

Hound Labs Inc. Raises \$30 Million in Series D Financing to Boost Commercial Manufacturing and Accelerate General Market Availability of First Marijuana and Alcohol Breathalyzer  
Peer-Reviewed and Published Clinical Study Results Validate Efficacy of  
Hound Labs Technology for Marijuana Testing

OAKLAND, Calif. (August 27, 2019) – Hound Labs Inc., creator of the world’s first dual marijuana and alcohol breathalyzer, today announced the closing of a \$30 million Series D financing round to accelerate manufacturing and commercial availability. Intrinsic Capital Partners, which funds life science and technology-focused businesses in the emerging cannabis industry, led the round. This announcement arrives on the heels of peer-reviewed research from the University of California, San Francisco (UCSF) that validates breath as a viable medium for measuring marijuana use within three hours of smoking. Additional investors include NFP Ventures – the investment arm of one of the largest U.S. insurance brokers – and Main Street Advisors, as well as existing investors Icon Ventures and Benchmark.

“Legalization of marijuana is disrupting multiple facets of society and creating a unique need for a technology that helps employers and law enforcement agencies detect recent marijuana use (within two to three hours of smoking), but doesn’t penalize people who legally and responsibly use marijuana,” stated Howard Goodwin, partner at Intrinsic Capital Partners. “With commercial production of its marijuana breathalyzer already under way, Hound Labs is optimally positioned to meet the pent-up demand for the only tool that measures recent marijuana use without identifying someone who legally consumed marijuana the prior night or last weekend.”

Recently published results of a second clinical trial using Hound Labs’ breath technology validate that breath testing is a viable methodology to determine recent marijuana use. Dr. Kara Lynch, co-director of the Clinical Chemistry and Toxicology Laboratory at San Francisco General Hospital and associate professor of laboratory medicine at UCSF, conducted the research, which resulted in a peer-reviewed study published in *Clinical Chemistry*. The UCSF paper details Dr. Lynch’s findings that tetrahydrocannabinol (THC) can be reliably detected throughout the three-hour window after smoking marijuana.<sup>1</sup> These findings are significant because global researchers have shown that people are typically most impaired within three hours after smoking marijuana.<sup>2</sup>

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<sup>1</sup> <http://clinchem.aaccjnls.org/content/early/2019/07/11/clinchem.2019.304501>

<sup>2</sup> [http://home.trafficresourcecenter.org/~media/Microsites/Files/traffic-safety/NHTSA-Drugs\\_Human\\_Performance.ashx](http://home.trafficresourcecenter.org/~media/Microsites/Files/traffic-safety/NHTSA-Drugs_Human_Performance.ashx)

“With the publication of clinical study results validating breath as the new frontier for testing recent use of THC, investors can see the tremendous value that Hound Labs will bring to the market with its first-of-its-kind technology,” said Dr. Mike Lynn, CEO and co-founder of Hound Labs. “We are excited to usher in a new era of more meaningful and fair drug testing now that marijuana is both medically and recreationally available to so many people.”

With an estimated 14.8 million Americans driving within an hour of using marijuana<sup>3</sup> and an increase of almost 17 percent in positive marijuana drug tests in the general U.S. workforce since 2014,<sup>4</sup> employers and law enforcement agencies are desperately seeking new tools to respond to changing laws and attitudes regarding legal marijuana use. Existing testing methods using oral fluid, blood, urine and hair cannot distinguish recent marijuana use (within several hours) from historic use. Consequently, employers and law enforcement do not have all of the data required to take fair actions against an employee or driver who legally and responsibly used marijuana the night before and is no longer impaired when the testing occurs.

“Employers throughout the country are seeking practical and effective solutions to balance the new legal paradigms associated with cannabis use while ensuring a safe work environment,” said Shawn Ellis, managing director at NFP Ventures. “Hound Labs has created a marijuana and alcohol breathalyzer that uniquely addresses these concerns and can benefit our clients in a variety of industries – from trucking and construction to logistics and retail.”

Hound Labs is moving into its next phase of commercial manufacturing as it prepares to meet growing worldwide demand from employers, law enforcement and insurance groups. The scientific and technological breakthroughs underpinning the Hound breathalyzer will enable a solution that balances safety with fairness.

About Hound Labs Inc.

Hound Labs is a breath-technology company that has developed ultra-sensitive technology for non-invasive breath measurement. Utilizing this groundbreaking technology, the Hound<sup>®</sup> marijuana breathalyzer is the world’s first breathalyzer to rapidly, accurately and inexpensively measure recent marijuana use and alcohol in breath. The Hound breathalyzer is intended for law enforcement, employer and insurance purposes only. Founded in 2014, the Oakland-based

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<sup>3</sup> <https://newsroom.aaa.com/2019/06/americans-dont-think-theyll-get-arrested-for-driving-high/>

<sup>4</sup> <http://newsroom.questdiagnostics.com/2019-04-11-Workforce-Drug-Testing-Positivity-Climbs-to-Highest-Rate-Since-2004-According-to-New-Quest-Diagnostics-Analysis>

company was created by Dr. Mike Lynn, an emergency room physician, reserve deputy sheriff and former venture capitalist.

#### About Benchmark

Benchmark's mission is to back great entrepreneurs who are changing the world. The venture capital partnership is privileged to work alongside men and women who are taking big ideas and transforming them into successful companies. Benchmark focuses on early-stage ventures and comprises six equal general partners who take a hands-on approach to every business decision.

#### About Icon Ventures

Icon Ventures believes that great exits start with extraordinary entrepreneurs. The company's core values include the importance of partnering and relationships, providing value-added propositions to the companies in which it invests, and remaining unwavering with respect to its ethical compass heading. Icon Ventures prefers to invest selectively so that the team has the capacity to support its entrepreneurs. The company's current portfolio includes companies such as Bill.com, Quizlet and Thanx as well as recent IPOs and acquisitions such as FireEye, Huddle and Teladoc.

#### About Intrinsic Capital Partners

Intrinsic Capital Partners is a private equity firm dedicated to investing in promising life science and technology-focused businesses in the emerging legal cannabis industry. The team has years of investment, pharmaceutical, regulatory and deal structure experience, and the company's world-class network of operating partners collectively has decades of experience building businesses and brands across the healthcare and consumer industries. The firm is dedicated to creating value for portfolio company owners while generating superior returns for fund investors.

#### About Main Street Advisors

Main Street Advisors (MSA) is a \$5.0+ billion AUM investment management platform that invests capital on behalf of a select group of prominent entrepreneurs, athletes and entertainers. MSA manages MSA Enterprises LP, among other investment funds, which is a dedicated \$250 million growth capital private equity fund that made the investment in Hound Labs. Some of MSA's current and prior growth equity portfolio company investments include Beats Electronics, Beats Music, Beyond Meat, Scopely, Blaze Pizza, Mendocino Farms, Uninterrupted, ATTN: and EverFi, among others, in addition to holdings in real estate, private equity companies and funds, and other investments.

## About NFP Ventures

NFP Venture LLC (NFP Ventures) is a venture fund launched by NFP that focuses on strategic partnerships and investments in the emerging insurtech, fintech and HR tech arenas. NFP Ventures' mission is to find, fund and work successfully with visionary executives, providing them with expertise to foster long-term success. Typically, NFP Ventures targets companies seeking seed to Series B investment that can benefit from NFP's distribution, human capital and other unique assets to accelerate their growth.

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