



March 30, 2021

HERBORIUM GROUP, INC.

(OTC – HBRM)

Industry: Natural Medicine

3-6 Mo. Price Target: \$0.012

HERBORIUM GROUP, INC.

Innovative Natural Therapeutics Firm Offers Major Upside

Rob Goldman
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COMPANY SNAPSHOT

Herborium Group, Inc. is an international natural therapeutics company that develops, licenses and markets proprietary, botanical based medicinal products to consumers and healthcare professionals. The Company's business model focuses on emerging opportunities spearheaded by the growth of new markets located between high-cost, high-risk, ethical pharmaceuticals and commoditized classic nutraceuticals (supplements). Herborium offers products for dermatological conditions, wellness and energy, women's health, selected sexual disorders, and specialty offerings.

KEY STATISTICS

Price as of 3/29/21	\$0.0021
52 Week High – Low	\$0.0074 - \$0.0001
Est. Shares Outstanding	6.5B
Market Capitalization	\$14.0M
Average Volume	301,459,749
Exchange	OTCPK

COMPANY INFORMATION

Herborium, Group, Inc.
 One Bridge Plaza
 Fort Lee NJ 02024

Web: www.Herborium.com
 Email: dragnes@herborium.com

INVESTMENT HIGHLIGHTS

Leveraging product efficacy and a broad global reach, we believe that HBRM is poised to transform the multi-billion-dollar natural medicine industry. The Company specializes in skin care, sexual health, and wellness products.

Natural Medicines are widely used and recommended by clinicians worldwide. HBRM re-defined and upgraded this category by introducing Botanical Therapeutics®. These products are made from botanical and plant extracts via an advanced, proprietary extraction process, unique formulations plus clinical data-based validation and address health and wellness conditions.

HBRM offers products for men and women including unique anti-acne tablets, a highly efficacious face mask to prevent COVID-19 spread and other aerosol-transmitted diseases and sexual health formulations. HBRM plans to offer new products during 3Q21.

We project outsized growth as HBRM launches an interactive content platform. This new initiative will enable HBRM to reach a wider audience and serve as a more effective e-commerce platform for HBRM and its partners and introduce novel internet and social media-based content products sought after by consumers.

Our current estimates call for sales to grow from \$1M in fiscal 2020 to \$11.0M in fiscal 2022. Net margin is forecast to jump to 24% in 2022.

Our 3-6-month price target of \$0.012 represents a 400% leap from recent prices and reflects 30x our 2022 net income forecast of \$2.6M, which is a typical P/E multiple for fast-growing emerging firms at HBRM's stage. Looking ahead, we believe HBRM could reach \$0.024 in the next 12 months, a double from our 3-6 month target.

COMPANY OVERVIEW

U.S.-based **Herborium Group, Inc. (OTC – HBRM)** is poised to transform key segments of the global natural medicine market and emerge as the industry's go-to destination. The Company boasts unique positioning in dermatology, sexual health, wellness, and specialty products while generating sales from diverse markets in North America, APAC (Asia and the Pacific Rim), and Europe. Leveraging key trends in its underlying target markets and its products' respective efficacies, we believe that HBRM is set to enjoy outsized revenue growth in 2021/2022. Moreover, as one of the industry's leading thought leaders, the Company is set to launch new initiatives that could substantially raise HBRM's profile and lead to exponential product sales as well as varied revenue streams, through its soon-to-be launched interactive content platform.

The Space

According to a report by Grandview Research, the complementary and alternative medicines market, including botanical therapeutics, which HBRM conceptualized and introduced, is projected to reach \$296.3B in 2027. It should be noted that this figure includes anti-acne treatments, which is one of the Company's key product categories. It is estimated that up to 89% of U.S. consumers utilize natural medicines or supplements and an overwhelming majority of physicians use or recommend these products.

Products in this sector are made from botanicals, that are used to address symptoms and causes of number of health and wellness conditions and concerns, as well maintain overall health and wellness. The products can be in oral form such as liquids, capsules or tablets, or in topical solutions. People have used the active ingredients in dietary supplements for thousands of years to improve health and to treat illness. In fact, in many instances those original herbal ingredients are the basis for some of today's common medicines.

Against this backdrop, an NIH-led Natural Product Technology, Methodology, and Productivity Optimization Center is focused on developing methods to accelerate research on complex natural products such as botanicals for human health and on collaborations to develop applications of these methods. Tests and studies are funded through 2025 with many leading universities and institutions, providing further validation on the efficacy of key products in this segment. These initiatives reflect a growing global interest in natural and personalized wellness and prevention and have opened the door for Big Pharma to potentially enter into licensing opportunities with innovative, botanicals-based medicinal and wellness products firms, such as HBRM.

The Approach

The Company's business model focuses on emerging market opportunities spearheaded by the growth of a broadly popular new healthcare sector linked on one side by high-cost, high-risk, ethical pharmaceuticals and on the other side by lower-cost, classic nutraceuticals. Thus, this sector reflects reasonably priced, efficacious products for varying conditions. Importantly, HBRM uses clinical validation and a proactive regulatory strategy based on FDA guidance for Botanical Drug Products to establish and maintain a differential and competitive advantage within this sector.

Today, HBRM offers popular products to address skin conditions such as acne, which is a huge global market, including the APAC region, and has been additionally increased by conditions exacerbated by facemasks. In

fact, 75% of all people of every color, ethnic, group, religion and economic strata will develop acne at one point in their lives. In addition to the anti-acne offerings, HBRM sells a high-end facemask to prevent COVID-19 transmission. Separately, the Company offers sexual health formulations for men and women that boasts a terrific brand and is popular with both sexes. Management has opened or expanded its presence in key treatment categories and key geographies which should result in substantial revenue growth in sales and profit in fiscal 2021 and 2022.

Going forward, HBRM plans to unveil its new, interactive content platform utilizing artificial intelligence and cross-industry partnerships that should make HBRM the go-to destination for global consumers, along with major social media, and professional medical, pharmaceutical and wellness service providers. In addition, we expect that the Company will introduce innovative content-only products and new products in the terpenes space, which expects to become a more advanced alternative to current mass products in the often “polluted” cannabis sector.

Financials and Valuation

One of the things that separates HBRM from most emerging consumer stocks is management’s ability to run a tight ship and record sales growth AND profitability even in difficult environments. For example, despite the COVID-19 pandemic, gross profit margin dramatically expanded, and HBRM was profitable for fiscal 2020, with sales rising 13% to roughly \$1M. At present, we project top line will reach the \$3.5M mark this year with an 11% net margin while sales are forecasted to hit \$11.0M in 2022, with a 23% net margin. Our 6-month price target of \$0.012 reflects 30x our 2022 net income forecast of \$2.6M, which is typical for fast-growing emerging firms at HBRM’s stage. Looking ahead, we believe that these shares could reach \$0.024 in the next 12 months, as investors value the Company based on a 20x net income multiple of \$7.8M in 2023 sales, which we preliminarily estimate could reach \$29M.

THE HERBORIUM DIFFERENCE

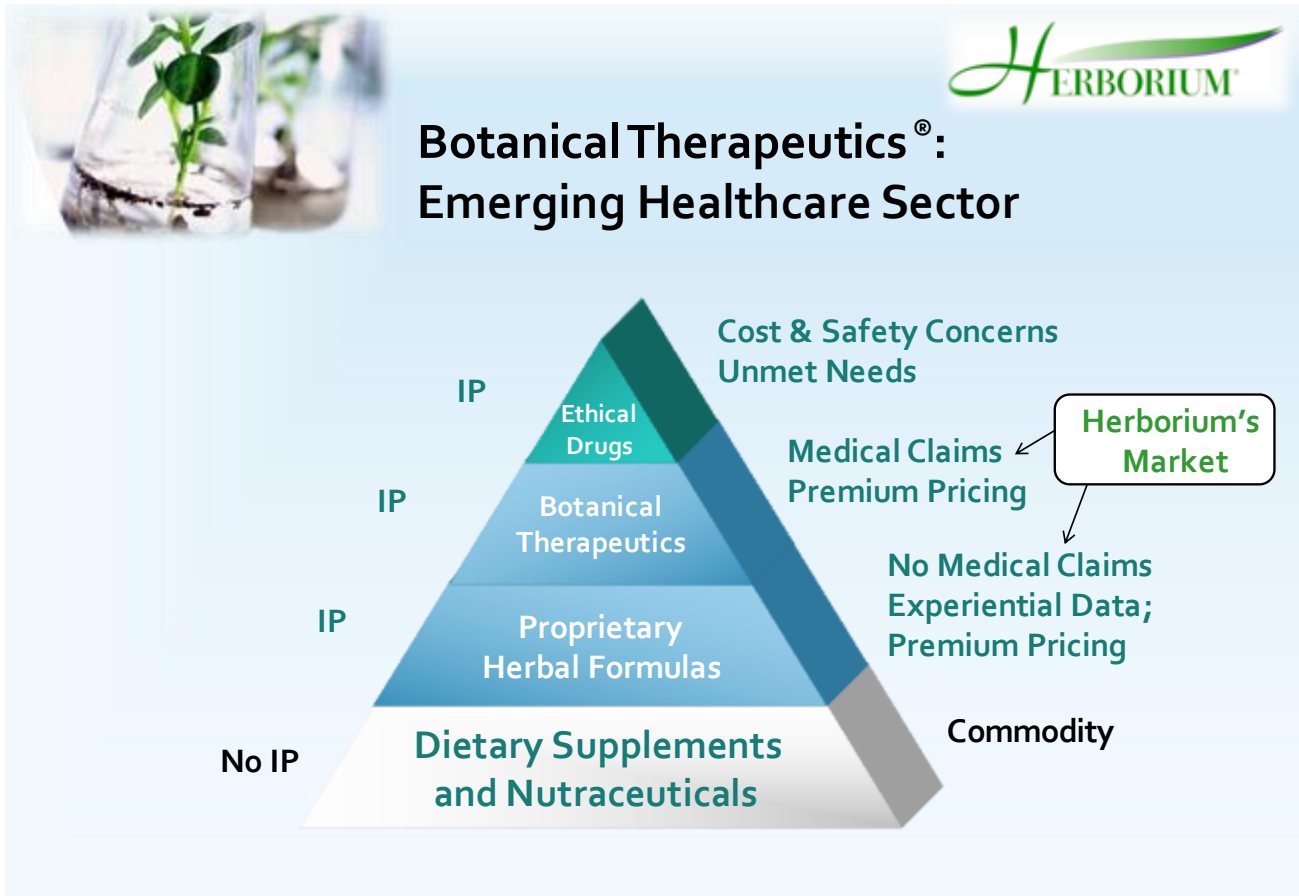
Herborium Group, Inc. is an **international** botanical therapeutics company that develops, licenses and markets proprietary, botanical based medicinal products to consumers and healthcare professionals. The Company is poised to emerge as the destination of choice for those seeking novel, validated, natural medicine treatment options (Botanical Therapeutics®) and an innovative, interactive content platform for to meet the growing market of health and wellness concerns. Herborium Group products are designed to serve large, unmet needs for people suffering from chronic conditions or are pursuing overall health and wellness improvement. The Company sells its products in the United States, the United Kingdom, and continental Europe through a network of distributors, specialty retailers, and e-commerce.

The global market opportunity is in the hundreds of billions of dollars and is driven by consumers’ desire to improve their respective health and wellness in a personalized medicine approach, supported by their clinicians. According to a report by Grandview Research, the complementary and alternative medicines market, including botanical therapeutics, in which HBRM is an emerging leader, is projected to reach \$296.3B in 2027. It should be noted that this figure includes anti-acne treatments, which is one of the Company’s key product categories. This figure may prove to be conservative as some industry figure suggest the current size of the North American and European Union markets alone are \$240B today, as the Grandview figure may not include certain categories such as facemask and alternative revenue streams generated via an interactive content platform.

While it is estimated that up to 89% of U.S. consumers utilize natural medicines or supplements, the market is not solely a consumer-led phenomenon. In fact, an overwhelming majority of physicians use or recommend these products.

In 2017, 31% of the world’s consumer disposable income was estimated to have originated from Asia. By 2030, Asia is expected to add an additional \$12 trillion in disposable income, which is almost 55% of the global total. Given that the APAC region already may spend more per capita than other geographies, it is not surprise that the Asian skincare market is expected to be a huge driver of sales, going forward.

To harness this opportunity, HBRM signed a master distribution agreement with Phinix Global Pte. Ltd. (“Phinix”). Phinix Global Pte. Ltd. is a part of GPS Alliance Holdings Limited (AU:GPS) which is listed on the Sydney Stock Exchange. GPS has extensive reach throughout Southeast Asia . In addition to marketing and distributing HBRM’s products, the two companies are presently discussing additional near-term partnerships to foster growth in the U.S. and Asia. Phinix is presently in the process of registering Herborium’s products in Singapore to prepare them for a rollout in Asian markets in 2Q21.



Botanical Therapeutics® contain proprietary, typically patented formulas that are all natural (herbal) and offer clinical validation in terms of safety and efficacy that have achieved documents clinical endpoints in studies or trials. In addition to the unmatched safety profile associated with this category, Botanical Therapeutics® are developed to correct the causes of conditions, not just treat symptoms, along with supporting overall wellness. As a result, this category is designed to produce products to address large, unmet medical needs, that leverage consumer's hunger for integrated, personalized and interactive medical and wellness solutions.

In addition, the access to information via the Internet and social media prompts consumers to engage in self-diagnosis and self-treatment as the number one qualitative change in healthcare and as a core disruptive force behind the need for interactive content between providers, marketers, and consumers. Herborium Group is primed to serve as this bridge.

Moreover, with Rx drug development cost skyrocketing, Big Pharma is steadily increasing its interest in proprietary consumer and Natural Medicinal Products via acquisition or license.

The Products



The Company's leading product is AcnEase®, a tablet form offering containing all herbal ingredients. Carrying a 96% efficacy rating confirmed by clinical testing and experiential data, AcnEase® targets all types of acne (face and body, hormonal, chronic and acute) in both men and women of all ages and is suitable for all types of complexions. Importantly, AcnEase® meets the new, ever-present need to treat and prevent Mask-Acne, or "Maskne". This condition has affected millions across the globe and is an unfortunate by-product of the COVID-19 pandemic. Maskne is the result of number of factors including abrasion, trapped humidity from breathing and sweating, lack of oxygen access and other factors that prompt bacteria to proliferate and result in triggering an acne cascade. Clearly, the opportunity for this indication alone is in the hundreds of millions.

Separately, treats symptoms of Rosacea. Other key characteristics include:

- Safe, no side effects or drug interaction
- No sun restrictions
- Suitable for all types of skin, genders and age
- Prevents acne from forming, inhibits acne cascade
- No skin discoloration

The overall market across all indications is huge and AcnEase® provides recurring revenue as well. Today, there are 75M acne sufferers and 17M Rosacea sufferers in the U.S., 120M in US, Canada and EU, plus 300M in Asia. Interestingly, 75% of men and 85% of women develop acne at some point of their lives. The average age of the skin condition sufferer today is 25.5 years old and includes those suffering from acne, oily skin, razor bumps, etc. AcnEase® boasts a strong social media following with roughly 10,000 Facebook likes. Plus, the product is the Number One Natural Acne Treatment in France and AcnEase® is sold through the largest e-

reseller in the UK. A lack of new products in this category could lead to potential licensing by branded or ethical drug companies, which could serve as a huge windfall for the Company.



In December 2020, HBRM launched the first product line extension which is complementary to its Botanical Therapeutics® AcnEase® core offering. This product is focused on acne scars, marks and other cosmetic imperfections of the skin. The product line utilizes plant-based stem cell technology developed by NASA. The product series is already a part of the Asian expansion plan and is the first module in introducing the AcnEase Skin Management System.

ME-Mask

Earlier this year, HBRM introduced a highly effective antimicrobial, anti-viral, water repellent (Prevents Aerosol Viral Transmission), reusable fabric face mask. The mask offers protection for the wearer and others by preventing COVID-19 transmission www.memasklife.com.

The ME-Mask is based on proprietary Japanese technology and has been tested by Intertek www.intertek.com, a Total Quality Assurance provider based in the UK that provides Assurance, Testing, Inspection and Certification services in over 100 countries. ME-Masks are differentiated from any other standard cloth masks on the market, by their internationally confirmed ability to protect the user as well as others. Through its 2-in-1, double layer innovative technology it has demonstrated to be 99.98% Reduction Water Repellant and retain its beneficial qualities for 30 washes. The inner layer of the mask uses colloidal copper and colloidal silver known for their antimicrobial and anti-viral properties to enhance the protective value of the mask. These masks also provide superb comfort for prolonged use and are created to prevent and mitigate mask acne.



The consumer's cost is less than \$0.70 per use since and is sold via its own e-commerce platform and through the network of existing and new distributors and partners in the US and abroad.

According to Polaris Market Research the Face Mask market will surpass \$31.83B by 2027 with a CAGR of 24.6%. With 50% of the US population expected to wear masks at this time next year, the fastest growth in face mask market is expected in the sector of reusable, personal masks which are projected to surpass \$9 billion in revenues by the end of 2021. This calculation is based on a rather conservative assumption that each consumer will buy only 5 multi-use masks (according to Keybank Capital Markets).

Management expects to generate sizable revenue through the sales of the new masks, while at the same time cross-selling to existing and potential new consumers suffering from such skin problems as acne and Rosacea (www.acnease.com). ME-Mask not only offers superb protection against the spread of Covid-19. It is also created to mitigate the occurrence mask acne (Maskne) resulting from prolonged wear of facial covering.

The Sexual Health and LE Series

With no direct natural or botanical competitive equivalents, HBRM is set to commercialize Lasting Power® for Men and Lasting Pleasure® for Women. .

Representing a \$3.5B market, Lasting Power® is a proprietary all-botanical formula designed to improve a man's staying power and provides for harder erections. Plus, it improves sexual stamina and enhances a man's sexual experience as well as for his partner by facilitating a longer erection and preventing premature ejaculation. Longer term, this formula improves male erectile disorders with no cardiovascular side effects.

Lasting Pleasure® is a proprietary all-botanical formula which improves women's libido and sexual satisfaction with a 90% satisfaction rate. This one-of-a-kind systemic product is tested and proven to increase sexual arousal in women. Longer term use has demonstrated effectiveness for female sexual dysfunction – fragility.

Representing an \$8B market, the new Lasting Energy®, is an all-natural, proprietary energy drink that provides an immediate energy boost sustainable for 4-6 hrs. The offering is slated for release in 3Q21 and is good for endurance training with no jitters or rapid “deflation”. The tasty beverage improves mental acuity and alertness, reduces stress, and is excellent for both high performance and high alertness sport activities. There is no direct natural or botanical competitor and offers an unprecedented safety profile. Importantly, it has no caffeine, sugar, or chemical stimulants.



Future products include:

- **AcnEase Skin Management System® with SOS Acne Treatment**
- Stem Cells 3D Skin Regeneration Series
- **LE Series:**

Lasting Power SPORT® (Stamina for Athletes)

Lasting Energy HG® (Hangover)

- **Lasting Energy Brain®** (Alertness)

The Next Big Revenue Driver

HBRM recently announced it has entered into an advanced planning stage for a unique content product to be launched in 2022. Content is the most sought-after value creator in today's digital commerce. The worldwide revenue generated by content was \$208.3 billion in 2019 and is expected to grow to \$414.2 billion by 2025. HBRM's new content and innovative Artificial Intelligence platform is being designed to serve as a powerful promotional tool for existing and future HBRM products. Moreover, we believe it will generate significant revenues and uplift HBRM recognition as a prominent content platform. Content plays a crucial role in achieving business and social media objectives such as brand recognition, thought leadership, audience engagement, and lead generation, and is the most important factor in building a go-to destination for customers and consumers.

We believe HBRM will secure meaningful top-line growth through a variety of sources. These include revenue increases of its own products, revenue share or advertising dollars through partners, direct/indirect marketing via Key Opinion Leaders, influencers, and relationships with key organizations and clinicians in Women's Health, Sexual Health, and other categories.

HERBORIUM LEADERSHIP TEAM

Agnes P. Olszewski, Ph.D. MBA; Founder, Chairman, Chief Executive Officer

Dr. Olszewski, co-founder of Herborium, has over 25 years of experience in business strategy, strategic marketing management and international business. She holds MS and Ph.D. degrees in medical science from Warsaw University, Poland, and an MBA from Fordham University, New York City. Dr. Olszewski has been a consultant and a team leader on strategic management and competitive marketing strategies for leading American healthcare corporations as well as foreign companies and institutions. In her capacity as an international consultant, she has led multicultural negotiations and managed diverse teams of professionals in the USA, Asia and Europe. She has also been responsible for developing and implementing business and marketing strategies in the US and foreign markets. Dr. Olszewski's client list includes AT&T, Johnson & Johnson, Bioforum, Teva, Herbapol, Nynex Communications, Unigene Laboratories Inc., Polish Airlines "LOT", Ministry of Foreign Trade and Economic Collaboration of PRC, Chinese FDA, UNDP, amongst others.

She is a Council Member of GLG Group, the world's leading consulting group established in 1998 to connect business to insight, she served as Member of the Global Round Table for the State of New Jersey and the Council Women of the Polish American Chamber of Commerce. After the collapse of communism in Central Europe, Dr. Olszewski formed A&T Global Marketing Inc., one of the first consulting firms in the US focusing on the transfer of western management and financial know-how into transitional economies. The company was also involved in advising American corporations on entry strategies into the emerging markets of Europe and Asia. Dr. Olszewski has successfully led the efforts to form Joint Ventures in Poland, China and France. She was a President and CEO of G.O. International, Inc., a consulting company specializing in business strategies for pharmaceutical industry and global technology transfer. G.O. International, Inc. merged with Herborium, Inc. in June 2005.

Prior to starting Herborium, Dr. Olszewski was a tenured Professor and Director of The Institute for International Business and Director of the MSIB Program at Seton Hall University. Dr. Olszewski is the author of over 150 publications and presentations in the US and abroad. She served as a Member of The Women's Presidents Organization, an Executive Member of the American Marketing Association, Member of the Academy of International Business, American Academy of Management, and the International Platform Association. Dr. Olszewski is a recipient of the Valley Forge Foundation National Economic Excellence Award and a recipient of the International Business Award of the State of New Jersey.

James P. Gilligan, Ph.D. MSIB; Co- Founder, Chief Scientific Officer

Dr. James Gilligan, a co-founder of Herborium, has over 30 years of experience in the pharmaceutical and biotechnology industry. Dr. Gilligan received his Ph.D. in Pharmacology and Toxicology from the University of Connecticut, during which time he completed a special research fellowship at the Cleveland Clinic

Atherosclerosis Research Unit. He performed his post-doctoral training at the Roche Institute of Molecular Biology. Dr. Gilligan is author or co-author of over 15 US patents as well as multiple PCT patents and the author of numerous scientific publications. He also received a MS in International Business from Seton Hall University.

Dr. Gilligan was Vice President of Product Development at Unigene Laboratories Inc. Fairfield, NJ, a biopharmaceutical company until 2010. He was a founding member of Unigene in 1981 and participated in the design of its R&D facility in 1983 and the cGMP biotechnology manufacturing facility in 1993. His responsibilities have included coordination of all US and international pre-clinical research, toxicology, and regulatory filings as well as design and management of clinical studies. He was an integral part of the team that successfully registered the first "generic" biotechnology product in the EU via a centralized submission. Dr. Gilligan was responsible for coordinating with Warner Lambert (Pfizer) the oral salmon calcitonin program for the treatment and prevention of osteoporosis. He was also responsible for the US program to register and license Fortical Nasal Spray, obtain the Company's first NDA approval, as well as identifying new applications for Unigene's technology and negotiations with prospective partners.

Dr. Gilligan was co-founder and Chief Scientific Officer of Tarsa Therapeutics from 2010 until 2018 overseeing the Phase III clinical program for TBRIA an oral salmon calcitonin (sCT) product being developed for post-menopausal osteoporosis and is a Managing Partner of the c Group, a Consulting Partnerships specializing in clinical and regulatory affairs.

Advisory Board

Conrad R. Huss, BS. MBA

Conrad R. Huss has over twenty-five years of investment banking and business operating experience. Over the course of his career, he has served as Managing Director for a number of investment banking divisions at small and middle market firms, as a Founding Partner of a boutique bank specializing in technology and health care, and as chief Executive Officer of a medical technology company. To date, Mr. Huss is responsible for initiating and raising equity of over \$1 billion dollars.

Presently, Mr. Huss is also a Senior Managing Director at SCM Capital LLC, an Investment Bank, focusing on emerging growth companies.

Prior to joining SCM Mr. Huss was a Managing Director at du Pasquier, an Investment Advisor and Investment Banking company based in New York. Mr. Huss was also a Founding Partner at Berwyn Capital & Advisory, LLC, a boutique Investment Bank, providing advisory and financial consulting services to small companies, specializing in Life Science and Technology. Mr. Huss served as the Managing Director at Auerbach, Pollak & Richardson, Inc., where he specialized in technology, health care and consumer product industries, and developed operating plans for the banking department among other initiatives. Mr. Huss spent several years at Reynders, Gray & Co., Incorporated where he was Managing Director in the Investment Banking Division; and, prior to that served as Managing Director, Corporate Finance at Credit Lyonnais Securities USA, Inc. where he was responsible for originating transactions for both domestic and International clients and for cross-border merger and acquisition assignments and equity offerings. Prior to Credit Lyonnais, Mr. Huss was a Managing Director at Ladenburg Thalmann & Co., Inc., focusing on Public Offerings.

Mr. Huss attended New York University, where he graduated with a Bachelor of Science degree (BS) in Accounting and Finance; and Adelphi University, where he received his master's degree in business (MBA).

Dr. Ashok N. Vaswani, MD., FACE, FACN

Dr Vaswani holds BOARD CERTIFICATIONS in Internal Medicine, Endocrinology and Metabolism as well as in Clinical Nutrition and brings to Herborium a unique blend of multi-disciplinary medical expertise and an integrated, holistic medicinal and wellness approach. A former Fellow of Yale University, Director of Research at Winthrop University Hospital, practicing physician, consultant and speaker for such pharmaceutical companies as Sanofi, Pfizer and Proctor and Gamble Dr Vaswani has been featured as Top Doctor, New York Metropolitan Area for 20 years. Dr Vaswani has also been a principal investigator in numerous FDA Clinical Studies and author of number of scientific publications and presentations.

FINANCIALS SNAPSHOT

One of the things that separates HBRM from most emerging consumer stocks is management's ability to run a tight ship and record sales growth AND profitability even in difficult environments. For example, despite the COVID-19 pandemic, gross profit margin dramatically expanded, and HBRM was profitable for fiscal 2020, with sales rising 13% to roughly \$1M. At present, we project top line will reach the \$3.5M mark this year with an 11% net margin while sales are forecasted to hit \$11.0M in 2022, with a 24% net margin. On a preliminary basis, we project 2023 sales could reach \$29M. (Note: These forecasts are our own and we did not receive projections or forecasts from management.)

At present, we believe that revenue in 2021 will be driven by the skin care products (tablets and masks), and we would not be surprised to see large-scale orders on the mask side, given the current environment. Masks appear to be here to stay through 2022. Going forward, as wide-scale marketing ensues, the LE formulations, the new interactive content platform and products and terpenes-related business will likely drive top-line growth in 2022-2023. Moreover, we expect sales to be driven by the U.S. and APAC geographies.

RISK FACTORS

In our view, the Company's biggest risks are related to the timing and magnitude of the sales and marketing ramp, and subsequent broad implementation/utilization of the current and future proprietary products. A related risk could be the complacency of consumers due to the current global COVID-19 vaccination efforts. Although some countries have excelled in this regard, it will take many quarters before such distribution reaches its apex. Moreover, since those vaccinated can still spread the virus, and it is unclear what the efficacy of the vaccines are against new variants, mask-wearing is likely to largely remain required in most markets around the globe. Separately, new products that demonstrate greater effectiveness or lower prices could impair HBRM's sales ramp and profitability.

The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of HBRM's size and standing. Moreover, we believe that HBRM's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth and consistent social media management implementations.

Volatility and liquidity are typical concerns for microcap stocks that trade on the over the counter (OTC) stock market. Although the number of shares outstanding has been little changed in recent quarters, management is may seek o raise funds in a Reg A offering to fund corporate sales/marketing expansion and potential product M&A. 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.

CONCLUSION

Leveraging product efficacy and a broad global reach, we believe that HBRM is poised to transform the multi-billion-dollar natural medicine industry. The Company specializes in skin care, sexual health, and wellness products. Natural Medicines are widely used and recommended by clinicians worldwide. HBRM re-defined and upgraded this category by introducing Botanical Therapeutics®. These products are made from botanical and plant extracts via an advanced, proprietary extraction process, unique formulations plus clinical data-based validation and address health and wellness conditions.

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Table I. Herborium, Inc.
 Pro Forma Income Statement
 (\$,000)

	FY20E	FY21E	FY22E
TOTAL REVENUE	\$993	\$3,500	\$11,000
Cost of Sales	\$354	\$950	\$2,600
Gross Profit	\$639	\$2,550	\$8,400
<i>Gross Margin</i>	64.4%	72.9%	76.4%
SG&A	\$570	\$2,000	\$5,500
Total Operating Expenses	\$570	\$2,100	\$5,500
Operating Income	\$69	\$450	\$2,900
<i>Operating Income Margin</i>	<i>N/A</i>	12.9%	26.4%
Add' Inc. (Exp)	(\$21)	(\$50)	(\$100)
Earnings Before Interest and Taxes	\$68	\$400	\$2,800
Taxes	\$0	\$0	\$200
Net Inc. Cont. Ops	\$47	\$400	\$2,600
Net Income	\$47	\$400	\$2,600
Diluted Earnings Per Share	\$0.00	\$0.00	\$0.00
Wtd. Est. Shares Outstanding	6,400,000	6,500,000	6,600,000

Sources: HBRM, OTC Markets, and Goldman Small Cap Research

RECENT TRADING HISTORY FOR HBRM

(Source: www.StockCharts.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*.

ANALYST CERTIFICATION

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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