional brand exposure will come from a full-page color advertisement in the Rockies Magazine and a main scoreboard matrix announcement.

On May 12, 2014, Marley Coffee announced the signing a **five-year partnership contract** with the **Colorado Rapids**, Denver's Major League Soccer club. Marley Coffee is now the exclusive coffee served at Dick's Sporting Goods Park and the designated Official Coffee of the Colorado Rapids. Marley Coffee will be served at concession stands, suites and the Restaurant Club. Also large, static advertising sign will be located on the concourse, and at some home games, Marley Coffee BikeCaffes will be stationed outside the stadium.

In August 2014, Marley Coffee entered into a **two-year partnership contract** with the Ottawa Sports and Entertainment Group to be the exclusive coffee provider at **TD Place** in Ottawa. TD Place is the home of the Ottawa **REDBLACKS** Canadian Football League (CFL) team, the Ottawa **67's** Ontario Hockey League (OHL) team and the Ottawa **Fury FC** North American Soccer League (NASL) team. The agreement includes Marley Coffee being the exclusive coffee provider at concession stands and all staff departments, along with LED signage at the Ottawa REDBLACKS and Fury FC regular season home games. Also, Marley Coffee will receive advertising on Stadium Vision at every event hosted at TD Place by the Ottawa Sports and Entertainment Group.

In September 2014, Marley Coffee signed a **four-year partnership contract** with the University of Colorado and Buffalo Sports Properties to be the official coffee of the Colorado Buffaloes football and basketball teams and to be the **exclusive coffee provider** at the University of Colorado's **Folsom Field** and **Coors Event Center**. The agreement includes Marley Coffee being the exclusive coffee provider at concession stands and in the suite and club levels. Also, Marley Coffee will receive logo placement on the video board and rotational messaging on the LED ribbon boards. During each Colorado Buffaloes home football game, a BikeCaffe selling Marley Coffee beverages and merchandise will be located on the stadium concourse.

PRODUCTS

Jammin Java offers a portfolio of coffee and tea products that overtime has expanded both by new product introductions and by format. Initially offered only in bags of whole beans, the form of coffee products has been augmented by developing single-serve pods, fractional packages and RealCups™, along with the introduction of ground coffee in bags. In addition, package sizing has been improved to better target specific distribution channels and to enhance merchandising effectiveness. All Marley coffees are composed of quality Arabica coffee beans that are organically grown and ethically farmed.

During the summer of 2011, a significant catalyst would jump start the growth of Marley Coffee through the introduction of variety of new products and development of traditional and innovative distribution channels. On August 8, 2011, it was announced that the licensing agreement between Jammin Java and Marley LLC had been amended. Prior to this date, Marley Coffee LLC was responsible for retail, grocery and online distribution while Jammin Java concentrated on the OCS and wholesale markets. The amended license consolidated all distribution channels under Jammin Java and expanded the product breadth to include ready-to-drink coffee drinks, teas, chocolates and coffee-related equipment (e.g. machines and grinders). Also, under the terms of the amended license, Jammin Java Corp. could now conduct business as Marley Coffee in order to reduce confusion in the marketplace. Within a couple of months, the OCS and foodservice product lines were revamped. By October, internet web sites like Cooking.com and amazon.com were selling the **new pods** in 15-count and 18-count boxes, along with **newly designed 2.5 oz. fractional** portion packages of ground coffee and tea. The products are available through many OSC providers on their websites too.

Product Timeline

•	June 11, 2009	Marley Coffee LLC introduces **12 oz. bags** of *Mystic Morning* Wake Up, *Simmer Down*, *One Love*, *Lively Up!* and *Jammin Java* (all whole bean)
•	December 2010	Marley Coffee LLC introduces *Talkin' Blues* (100% Jamaica Blue Mountain)
•	March 2011	Jammin Java introduces **2.2 lb. (1 kg.) bags** and **2.5 oz. (71 g.) fractional packages** of ground coffee of *Lion's Blend*, *Kingston City Roast* and *Mountain Roast* for OSC and foodservice channels
•	April 2011	Introduce *Buffalo Soldier* and discontinue *Jammin Java* Bold Full City Roast
•	April 27, 2011	Introduce ***single-serve pods*** at NAMA OneShow
•	June 2011	Introduce *Top Rankin* (100% Jamaica Grade 1 beans)
•	August 8, 2011	All Marley Coffee brands consolidated under Jammin Java
•	October 2011	Introduce *Get Up, Stand Up*
•	October 2011	Single-serve pods available on Cooking.com and amazon.com
•	Nov. 2, 2011	Introduce ***8 oz. bags of ground coffee***
•	Late 2011	Introduce 2 lb. bags and discontinue 2.2 lb. bags
•	May 1, 2012	Introduce ***RealCups***™ at NAMA OneShow
•	Sept. 16, 2012	Two patents expire on Green Mountain Coffee's K-Cups
•	November 2012	Marley Coffee RealCups™ begin shipping
•	August 16, 2013	Garden of Life launches Marley Coffee flavored Raw Protein Raw Meal
•	Sept. 6, 2013	Introduce ***Marley Coffee Espresso Capsules*** for Martello Cafe Machines
•	October 2, 2013	Introduce ***Smile Jamaica*** (Jamaican Blue Mountain coffee blend)
•	March 2014	Introduce ***Catch a Fire*** and ***Spiced Root Rum***
•	August 29, 2014	Agreement for availability with **Bevyz** single-serve, multi-drink system
•	Sept. 25, 2014	Agreement with **SDS** for ViBEration at-home carbonation system pods.

By November, Jammin Java **launched a product line of ground coffee** for the retail grocery market. The certified organic coffees of *Mystic Morning*, *Lively Up!*, *One Love*, *Simmer Down*, *Buffalo Soldier* and *Get Up Stand Up* became available in **8 oz. bags** of pre-ground coffee. Not only did the addressable market dramatically increase since the ground market is approximately three times larger than the whole bean market in the U.S., but also the package sizes were realigned to 8 oz. and **2 lb. bags**. Prior to this

announcement, Marley coffees had been only in the formats of whole bean, pods and individual fractional packs of pre-ground coffee.



In a **milestone event**, on May 1, 2012, Jammin Java expanded into the single-serve arena with the announcement of Marley Coffee single-serve **RealCups**™, a new line of coffee and tea products compatible with Keurig K-Cup brewer systems. Again, the addressable market radically increased to tremendous opportunities, especially in the retail and office coffee service (OCS) distribution channels. The proliferation of Keurig K-cup machines and other Keurig compatible brewers that brew single-serve beverages was an important driver of the growth in premium coffee consumption over the last five years. Two months after Green Mountain Coffee's K-Cup patents expired in September, Marley Coffee RealCups began shipping in four varieties (*One Love*, *Lively Up, Talkin' Blues and Get Up, Stand Up*) in an assortment of counts (12-count & 24-count boxes, and 36-count variety packs). The response to the introduction of Real Cups was overwhelming with over 500,000 RealCups being shipping during the first month of distributing the single-serve product. Many subsequent retail and OSC relationships were subsequently announced.



Jammin Java / Marley Coffee offers 8.0 oz. (retail) and 2 lb. (food service) whole bean and ground coffee bags of *Mystic Morning*, *Lion's Blend*, *Buffalo Soldier*, *Kingston City Roast*, *Lively Up, Simmer Down and Get Up Stand Up*. Also, three single-source coffees are offered: *One Love* (Ethiopian Yirgacheffe), *Talkin Blues* (100% Jamaica Blue Mountain) and *Top Rankin (*100% Grade 1 Jamaica Blue Mountain).

Recent new product introductions include ***Smile Jamaica***, a blend of 20% Jamaican Blue Mountain and 80% of Rainforest Alliance Certified coffee, **Rainforest Alliance Certified versions** of *Buffalo Soldier* and *Mystic Morning* and *Smile Jamaica*, along with two new flavor blends in the RealCup format: ***Catch a Fire*** (Jamaican chili flavor) and ***Spiced Root Rum*** (Jamaican rum flavor).

Marley Coffee blends are becoming available in Keurig Green Mountain **K2.0-compatible** RealCups, which will enable Marley Coffee to be used with the Keurig Green Mountain K2.0 brewer platform. In addition, management anticipates that Marley Coffee will be available with recyclable EcoCups in April 2015.

The Sustainable Philosophy Conveyed by the Marley Brand

Though almost all consumer packaged goods companies pay lip service to sustainability with initiatives designed to invoke demand for products based on green credentials, consumers are both overwhelmed by the multitude of sustainability stamps of approval and also wary of the genuineness of intent espoused by these companies. Jammin Java was founded on the principle of **sustainability**, which is specifically related to the company's natal event when Rohan Marley acquired a property in the Blue Mountain region of Jamaica. His father's dream of farming and Rohan's passionate interviews convey that Marley Coffee is built upon the philosophy of providing socially and environmentally responsible products. Consumers should have no doubt that sustainability is integrated into every aspect of Marley Coffee's business.









Marley Coffee is committed to supporting sustainable and organic farming practices, along with the ethical responsibility to support coffee-growing communities worldwide. The company's products are labeled with at least one of the following: USDA Organic, Fair Trade Certified and/or ITAL. Each has different connotations.

RISKS

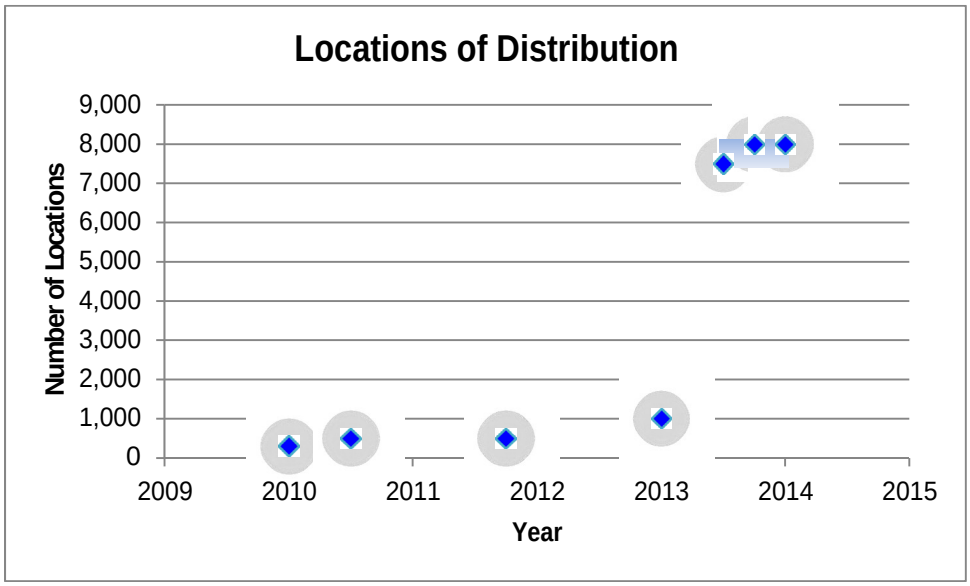
- Jammin Java has creatively funded the company's operations and rapid distribution growth through the issuance of common shares in consideration for services rendered and accrual of salaries for several of officers and employees. In prior filings, management indicated its plan to transition from equity-based compensation to cash compensation in fiscal 2015; however, management now plans to continue this practice during the current fiscal year. All told, common stock was used in lieu of cash to satisfy expenses of $2,110,826 in fiscal 2014 and $2,375,156 in fiscal 2013. Nonetheless, successful companies in the consumer staples sector generate strong cash flow once a critical mass of shelf space is attained. Knowledgeable executives at two companies closely attuned to the coffee beverage industry (Ironridge Global IV and Mother Parkers Tea & Coffee) have decided to take sizable equity positions in Jammin Java. Obviously, these industry professionals believe in Jammin Java's future and are helping funding the distribution channel growth of this nascent beverage company. Importantly, management continues to state that anticipated working capital needs for the next 24 months should be met through operations and funds being raised through an ongoing offering.
- Analysis of fourth fiscal quarter financial results is perplexing. Since fourth fiscal quarter results were not separately broken out (a common occurrence) and not discussed in the company's MD&A (a less common occurrence), one must back into the quarter's results by subtracting the results of the first three quarters from year-end results. Under this procedure, net revenues appear to have declined 53.1% sequentially. On one hand, in the prior fiscal year, the fourth fiscal quarter of 2013 was also weak, declining 23.3% sequentially, indicating a potential seasonality in the company's business. Alternatively, the extremely competitive pricing environment in the retail coffee industry may be affecting results. Management did indicate that a shortage of Jamaican Blue Mountain beans (due to Hurricane Sandy and coffee leaf rust) reduced production by approximately 40% and a slow recovery is expected until 2016. The limited supply of Jamaican Blue Mountain beans hampered Jammin Java's growth in fiscal 2014. In addition, the dramatic sequential increase in Cost of Goods Sold in the fourth fiscal quarter of 2014 accompanied by gross margin compression for

fiscal year was indicative of year-end accounting adjustments appearing in the last quarter of the year. Management relates that fiscal fourth quarter numbers reflected aggregate adjustments made throughout the year for manufacturer allowances, shelf slotting fees, discounts and promotions. As these accounts mature, management expects the gross margin to return to 20%+ in fiscal 2015. It will be important to closely monitor the revenue growth and the gross margin in the upcoming quarters in order to better ascertain the company's top-line growth potential and gross margin structure. In the first and second quarters of fiscal 2015, the company's gross margin was 21.3% and 23.8%, respectively.

VALUATION

Generally, the appropriate valuation methodology for consumer non-durable companies is based on P/E (Price/Earnings) reflecting the sector's characteristics of profitability and cash flow generation. However, Jammin Java is in the emerging growth phase of its corporate history and is still in the early stage of establishing its grocery store distribution footprint. With the majority of locations of availability in the grocery channel having been announced in the last nine months, the full potential and financial impact of management's distribution strategy has yet to be observed financially.

The appropriate **valuation methodology** for Jammin Java is based on **price-to-sales** (P/S) due the character of the company's enterprise, namely a small-capitalization company, currently with negative profitability, but with an expected sales profile that should continue to grow rapidly as the company's coffee products begin to appear on grocery shelves and the OCS channel increases brand awareness. Price-to-sales valuation incorporates the company's ability to generate revenues with the expectation that ultimately the growing revenue stream will manifest itself into positive earnings when the break-even point is surpassed.



Jammin Java's revenue profile is expected to continue experiencing rapid growth since the significant distribution agreements with the major grocery chains of Safeway and Kroger are relatively recent.
In the valuation process, it is important to incorporate a mechanism which takes into account that Jammin Java experienced **triple-digit revenue growth** during fiscal 2013 and 2014. Comparable companies should share this same fundamental attribute of revenue growth. Regretfully, smaller, rapidly-growing coffee companies cannot be valued currently since they have been acquired, namely Diedrich Coffee, Timothy's Coffees, Tully's Coffee, D.E Master Blenders (Douwe Egberts), Caribou Coffee, etc. It is typical for the price-to-sales multiples of young firms that appear to have vast potential to be well above those of

moderately growing companies, sometimes expanding well above 30 times trailing twelve-month (TTM) sales.

The P/S valuation range for comparable coffee-related companies with moderately growing sales profiles (relative to Jammin Java) is between 3.7 and 6.8 times TTM revenues with a mean P/S valuation of 4.7 times, namely Starbucks, Green Mountain Coffee Roasters, Dunkin Brands and Tim Hortons.

Industry Comparables	**% Chg YTD**	**P/E Current FY**	**EPS Growth 5Yr Est**	**TTM Price/ Book**	**TTM Price/ Sales**	**TTM Gross Margin**
JAMMIN JAVA CORP.	-51.1	N/M	20.0	9.3	2.9	17.5%
S&P 500	12.3	17.7	10.8	5.2	3.5	N/A
Industry Mean	14.5	24.1	13.2	10.8	4.7	46.6%
Industry Median	1.3	21.0	10.2	11.2	4.2	37.3%
KEURIG GREEN MTN.	77.7	31.6	16.2	6.3	4.6	37.2%
STARBUCKS CORP.	6.6	26.7	18.0	11.9	3.8	57.1%
DUNKIN BRANDS	-0.5	27.2	14.7	14.4	6.8	81.6%
TIM HORTONS INC.	45.4	28.5	10.6	10.5	3.7	39.4%

Since Jammin Java has the potential and is expected to generate meaningful increased revenues over the upcoming quarters, our price target is based on a price-to-sales ratio valuation **using estimated forward revenues**. Given the company's exposure to the attractive premium coffee industry, extremely strong revenue growth exhibited by reported financial results and rapidly growing grocery-store presence, we are projecting TTM revenues of $12.2 million through April 2015. Based on evaluating current price-to-sales multiples of comparable companies within the industry and an expectation that Jammin Java will be valued at **4.7 times** projected TTM sales, our **target** for Jammin Java is **$0.48**.

The valuation process for small and mid-cap companies is also dependent upon profiling the potential level of a specific company's profitability through gross margin analysis, and then applying that input to help verify the price-to-sales valuation methodology. Analyzing a company's level of profitability is often the most important aspect of equity valuation analysis. Utilizing the gross margin, which takes into account the company's structural costs, it should be noted that JAMN's gross margin is almost at the industry comparable median and is still expanding. Fundamentally, the company's new distribution opportunities are skewed towards RealCups (and in the future, EcoCups), which have higher gross margins than whole bean or ground coffee products.

Industry comparables should be carefully chosen such that the character of revenues and the related profitability are similar. Accordingly, coffee-related companies with low gross margins ought to be avoided, along with firms whose coffee operations do not generate at least half the company's revenues.

BALANCE SHEET &PROJECTED INCOME STATEMENT

JAMMIN JAVA CORP.						
Year ending January 31	1/31/2010	1/31/2011	1/31/2012	1/31/2013	1/31/2014	7/31/2014
ASSETS						
Cash	27,513	2,467	835,878	0	857,122	1,147,404
Restricted cash	-	-	-	65,382	-	-
Accounts receivable	0	0	34,782	415,721	1,085,947	1,672,27(
Notes receivable -related party	0	0	0	0	2,724	2,724
Inventory	0	0	0	0	354,932	45,468
Prepaid expenses	0	218,163	144,726	173,264	1,163,914	128,946
Other current assets	0	0	41,560	24,387	41,430	66,256
Total Current Assets	**27,513**	**220,630**	**1,056,946**	**678,754**	**3,506,069**	**3,063,068**
Property and equipment, net	1,294	555	9,903	19,705	440,194	416,156
License agreement	0	640,000	766,000	705,667	657,001	632,667
Intangible assets	-	-	-	-	47,525	45,030
Deferred financing costs	0	0	0	43,490	0	0
Other assets	0	0	0	0	15,716	23,566
Goodwill	-	-	-	-	88,162	88,162
TOTAL ASSETS	**28,807**	**861,185**	**1,832,849**	**1,447,616**	**4,754,667**	**4,268,649**
Liabilities and Stockholders' Equity						
Accounts payable	6,973	24,061	22,485	762,663	1,181,510	751,400
Payable to Ironridge in common shares	-	-	-	-	369,589	820,164
Accounts payable- related party				2,258	0	0
Accrued expenses	0	0	14,723	92,586	123,856	419,657
Accrued royalty & other exp. - related party				30,073	219,799	117,425
Bank Overdraft				8,931	0	0
Notes payable - related party	37,911	47,936	51,275	9,454	0	0
Secured promissory note, net	0	0	0	320,075	0	0
Notes payable - current	0	0	0	0	4,965	0
Derivative liability	0	0	0	120,006	0	0
Total Current Liabilities	**44,884**	**71,997**	**88,483**	**1,346,046**	**1,899,719**	**2,108,646**
TOTAL LIABILITIES	**44,884**	**71,997**	**88,483**	**1,346,046**	**1,899,719**	**2,108,646**
Common stock	98,910	69,297	76,744	79,377	103,166	114,760
Shares due from Ironridge	0	0	0	0	0	0
Additional paid-in-capital	358,604	1,294,717	4,708,487	7,081,011	16,514,630	20,736,366
Subscription receivable	(50,000)	-	-	-	-	-
Accumulated deficit	(423,591)	(574,826	(3,040,865)	(7,058,818	(13,762,848)	(18,691,123
Total Stockholders' Equity	(16,077)	789,188	**1,744,36(**	**101,570**	**2,854,948**	**2,160,003**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**28,807**	**861,185**	**1,832,849**	**1,447,616**	**4,754,667**	**4,268,649**
Shares outstanding	98,910,594	69,297,65(	76,744,15(	79,373,54(	104,085,210	114,917,82

JAMMIN JAVA CORP.

Income Statement	FY	1Q	2Q	3Q	4Q	FY
	FY 2011	FY2012	FY201	FY2012	FY2012	FY 2012
Period ending	1/31/2011	4/30/2011	7/31/2011	10/31/2011	1/31/2012	1/31/2012
Revenue	**1,037**	27,955	43,742	126,786	204,215	**402,698**
Cost of sales:						
Cost of sales products	1,691	23,184	46,291	96,231	174,689	340,395
Total cost of sales	1,691	23,184	46,291	96,231	174,689	340,395
Gross Income	**(654)**	4,771	(2,549)	30,555	29,526	**62,303**
Operating Expenses:						
Compensation and benefits		0	0	478,999	460,318	939,317
Selling and marketing		19,870	50,353	60,572	91,093	221,888
General and administrative	150,581	165,918	432,159	386,492	384,803	1,369,372
Farming cost	-	-	-	-	-	-
Impairment of property and equipment	-	-	-	-	-	-
Impairment of license	0	0	0	0	0	0
Total operating expenses	150,581	185,788	482,512	926,063	936,214	2,530,577
Other income (expense):						
Interest income	0	(34)	970	940	598	2,474
Interest (expense)	0	0	(69)	(68)	(102)	(239)
Other expense	0	0	0	0	0	0
Total other income (expense)	0	(34)	901	872	496	2,235
Net Income (Loss)	**(151,235)**	(181,051)	(484,160)	(894,636)	(906,192)	**(2,466,039)**
Net loss per share:						
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.03)
Wgted avg. shares - basic & diluted	95,508,310	69,654,925	74,275,802	76,744,150	76,744,150	74,393,386
Gross Margin	N/M	17.1%	-5.8%	24.1%	14.5%	15.5%

Income Statement	FY	1Q	2Q	3Q	4Q	FY
	FY 2012	FY2013	FY201	FY2013	FY2013	FY 2013
Period ending	1/31/2012	4/30/2012	7/31/2012	10/31/2012	1/31/2013	1/31/2013
Revenue	**402,698**	309,614	559,485	536,055	411,278	**1,816,432**
Cost of sales:						
Cost of sales products	340,395	234,533	492,728	382,741	324,216	1,434,218
Total cost of sales	340,395	234,533	492,728	382,741	324,216	1,434,218
Gross Income	**62,303**	75,081	66,757	153,314	87,062	**382,214**
Operating Expenses:						
Compensation and benefits	939,317	575,663	635,066	567,668	659,389	2,437,786
Selling and marketing	221,888	177,778	124,994	191,566	(232,108)	262,230
General and administrative	1,369,372	216,060	277,712	237,774	731,965	1,463,511
Farming cost	-	-	-	-	-	-
Impairment of property and equipment	-	-	-	-	-	-
Impairment of license	0	0	0	36,000	0	36,000
Total operating expenses	2,530,577	969,501	1,037,772	1,033,008	1,159,246	4,199,527
Other income (expense):						
Interest income	2,474	310	103	48	(461)	0
Interest (expense)	(239)	(69)	(15,320)	(53,896)	(80,895)	(150,180)
Other expense	0	0	0	(11,200)	(39,260)	(50,460)
Total other income (expense)	2,235	241	(15,217)	(65,048)	(120,616)	(200,640)
Net Income (Loss)	**(2,466,039)**	(894,179)	(986,232)	(944,742)	(1,192,800)	**(4,017,953)**
Net loss per share:						
Basic and diluted loss per share	(0.03)	(0.01)	(0.01)	(0.01)	(0.02)	(0.05)
Wgted avg. shares - basic & diluted	74,393,386	76,744,150	76,744,150	77,618,723	78,500,000	77,338,169
Gross Margin	15.5%	24.2%	11.9%	28.6%	21.2%	21.0%

JAMMIN JAVA CORP.

Income Statement	FY	1Q	2Q	3Q	4Q	FY
	FY 2013	FY2014	FY201	FY2014	FY2014	FY 2014
Period ending	1/31/2013	4/30/2013	7/31/2013	10/31/2013	1/31/2014	1/31/2014
Net Revenue	**1,816,432**	817,049	1,605,438	2,193,118	1,028,606	**5,644,211**
Cost of sales:						
Cost of sales products	1,434,218	318,161	1,133,359	1,382,067	2,106,959	4,940,546
Total cost of sales	1,434,218	318,161	1,133,359	1,382,067	2,106,959	4,940,546
Gross Income	**382,214**	498,888	472,079	811,051	(1,078,353)	**703,665**
Operating Expenses:						
Compensation and benefits	2,437,786	275,157	411,996	686,241	925,557	2,298,951
Selling and marketing	262,230	168,243	37,719	15,777	42,542	182,251
General and administrative	1,463,511	369,772	416,946	758,635	1,135,102	2,762,485
Farming cost	-	-	-	-	-	-
Impairment of property and equipment	-	-	-	-	-	-
Impairment of license	36,000	0	0	0	0	0
Total operating expenses	4,199,527	813,172	866,661	1,460,653	2,103,201	5,243,687
Other income (expense):						
Interest income	0	0	0	0	0	0
Interest (expense)	(150,180)	(107,498)	(1,176)	(244)	494	(108,424)
Other income (expense)	(50,460)	3,135	(319,321)	(728,705)	(1,010,693)	(2,055,584)
Total other income (expense)	(200,640)	(104,363)	(320,497)	(728,949)	(1,010,199)	(2,164,008)
Net Income (Loss)	**(4,017,953)**	(418,647)	(715,079)	(1,378,551)	(4,191,753)	**(6,704,030)**
Net loss per share:						
Basic and diluted loss per share	(0.05)	(0.00)	(0.01)	(0.01)	(0.04)	(0.07)
Wgted avg. shares - basic & diluted	77,338,169	83,903,387	90,108,517	96,466,602	103,766,462	93,430,025
Gross Margin	21.0%	61.1%	29.4%	37.0%	-104.8%	12.5%

Income Statement	FY	1Q	2Q	3Q E	4Q E	FY
	FY 2014	FY 201	FY 2015	FY 2015	FY 201	FY 2015 E
Period ending	1/31/2014	4/30/2014	7/31/2014	10/31/2014	1/31/2015	1/31/2015
Net Revenue	**5,644,211**	2,121,121	2,078,402	2,829,122	2,970,578	**9,999,224**
Cost of sales:						
Cost of sales products	4,940,546	1,668,376	1,583,243	2,107,016	2,161,867	7,520,503
Total cost of sales	4,940,546	1,668,376	1,583,243	2,107,016	2,161,867	7,520,503
Gross Income	**703,665**	452,745	495,159	722,106	808,711	**2,478,721**
Operating Expenses:						
Compensation and benefits	2,298,951	1,132,148	1,047,086	1,078,499	1,110,854	4,368,586
Selling and marketing	182,251	822,773	887,465	1,152,711	1,210,346	4,073,295
General and administrative	2,762,485	780,600	760,046	1,029,800	1,075,349	3,645,796
Farming cost	-	-	-	-	-	-
Impairment of property and equipment	-	-	-	-	-	-
Impairment of license	0	0	0	0	0	0
Total operating expenses	5,243,687	2,735,521	2,694,597	3,261,010	3,396,549	12,087,677
Other income (expense):						
Interest income	0	0	0	0	0	0
Interest (expense)	(108,424)	(437)	315	(15,000)	(25,000)	(40,122)
Other income (expense)	(2,055,584)	370,024	(815,963)	0	0	(445,939)
Total other income (expense)	(2,164,008)	369,587	(815,648)	(15,000)	(25,000)	(486,061)
Net Income (Loss)	(6,704,030)	(1,913,189)	(3,015,086)	(2,553,904)	(2,612,838)	**(10,095,017)**
Net loss per share:						
Basic and diluted loss per share	(0.07)	(0.02)	(0.03)	(0.02)	(0.02)	(0.09)
Wgted avg. shares - basic & diluted	93,430,025	105,390,682	117,348,177	119,348,177	121,348,177	115,858,803
Gross Margin	12.5%	21.3%	23.8%	25.5%	27.2%	24.8%

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