April 20, 2023

# HIPPOFI, INC.

## (OTC – ORHB)

Industry: Life Sciences

12+ Mo. Price Target: $0.37

# HIPPOFI, INC.

## Emerging Med Tech Provider Enjoying Unprecedented Growth

Rob Goldman
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April 20, 2023

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### COMPANY SNAPSHOT

HippoFi, Inc. (formerly known as ORHub, Inc.), delivers cutting-edge healthcare and fintech innovations through an extensive sales channel network while implementing first-to-market solutions in the multi-billion-dollar regenerative therapeutics and digital payments markets. PUR Biologics®, HippoFi's Regenerative Therapeutic division, offers a portfolio of innovative biological products and proprietary technologies for bone growth in surgical spine procedures and advanced autologous cell therapies for regenerating cartilage in joints and spinal discs. *HippoFi-Pay*™, ORHB's Digital Payment division, is developing a novel business management software, which seeks to standardize processes at the point of surgical care with improved logistics and efficiencies.

### KEY STATISTICS

| | |
|---|---|
| Price as of 4/19/23 | $0.068 |
| 52 Week High – Low | $0.20- $0.0288 |
| Est. Shares Outstanding | 782M |
| Market Capitalization | $53.2M |
| Average Volume | 28,239 |
| Exchange | OTCPK |

### COMPANY INFORMATION

**HippoFi, Inc.**
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### INVESTMENT HIGHLIGHTS

**Led by its PUR Biologics division, emerging medtech player HippoFi, Inc., (formerly known as ORHub), is in the early innings of significant revenue growth.** The Company has quickly become a go-to player in the multi-billion-dollar Regenerative Therapeutics market.

**The PUR product line features popular, innovative products serving unmet needs.** The products are designed for use in spine procedures and advanced autologous cell therapies for regenerating cartilages in joints and spinal discs.

**ORHB's sales are driven by its distributor relationships, notably segment leader Precision Spine.** The company's 207 sales distributors now offer the complete PUR biologic line to 280 hospitals and roughly 340 spine surgeons who perform 800 of these surgeries monthly.

**PUR has entered a new innovation and evolution phase, which features the development of transformative products that could be awarded 510(k) clearance in 2024.**

**We currently forecast sales will jump from $2.9M in FY23E to $28M in FY24E and $75M in FY25E.** Plus, we project meaningful operating income to commence in FY24E.

**Our 12+ month price target of $0.37 reflects a 4x price/revenue multiple on FY25E revenue, the same metric assigned to its peer group.** We believe upside exists when taking into account a premium to FY25E sales and a 25x P/E on net income.

# COMPANY OVERVIEW

*The View from 30,000 Feet*

A number of health care technology companies are great innovators with technologies and approaches that offer much needed promise but may be years away from generating sales. The beauty of the **HippoFi, Inc. (OTCPK: ORHB)** (formerly ORHub) model is not just its level of innovation in an important therapeutic sector. ORHB is experiencing huge growth for its core subsidiary's products (PUR Biologics) due to the strength and diversity of the offerings. However, this unprecedented demand is also related in part to the strength and diversity of its distribution partnerships. Since the Company is in the early innings of its product sales cycle, we believe that both the current successes and thus its relatively low valuation have gone unnoticed and under the radar of the investing public. Given the low level of average daily volume, we believe this thesis appears confirmed. However, as quarterly financials begin to be released, and guidance is provided, it is possible that these shares could come under aggressive accumulation.

*An Overview*

HippoFi, Inc. (ORHB) delivers cutting-edge healthcare innovations through an extensive sales channel network while implementing first-to-market solutions in multibillion-dollar markets, such as Regenerative Therapeutics, through its primary subsidiary, PUR Biologics. PUR, acquired in 2022, offers a complete line of innovative biologic products and proprietary technologies for bone growth in surgical spine procedures. The PUR line also includes patented bioactive cellular matrix compositions and advanced, autologous cell therapies. PUR's portfolio represents large, multi-billion-dollar markets and is designed to regenerate cartilage for bone growth in surgical spine procedures, repair spinal disc, and mitigate back and central neuropathic pain.

A new HippoFi sales and distribution partnership with industry segment leader Precision Spine has led to major demand and sales growth for PUR products. Precision Spine has a major presence in the segment, historically selling a broad spine implant portfolio. Thanks to PUR, Precision Spine is one-stop-shopping. The company's 207 sales distributors now offer the complete PUR biologic line to its existing customers---280 hospitals and roughly 340 spine surgeons who perform 800 of these surgeries per month.

In addition to its core allografts and synthetics, PUR is developing novel, patented and proprietary, related segment products for future 510(k) submission, featuring treatments using cell therapy and fostering pain management. ORHB continues to leverage its acquisition, in-licensing, and distribution strategies by adding new FDA-approved product offerings on a white label basis, as well as growing its distribution reach for PUR .

Separately, ORHB is developing a novel business management software, which seeks to standardize processes at the point of surgical care with improved logistics and efficiencies. Given that the current cash cow is PUR, the *HippoFi-Pay*™ division, which can leverage the same target market and channels, will release its offering during the FY24E fiscal year, beginning July 2023. The (Software as a Service) SaaS-based approach should generate substantially greater gross margin for ORHB, and potentially begin to have a material impact in calendar year 2024.

*Financials*

The Company did not generate material revenue for FY22 through the first six months of FY23E, which ended in December 2022. During this period, ORHB engaged in R&D and shifting its model and focus, following the PUR Biologics acquisition in late 2022. Once the deal was closed and the Precision Spine and other relationships were finalized, we believe that PUR began to sell product in earnest during the March 2023 quarter. Thus, our FY23E (June 2023) revenue forecast is $2.9M---which reflects only two quarters worth of business.

Looking ahead, we project revenue of $28M for FY24E and $75M in FY25E, driven by the current line and relationships, along with the timing of an estimated 510(k) product and other in-licensed technology. If our projections prove accurate, the ORHB CAGR for FY23-FY25 would be 195%. It should be noted that we estimate meaningful operating income could be generated beginning in FY24 with $2.7M in this line item, for a 9.7% operating margin. For FY25E, we project an operating income and margin of $15.3M and 20.4%, respectively.

*Valuation*

Our 12+ month price target of $0.37 reflects 4.0x the forecasted $75M in revenue for the FY25E period ending June 2025. As noted in the Peer Group analysis in Table III, the peer group averages a forward 2024 price/revenue multiple of 4.0x, thus our target matches this peer group metric. Although the revenue figure we are using for ORHB is six months further out than the peer group, we proffer that given the substantially greater revenue growth rate, this approach is reasonable. Further, one could contend that ORHB deserves to trade at a premium to the price/revenue multiple. As a corollary, by applying a 5x price revenue multiple and a 25x P/E on our FY25E revenue and net income forecasts, we arrive at a $0.47 price target, metrics generally in line with the top segment players. Therefore, we believe that meaningful, future upside to our target could be in the cards.

## A BIOLOGICS PRIMER

The industry segment is defined by the American Academy of Orthopaedic Surgeons (AAOS) as follows:

*"Orthobiologics are substances that orthopaedic surgeons use to help injuries heal more quickly. They are used to improve the healing of broken bones and injured muscles, tendons, and ligaments. These products are made from substances that are naturally found in your body. When they are used in higher concentrations, they may help speed up the healing process."*

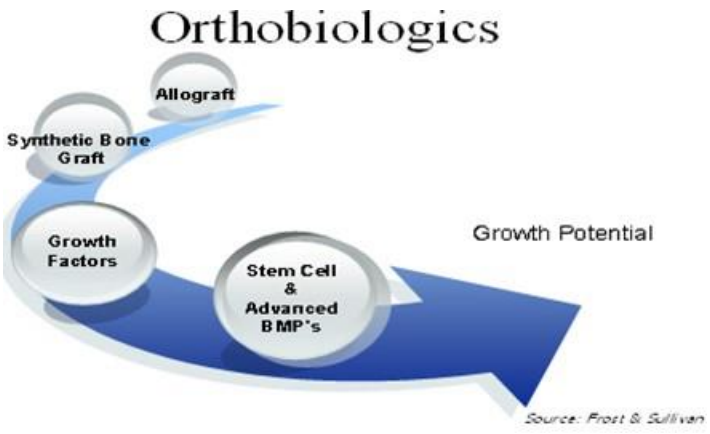
The development and use of biologics have expanded dramatically over the past 15-20 years, spurred in part by advances in stem cells. In general, biologics used in orthopedics are treatments isolated or derived from natural sources such as human or animal stem cells, plasma, or tissues through innovative technologies. A common and formerly well-publicized biologic treatment includes the injection of platelet rich plasma (PRP). In this treatment, a patient's or donor's blood heavily concentrated with platelets is injected into an affected joint.

*Market Trends*

Interestingly, there is a confluence of events that is driving the growth of this market. These include:

- Advances in health care such as bone growth stimulation
- Rising incidence of orthopedic disorders leading to fractures
- Aging population
- Increasing incidence of sports injuries
- Rising adoption of orthobiologics material
- Growing demand for out-patient surgical procedures

Certain factors are required in the healing process. Matrix or bone graft materials are conductive and form building blocks to repair bones. Core PUR products such as allografts, autografts, and synthetics are typical materials used for bone repair and widely considered a standard of care.




Growth factors represent the various kinds of signalling proteins necessary for cells to work during the healing process. Growth factors are used in conjunction with bone grafts to foster healing. Stem cells are cells used in areas of the body requiring repair which until recently carried limited data and safety detail which had previously limited broad utilization and proliferation. However, this perspective is changing, particular in the case of autologous bone marrow cells where the Company operates.

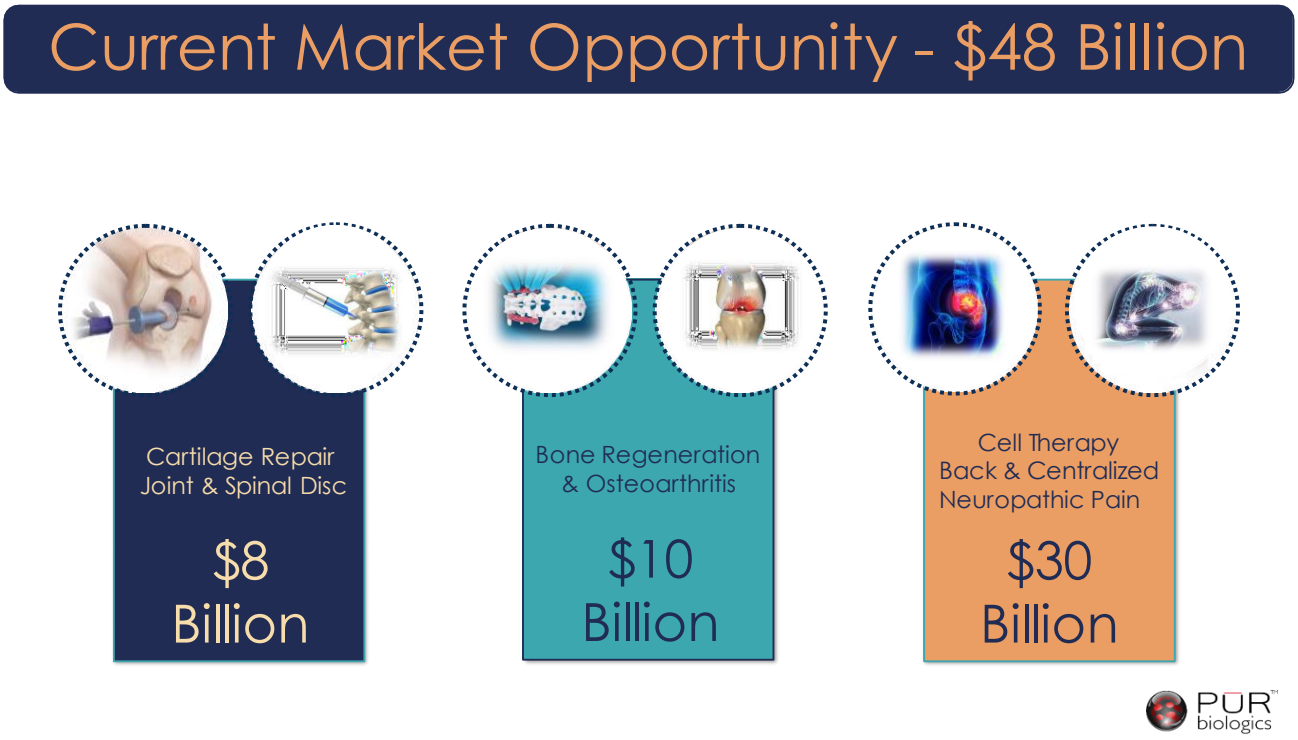
In the orthopedic surgery field, there are no products that are commonly used for cartilage repair, improving bone healing and reducing non-unions. Standard of care for this type of injury is to maintain the reduction (repair) by application of casts, traction or held by plates, screws, or other implants which may be either external or internal. The ever-growing use of biologics is likely to drive this segment's opportunity to the tens of billions in the next 5 years. Moreover, as the migration toward biologics increases, a diversified company such as PUR is uniquely positioned to lead the market.

## PUR BIOLOGICS: THE CROWN JEWEL

In 2022, ORHB acquired PUR for $8.5 million. PUR has three patents. These include:

- Patent #1: Method and compositions for manufacturing ECM (Extracellular Matrix)
- Patent #2: Methods of manufacturing and compositions of cell-conditioned medium and ECM using aspartyl-alanyl-diketopiperazine
- Patent #3: Cosmetic methods and compositions for activating epidermal cells using immunological adjuvants

With this acquisition, ORHB established its Regenerative Therapeutics segment, in which the PUR Biologics subsidiary sits. With PUR serving as the crown jewel in the ORHB family, the Company has a presence in the global medical device market, expected to reach $445.1 billion by 2026. With top categories in the US including hip, knee, and spine, among others, PUR is targeting three categories representing $48B in market opportunity.




Against this backdrop, ORHB is already selling, through distributors, PUR's proprietary technologies and nearly two dozen products to regenerate cartilage, mitigate pain, and address the biological causes of degenerative disc disease and osteoarthritis of joints. Plus, the Company boasts a complete biologic product line for spine.

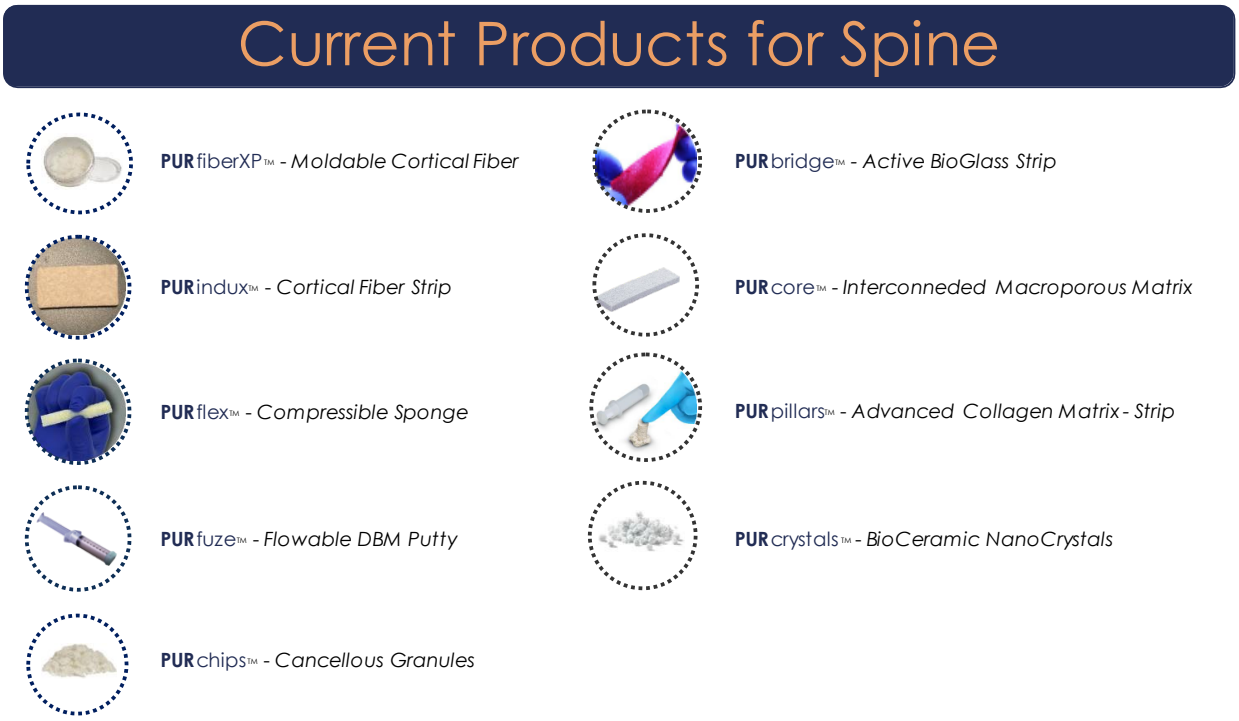
Leveraging licensed patents and its platform approach, PUR is developing next-gen versions of its existing products to broadly serve critical, unmet needs and improve surgical outcomes in cartilage, and bone

repair/growth. The Company's low-cost platform technology enhances healing and can save hospitals' costs as well. Plus, management's vertical integration approach to manufacturing could ultimately lead to above-industry average profit margins.

PUR has solved the problems of manufacturing an ECM from cadaveric allograft tissues, which are plagued by risk of disease transmission from new viruses like Zika and SARS Cov-2 (COVID-19). Legacy technologies require obtaining many human tissues from donors, usually newborn foreskin fibroblasts, in order to manufacture human ECM. PUR scientists have tapped the power of Induced Pluripotent Stem Cells (IPSC) to provide a safer source of cells from a single tested donor, for ECM-producing fibroblasts under cGMP.

One donor tissue sample can be effectively expanded into a single-sourced Master Cell Bank, which is safety tested and virus-free. PUR is also using IPSC technology to make designer cell types for specialized ECM products, with more potent therapeutic and regenerative capacities. Recent research has highlighted the role of the ECM in regulating the mechanisms underlying chronic pain, and the Company is actively addressing the application of its ECM-technology to chronic pain and the opioid Crisis that has resulted from over-use in recent years.

Management is currently growing its current synthetic bone graft and allograft biologics revenue base while building a pipeline of new products in an effort to maintain its high sales growth rate. Moreover, with exclusive manufacturing capabilities providing human ECM biomaterials for new, in-house manufactured products, profit margins may rise in conjunction with order sizes in the coming quarters.



Leveraging the patents awarded and with others pending, PUR is set to enter into a new innovation and evolution phase, which features the development of multiple transformative products that could be awarded 510(k) clearance. New products under development including additional regenerative medicine applications in cell therapy, and traditional medical devices used by orthopedic surgeons, which will also drive top-line.

Perhaps the most exciting prospective 510(k) product under development will culminate in the near term via completion of a prototype and clinical testing of a Bone Marrow Aspirate Device (BMAD) solution, designed for bone and cartilage growth. This patented device currently in R&D activates immune cells from a patient's own bone marrow cells at the Point of Care and mixes the marrow aspirate with a solid matrix for bone void filling that accompanies almost all orthopedic surgeries. Bone Marrow Aspirate is the gold standard for obtaining, harvesting, and delivering cells to a surgical site and this BMAD, along with a second version, could significantly increase the activity and broad utilization of stem cells in future BMA therapies.

The technology can prime and activate immune cells even in older patient's marrow that still have the capacity to differentiate into therapeutic cell types, despite the decline that occurs naturally with aging by generating meaningful numbers of MSCS, M2 Macrophages, and T-Memory Cells. This disruptive device technology solves the problems with centralized factories making immunotherapies that have driven costs to between $100,000 and $1,000,000 per treatment. These therapies will cost significantly less since they do not require a centralized factory or complicated logistics.

In general, PUR's products under development are designed to regenerate cartilage and bone, notably in cartilage and spinal disc degeneration repair and osteoarthritis. The native characteristics of the product platform has prompted management to begin developing what may be the first orthobiologic product addressing pain and addiction. In fact, PUR believes that this potentially novel offering could reduce the need for opioid pain management drugs, thus potentially reducing the number of opioid addiction incidents, one of the nation's major health crises. This product could be awarded FDA clearance over the next 18-24 months.

This RMAT biologic product is manufactured from iPSC-derived fibroblast ECM, along with a next generation BMA solution and new personalized cell-based immunotherapy that will serve as a cell-based pain therapy to reduce opioid use along with a second generation BMAD that will serve as a cell-based pain therapy to reduce opioid addiction. This latter offering is based on a patent and is a composition of immune cells and the activation of personalized stem cells.

*The Latest*

As of April 2023, ORHB has over 300 sales representatives from a handful of distribution partners potentially selling the PUR offerings. Of course, the most important relationship is Precision Spine, one of the largest and most important players in the spine therapy market. Precision Spine has a major presence in the segment, historically selling a broad spine implant portfolio. Thanks to PUR, Precision Spine is one-stop-shopping for its customers and an easy sale for the sales team. A favorable pricing and compensation model has also played a role in making PUR the go-to producer for Precision Spine and its people.

Moreover, two of PUR's most recent product introductions expand the Company's portfolio in spine. Management is committed to become the global leader in biological products for growing bone in spine procedures and to lead the future of regenerative therapeutics in regenerating joint cartilage and spinal disc.


These include advanced synthetic PURbridge and PURcore, and PURfiberXP. Successful lumbar and thoracic spine fusion surgeries require biological products to bridge new bone growth between vertebral bodies. PURbridge™ is uniquely positioned to solve this critical patient need and desired surgical outcome. Our proprietary bridge-like structure has been specifically formulated by interweaving bioactive glass and our absorbent Tri-pore NanoCrystals™ with flexible fibers of semi-crystalline molecules of collagen. This unique composition of three highly biocompatible elements results in a flexible and strong 'bioactive bridge' which holds its shape and position while helping the patient heal, spanning the intended area with solid bone.

PURcore is a unique moldable synthetic with an interconnected micro-pore structure for spine surgery. PURcore allows for the rapid colonization of the patient's own cells and growth factors which promotes bone regeneration and healing. PURfiberXP™ is a highly specialized biologic derived from cortical bone fibers using a proprietary process. The advanced surface design of PUR's fibers offers a complete interconnected matrix and promotes cell migration within the desired area of healing. FiberXP exhibits exceptional bone-forming capacity and is an ideal solution for enhancing bone regeneration in spine patients.

Given these products, it is easy to see why the company's 207 sales distributors now offer the complete PUR biologic line to its existing customers---280 hospitals and roughly 340 spine surgeons who perform 800 of these surgeries per month, with new relationships added each month. Going forward, we expect that the BMAD will have an FDA submission filed in the coming quarters and could ultimately receive clearance in late 2024. Meanwhile, management will focus on new proprietary product introductions, FDA-approved, in-licensed products for white label sale, and the growth of the sales/marketing channel.

The most recently awarded patent, regarding technology which activates immune cells, could prove to be the most valuable in the entire portfolio.

The market value of cancer immunotherapy in 2021 was $85.6B and is projected to be worth $271.84B by 2030. This newly issued patent launches PUR Biologics into the field of cell and immune therapies, ushering in a new era of medical treatments for patients with immune compromised and chronic pain conditions.

By activating immune cells, PUR can unlock their full potential and create therapies that are more effective than ever before. Immune therapies support the battle against degenerative and diseased conditions by developing new pathways to restore the immune system capacity to heal as intended. PUR has been exploring a variety of methods to activate the immune system and critical cells from the patient's bone marrow to mitigate neuropathic and centralized pain signals and the development of new anti-cancer drugs. PUR Biologics' innovative approach to utilizing this technology has the promise to improve the quality of life as we live longer.

It will be interesting to see what type of therapies and products are designed as a result of this patent issuance. Clearly, this could be a hidden asset.

Finally, ORHB is developing a novel business management software, which seeks to standardize processes at the point of surgical care with improved logistics and efficiencies. Given that the current cash cow is PUR, the *HippoFi-Pay*™ division, which can leverage the same target market and channels, will release its offering during the FY24E fiscal year, beginning July 2023. The (Software as a Service) SaaS-based approach should generate substantially greater gross margin for ORHB, and potentially begin to have a material impact in calendar year 2024.

## THE HIPPOFI LEADERSHIP TEAM

**Christopher Wiggins, Chairman, Chief Executive Officer**

Christopher is serial entrepreneur with over 20 years in C-level leadership and strategic negotiations. He has built multiple successful companies from the ground-up while creating synergistic partnerships that drive value. Christopher has served as Founder, Chairman and Chief Executive Officer of HippoFi, Inc. (formerly ORHub) since 2020 and has also been President and Founder Katalyst Medical, LLC since 2019. He has extensive experience both in corporate and distribution roles with significant medical device manufacturers like Medtronic, Smith & Nephew, Globus Medical, Integra, Precision Spine, Baxter, Zimmer Biomet, and others. He was also a Co-founder of PUR Biologics and from 2013-2022 and served as Co-founder/Inventor of Adaptive Biologix from 2014-2017, prior to its acquisition by Histogen, Inc. (NASDAQ - HSTO). Christopher received a Bachelor of Arts degree from Concordia University, Irvine and an MBA from Pepperdine University.

**Ryan Fernan, Head of PUR Biologics**

Mr. Fernan, brings direct access to a broad industry network with a proven track record of over 18 years in the medical device and biotechnology industry. Recognized as a frontrunner in sales and product development, Mr. Fernan's career included leadership roles associated with Johnson&Johnson/DePuy Spine, and then Zimmer/Biomet. With a strong entrepreneurial drive, Mr. Fernan also founded OC Surgical, Inc., which became the largest Actifuse distributor in the United States from UK-based orthobiologics company, ApaTech. His successes with Actifuse largely contributed to its purchase by Baxter (NYSE: BAX) for approx. $330M in 2010. Mr. Fernan went on to found PUR Biologics, quickly developing technologies from concept, through pre-clinical trials, to large animal trials in collaboration with the University of Colorado and UCSD, and into initial FDA human clinical trial discussions. These first- generation technologies were negotiated into a successful sale by Mr. Fernan to Histogen, Inc. (NASDAQ: HSTO), while he continued directing the licensing and development of the next generation of cell derived extracellular matrix technologies.

**Colton Melby, Executive, Public Company Advisor**

A seasoned C-level executive, Board member, entrepreneur and investor with over thirty years of leadership and operational experience with innovative private and public companies. In aggregate, he has taken four companies onto public exchanges with a combined market capitalization of over $1.5B during his tenure. He has served as an advisor to HippoFi since 2022 and its Chairman and CEO of ORHub, Inc. from 2006-2020.

As the primary investor of Waytronx, Colton led the purchase of CUI and up-listed to NASDAQ. He played a critical role in doubling sales and market value appreciation to over $300M while successfully raising over $70M from broker/dealers. He is also the Vice-Chairman and former CEO of CEO Quest Resource Holding Corp (NASDAQ:QRHC) from 2012 – 2014. He led Earth911, Inc. public with a merger into QRHC growing the market cap from $20M to over $450M. From 2001-2008 he served as President and COO, BOARD MEMBER of Smith & Wesson. He as the sole financier in the acquisition of Smith & Wesson from Tompkins PLC by Saf-T Hammer, growing the market cap from $70M to over $1B, up-listing to the AMEX and NASDAQ. He has also served as the CEO of Metal-Form, Inc. from 1987 – 1999 where he led the precision aircraft parts manufacturer from a backlog of $30M to over $500M as a prime supplier to Boeing and Bombardier. Under his leadership, it Metal-Form was named manufacturer of the Year 3x by Boeing and 2x by Bombardier. He later negotiated the sale of the company to a large private equity firm in New York.

## FINANCIALS SNAPSHOT

The Company did not generate material revenue for FY22 through the first six months of FY23E, which ended in December 2022. During this period, ORHB engaged in R&D and shifting its model and focus, following the PUR Biologics acquisition in 2022. Once the deal was closed and the Precision Spine and other relationships were finalized, we believe that PUR began to sell product in earnest during the March 2023 quarter. Thus, our FY23E (June 2023) revenue forecast is $2.9M---which reflects only two quarters worth of business.

**Table I. HippoFi, Inc.**
PUR Biologics Segment Breakdown
($, thousands)
June 30 Fiscal Year

| | FY23E | FY24E | FY25E |
|---|---|---|---|
| Allografts | $800 | $5,500 | $12,000 |
| Synthetics | $2,100 | $21,500 | $58,000 |
| Cell Therapy - Pain Mgt | $0 | $0 | $2,000 |
| **Total Revenue** | **$2,900** | **$27,000** | **$72,000** |

Source: Goldman Small Cap Research

Looking ahead, we project revenue of $28M for FY24E and $75M in FY25E, driven by the current line and relationships, along with the timing of an estimated 510(k) product and other in-licensed technology. If our projections prove accurate, the ORHB CAGR for FY23-FY25 would be 195%. It should be noted that we estimate meaningful operating income could be generated beginning in FY24 with $2.7M in this line item, for a 9.7% operating margin. For FY25E, we project an operating income and margin of $15.3M and 20.4%, respectively. Admittedly, the gross margin forecasts could be too low as they do not accurately reflect lower cost of sales due to higher production, a potential 510(k) approval or the HippoFi SaaS offering contribution.

As illustrated in Table I, we forecast that sales will be driven in large part by the PUR synthetics line. However, the product mix is subject to change based on the timing of FDA clearances, current IP, and potential product in-licensing or white labeling. For example, the application of BMAD could be different than pain management, initially.

**Table II. HippoFi, Inc.**
Projected Revenue Breakdown
($, thousands)

| | FY23E | FY24E | FY25E |
|---|---|---|---|
| PUR Biologics | $2,900 | $27,000 | $72,000 |
| HippoFi Pay | $0 | $1,000 | $3,000 |
| **Total Revenue** | **$2,900** | **$28,000** | **$75,000** |

Source: Goldman Small Cap Research

These figures are subject to revision, based on the achievement of revenue growth. However, our contention is that unlike a number of slower growth competitors in the space, ORHB could achieve operating profit faster than its peers and at a higher degree of margin. This aspect is directly related to the very low head count and 3rd party distribution focus at the Company, which could potentially generate a revenue per employee figure of $7.5M in FY25. Finally, our pro forma projected income statement, found in Table III, assumes no income tax during the projected period, due to a large Net Operating Loss (NOL) carry forward. This NOL could have a materially positive impact on the Company's profitability.

At present, ORHB has 782M shares outstanding and our figure by year-end FY23 is 800M, as the Company is in the midst of a small funding to ensure working capital needs are met, given the strong product demands.

## RISK FACTORS

In our view, the Company's biggest risk is maintaining consistency with respect to meeting distributor and end-customer demand. A secondary risk is related to the timing of one or multiple FDA 510(k) clearances, and the ability to both mass produce and mass sell these proprietary products. The next major risk is related to the timing and magnitude of the current and future sales and marketing ramps, and subsequent broad implementation/utilization of their proprietary offerings particularly in spine. Last, the ability to continue to add new products and new distributors will be key to success. Separately, competitive risks include lower pricing, more effective sales/marketing and greater product efficacy from other players in the space. Finally, the successful launch of the fintech product for the health care space will also play a role in future success, although today that potential contribution is low.

The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of ORHB's size and standing. Moreover, we believe that ORHB's seasoned

management team is prepared to overcome these hurdles and generate significant top-line growth and prepare the Company for a potential future up-list of its shares.

Volatility and liquidity are typical concerns for microcap stocks that trade on the over the counter (OTC) stock market. As noted above, management has elected to raise funds for working capital to meet current and future product demand, along with R&D to a degree. We believe that ORHB may seek to raise around $1M in convertible securities in the near term and the changes in share count in our pro formas reflect this potentiality. An overriding financial benefit as a public company is the favorable access to and the availability of capital to fund product launches, consistent marketing campaigns and other initiatives.

Since the proceeds of any future funding would be used in large part to advance major business development and sales, we believe that any dilutive effect from such a funding could be offset by related increases in market value. Moreover, if the Company's trajectory stays true to our forecasts, we envision a future up-listing to NASDAQ and potential M&A in 2024, enabling ORHB to command an even larger market share in this segment.

## VALUATION AND CONCLUSION

Our 12+ month price target of $0.37 reflects 4.0x the forecasted $75M in revenue for the FY25E period ending June 2025. As noted in the Peer Group analysis in Table III, the peer group averages a forward 2024 price/revenue multiple of 4.0x, thus our target essentially matches this peer group metric. Although the revenue figure we are using for ORHB is six months further out than the peer group, we proffer that given the substantially greater revenue growth rate, this approach is reasonable. Further, one could contend that ORHB deserves to trade at a premium to the price/revenue multiple. As a corollary, by applying a 5x price revenue multiple and a 25x P/E on our FY25E revenue and net income forecasts, we arrive at a $0.47 price target, metrics generally in line with the top segment players. Therefore, we believe that meaningful, future upside to our current $0.37 target could be in the cards.

On a technical basis, we find these shares attractive. The current RSI of 46.9, while considered Neutral, is near the "Buy" territory. Moreover, given that the Simple 200 DMA is $0.993, the simple 100 DMA is $0.1085, and the simple 50 DMA is $0.1037, it does not appear to take much buying before the stock could close above these figures, generating a bullish signal.

**Table III. ORHB Publicly-Traded Peer Group**

| Company Name | Symbol | Price (4/19/23) | Mkt Cap (mil) | FY23E Revs (mil) | FY24E Revs (mil) | 23E - 24E Revs Growth | 2023E Price/Revs | 2024E Price/Revs |
|---|---|---|---|---|---|---|---|---|
| Globus Medical | GMED | $58.24 | $5,813 | $1,100 | $1,200 | 9.1% | 5.3 | 4.8 |
| Stryker | SYK | $299.31 | $110,582 | $19,760 | $21,150 | 7.0% | 5.6 | 5.2 |
| Zimmer Biomet | ZBH | $138.12 | $28,157 | $7,140 | $7,440 | 4.2% | 3.9 | 3.8 |
| AxoGen | AXGN | $10.10 | $419 | $156 | $177 | 13.5% | 2.7 | 2.4 |
| Biolife | BLFS | $19.79 | $843 | $192 | $235 | 22.4% | 4.4 | 3.6 |
| Average | | | $29,163 | $5,670 | $6,040 | 11% | *4.4* | *4.0* |
| | | | | | | | | |
| *HippoFi** | *ORHB* | *$0.07* | *$53* | *$28* | *$75* | *167.9%* | *1.9* | *0.7* |
| ***HippoFI**** | ***ORHB*** | ***$0.37*** | ***$302*** | ***$44*** | ***$75*** | *70.5%* | | ***4.0*** |

* FY24E & FY25E

Sources: www.Yahoo!Finance.com, Company websites, Goldman Small Cap Research

**Table IV. HippoFi, Inc.**
Pro Forma Projected Income Statement
June Fiscal Year

| | FY22A | FY23E | FY24E | FY25E |
|---|---|---|---|---|
| Biologics | | $2,900,000 | $27,000,000 | $72,000,000 |
| FinTech Revenue | | $0 | $1,000,000 | $3,000,000 |
| Other | $150,000 | $0 | $0 | $0 |
| **TOTAL REVENUE** | **$150,000** | **$2,900,000** | **$28,000,000** | **$75,000,000** |
| **Cost of Sales** | $0 | $1,740,000 | $19,320,000 | $50,250,000 |
| **Gross Profit** | **$150,000** | **$1,160,000** | **$8,680,000** | **$24,750,000** |
| *Gross Margin* | *100.0%* | *40%* | *31%* | *33%* |
| **Operating Expenses** | | | | |
| General & Administrative | $4,726,781 | $4,000,000 | $5,000,000 | $8,000,000 |
| Legal & Professional | $63,748 | $90,000 | $150,000 | $275,000 |
| Software Development | $10,306 | $50,000 | $90,000 | $195,000 |
| Depreciation and Amortization | $8,288 | $8,000 | $9,000 | $10,000 |
| Selling and Marketing | $1,953 | $100,000 | $375,000 | $550,000 |
| Research and Development | $0 | $150,000 | $350,000 | $450,000 |
| Total Operating Expenses | **$4,811,076** | **$4,398,000** | **$5,974,000** | **$9,480,000** |
| **Operating Income (Loss)** | **($4,661,076)** | **($3,238,000)** | **$2,706,000** | **$15,270,000** |
| *Operating Margin* | *N/A* | *N/A* | *9.7%* | *20.4%* |
| Other Income (Expense) | | | | |
| Interest Expense | ($401,327) | ($500,000) | ($500,000) | ($250,000) |
| Interest Income | $4 | *$0* | $25,000 | $50,000 |
| **Total Other Income (Expense)** | ($401,323) | ($500,000) | ($475,000) | *($200,000)* |
| **Net Income (Loss)** | **($5,062,399)** | **($3,738,000)** | **$2,231,000** | **$15,070,000** |
| **Net Loss Per Share** | **($0.01)** | **($0.00)** | **$0.00** | **$0.02** |
| **Est. Shares Outstanding** | 384,323,000 | 782,000,000 | 815,000,000 | 850,000,000 |

*Note: Due to NOL we project zero taxes.*
Sources: HippoFi, Inc., OTC Markets, GSCR

**Table IV. HippoFi, Inc.**
Balance Sheet: 12/31/22

| | |
|---|---|
| **Current Assets** | |
| Cash and cash equiv | $48,021 |
| Prepaid exp and current assets | $1,925 |
| **Total Current Assets** | **$49,946** |
| **Non-Current Assets** | |
| Property and Equip, net | **$423** |
| Patents, net of accum amort | $40,365 |
| **Total Non Current Assets** | **$40,788** |
| **TOTAL ASSETS** | **$90,734** |
| **Current Liabilities** | |
| Accounts payable | $720,648 |
| Accrued liab | $663,454 |
| Deferred rev | $125,000 |
| Notes payable | $6,695,882 |
| **Total Current Liabilities** | **$8,204,984** |
| **TOTAL LIABILITIES** | **$6,733,255** |
| **SHAREHOLDER'S EQUITY** | |
| Series D Pref | 0 |
| Common stock | 384,656 |
| Add'l paid-in capital | 38,811,228 |
| Accumulated deficit | ($47,310,134) |
| **TOTAL DEFICIT** | **($8,114,250)** |
| **TOTAL LIABILITIES & EQUITY** | **$90,734** |

Sources: ORHB and Goldman Small Cap Research

## RECENT TRADING HISTORY FOR ORHB

(Source: www.StockTA.com)

## SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

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I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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