

TORUS INVESTMENT RESEARCH

ECOSCIENCES INCORPORATION

THE SPLASH OUT

RATING:
SELL

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ANALYST BRIEF:

August 11, 2015

Summary

Ecosciences Incorporation (OTCQB: ECEZ) engages in the development, production, and sale of environmentally focused wastewater products to food and sanitation industries, as well as residential consumers in the United States and internationally. It produces organic tablets and powders to be used regularly and in lieu of harmful chemical cleaning products in grease trap and septic tank systems. The company was incorporated in 2011 and is based in Jericho, New York.

Ecosciences provides bio-remediation services for sewers, sludge ponds, septic tanks, lagoons, farms, car washes, portable sanitation facilities, grease tanks, lakes, and ponds. The active ingredients in its tablets oxygenate wastewater, remove hydrogen sulfide odors, prevent corrosion in wastewater systems and initiate aerobic biological breakdown of organic sludge including fats, oils and grease.

Ecosciences' products include Tank-Eze Wastewater Tablets, which provide active oxygen, nutrients, buffers, and safe aerobic microorganisms to clean, control odor, and keep wastewater systems running with reduced downtime; and Wash-Eze Car Wash Tablet, which reduces noxious odors, spotting, and other problems associated with the use of reclaimed water. The company also offers Trap-Eze Grease Trap Tablets that offer active oxygen, nutrients, buffers, and safe anaerobic and aerobic microorganisms to clean, deodorize, and keep grease traps running with reduced downtime; and Sept-Eze tablet delivery system.

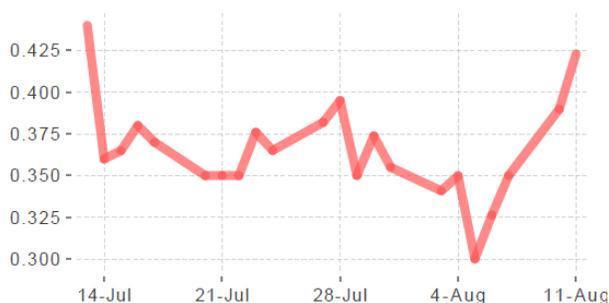
Ecosciences, Inc. primarily sells its products to municipalities, retail consumers, commercial and industrial users, food processors, hospitals, supermarkets, restaurants, and the janitorial supply industry through a network of master distributors, full line distributors, and sales representatives.

The company currently falls under 'Micro-Cap' category with current market capitalization of 43.04 M and has 101.75 M outstanding shares.

Key Indicators

Current Valuation	43.24 M
Shares Outstanding	101.75 M
Number of Shares Shorted	782.9 K
Revenue	4.8 K
Gross Profit	3.99 K
Net Loss (basic/diluted)	20.69 K
Cash and Equivalents	4.18 K
Total Debt Obligations	210.40 K

Performance



Recent News

In Jun 2015, Ecosciences announced it has launched a business development program to grow its distributor network on a global basis. The company's bioremediation customer base is divided along retail and wholesale lines. The wholesale segment of the business is currently the main growth goal and is dependent on distribution relationships. With this newly launched initiative, the company plans to execute a program to attract, vet and sign distributors in numerous domestic and international regions. From various places, such as the Northeastern United States to Africa, India and Europe, the company has already entered into discussions with potential distribution partners for its product lines. The company's distributor growth program will include, but not be limited to, direct solicitation, attendance at industry trade shows and possible advertising in trade magazines.

In May 2015, Ecosciences discussed the reduction of its issued and outstanding common stock from 336,751,500 to 101,751,500 shares through its recent stock exchange agreement with the company's Chief Executive Officer and President. Pursuant to the exchange agreement, on April 20, 2015, Mr. Falitz exchanged 235 million of his shares common stock in the Company for 4.7 million shares of the Company's Series C Convertible Preferred Stock. The Company believes this significant reduction of issued and outstanding common stock improves the Company's capital structure and should assist it in attracting investment opportunities and consummating acquisitions

Pros

- The 2014 Environmental Good and Services Report by the International Trade Center (ITC), an organization in the United Nations system, highlighted that by 2050 the global population grows to 9.6 billion with the rising level of energy consumption and growing global waste. According to such report, the market in environmental goods and services is expected to rise to \$1.9 trillion by 2020. The following strategies are being executed by Ecosciences to take advantage of the opportunities it sees in the future ECO/Green/Environmental Industry:
 1. Organically growing its current line of TRAP-EZE, SEPT-EZE, TANK-EZE and WASH-EZE bio-remediation products;
 2. Developing and marketing new and innovative green cleaning and remediation products; and
 3. Pursuing acquisitions from several sectors of the environmental services industry, first in the United States and then internationally.

Cons

- Ecosciences has incurred operating losses since its formation and expects to incur losses and negative operating cash flows for the foreseeable future. As of February 2015, the company has accumulated losses of \$401,613 and a working capital deficit of \$367,771. These factors raise substantial doubt regarding the company's ability to continue as a going concern. To date, it has financed its operations primarily through the sale of Convertible Promissory Notes to Joel Falitz and other non-affiliated third parties and the issuance and sale of equity securities for cash consideration.
- Cash resources are not sufficient to implement the company's current business plan, support operations and meet current obligations for the next 12 months. The company needs to raise additional capital to

finance its operations. This can be seen in the form of equity issuance and dilution would be its immediate effect.

Verdict

Despite the bright opportunities in the market, the company's latest 10Q is not exactly pretty. Lack of sufficient cash and high net loss are among the bad things that can be seen in its latest filings. Reviewing Ecosciences fundamentals such as Total Debt of 221.01K, Revenue of 4.1K and Cash and Equivalents of 4.18K as well as analyzing its technical indicators, shows prevailing Real Value of \$0.33 per share. The current price of the firm is \$0.423. Ecosciences is overvalued and I advise to sell out overvalued stocks.

Sources:

1. ECEZ Quarterly Report, 29 April 2015
2. <http://ecosciences.company/sec-filings/>
3. <http://ca.finance.yahoo.com/ECEZ>

Risk Factors

An investment in the common stock of the company is subject to a number of risks. The information below contains latest filings and risk factors that should be considered by all investors. Investors should carefully consider the risk factors set out below and consider all other information contained herein, and in the company's SEC filings, before making an investment decision. We assume no obligation to update or revise any such forward looking statements to reflect events or circumstances that occur after such statements are made. A complete list of filings including the risk factors for the company can be found here: <http://www.sec.gov/cgi-bin/browse-edgar?CIK=prgn&Find=Search&owner=exclude&action=getcompany>

Our Rating System

We rate enrolled companies based on the appreciation potential we believe their shares represent, and the "riskiness" we perceive in our ratings. The business results of those companies "NOT RATED" are often highly dependent on some future event, such as FDA drug approval or the option of a new key technology.

Explanation of Ratings

OVERWEIGHT/BUY

Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country Index average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis over the next 12-18 months.

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EQUAL WEIGHT/HOLD

Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country Index or the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis over the next 12-18 months.

NOT RATED

Not-Rated (NR) - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country Index or the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

UNDERWEIGHT/SELL

Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country's equity indices and/or the total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Disclosure: I, Houman Farahani, research analyst have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions and I have no business relationship with any company whose stock is mentioned in the article.

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