



March 31, 2021

AMERICAN PREMIUM WATER CORPORATION

(OTC – HIPH)

Industry: Consumer Products 6-Mo. Price Target: \$0.0425

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Global, Regional Partners, New Products Should Lead to Major Growth

Rob Goldman
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COMPANY SNAPSHOT

American Premium Water Corporation is a technology driven consumer products life sciences company that is engaged in the development, manufacturing and distribution of premium beverages, edibles, topicals, balms and cosmetics that are infused with CBD and other formulations that improve health & wellness. Through strategic partnerships, acquisitions, investments, and exclusive licensing arrangements, HIPH is positioned to becoming the leading premium consumer products life sciences company, featuring brands such as Cali Bear (www.calibear.life) LALPINA (www.lalpinahydrocbd.com) plant + body essentials (www.plantbodyessentials.co) and Vanexxe (www.vanexxe.com)

KEY STATISTICS

Price as of 3/30/21	\$0.0085
52 Week High – Low	\$0.037 – \$0.001
Est. Shares Outstanding	1.6B
Market Capitalization	\$13.6M
Average Volume	42,421,279
Exchange	OTCPK

COMPANY INFORMATION

American Premium Water Corporation

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 Third Floor
 Playa Vista CA 90066

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 Phone : 888.983.0054

INVESTMENT HIGHLIGHTS

HIPH offers one of the most diverse product lines in the CBD-infused products industry and is set to sell its offerings through key channel partners in the U.S. and Asia-Pacific (APAC), driving major sales growth. HIPH's success leverages its emphasis on innovation, broad distribution, and enhanced manufacturing capabilities through partnerships.

The HIPH core business primed to capture a meaningful share of the \$22 Billion market. HIPH is no one-trick pony. The Company offers premium beverages, edibles, and topicals that promote wellness and can improve outcomes in certain conditions.

Two key partnerships position HIPH for outsized growth in 2021 and beyond. BioHealth Water owns 9.99% of HIPH and serves as a major channel partner in the APAC region. A JV with Cali Bear has opened up new distribution and fulfillment partner as well as new product categories.

Milestone events such as the multi-product Cali Bear offerings in April 2021, along with sales abroad should drive value in these shares. Future uniform product branding, and product launches based on the HIPH proprietary technology platform could broaden the Company's awareness and reach.

Our forecasts suggest sales could reach \$2M in 2021 and \$9M in 2022, led by new product and market opportunities, including potential CBD sales in APAC. We believe HIPH could generate break-even results in 4Q20 and a 20% net margin next year.

Our 6-month price target of \$0.425 is very achievable and HIPH has a history of exceeding our price targets. This target is based on a typical industry price/sales metric.

COMPANY OVERVIEW

Based in California, **American Premium Water Corporation (OTC – HIPH)** offers one of the most diverse product lines in the CBD-infused products industry and is set to sell its offerings through key channel partners in the U.S. and Asia-Pacific (APAC). As a result, we believe that the Company could generate industry-leading top-line growth in 2021 and 2022. CBDs, the natural phyto-cannabinoid extracted from cannabis, is extracted from the stalk of a hemp plant. Studies have shown that CBD can be a natural remedy for such ailments as asthma, insomnia, anxiety, depression, arthritis, among other maladies. CBD is also considered to be an all-natural alternative to opioids. The market is huge. Brightfield Group projects the hemp-derived CBD market will reach \$22 billion by 2024.

Moreover, HIPH differs from its peer group in a number of ways. Unlike most CBD-infused product companies, the Company is no one-trick pony. It offers a varied line of beverages, edibles and topical solutions and offers products direct to consumers, to the wholesale market, along with the domestic and targeted international markets as well.

New Channels

In mid-2020, HIPH entered into an investment and distribution agreement with BioHealth Water Inc., a newly formed wholly owned subsidiary of Alset International Limited (SGX:40V). BioHealth Water acquired 9.99% of the total issued and paid-up stock capital of the Company, as well as both exclusive international distribution rights and non-exclusive domestic distribution rights for the Company's products. This transaction demonstrates and validates the underlying value of the core HIPH technology, which is primed to be monetized via the sales of multiple product offerings in targeted markets. Given BioHealth's reach and resources, we believe the Asia-Pacific region could emerge as a major source and driver of revenue.

The Company has already signed a key distribution agreement with distribution and fulfillment provider Just Logistics, which boasts a 2,000-smoke shop and other category reach from Maine to Virginia, including markets that have demonstrated a propensity for CBD products such as CBD-infused water, gummies, and topicals. HIPH has legacy marketing and distribution channels as well both in the US and abroad.

New Products

The current focus of the BioHealth partnership is the sale of two new products using HIPH's proprietary Hydro Nano technology. These products include *Nano Energy Water*, which creates natural energy by increasing blood flow upon ingestion, and *Nitrous Oxide Energy Shots*, a natural alternative to caffeine, which stimulates the blood vessels to expand, resulting in increased blood flow and stimulation after ingestion. The first nano-infused products were shipped to locations in the United States, Singapore, Hong Kong, and Malaysia earlier this year. Plus, the Company is also exploring the development of some CBD-infused nano products for distribution in BioHealth's direct channels when CBD becomes more readily accepted in foreign markets.

Slated to commence sales in the Northeast in April 2021, Cali Bear is positioned as a core CBD product sales driver in 2021 and beyond. The Cali Bear (<https://www.calibear.life/>) approach is novel and fosters broad acceptance and deployment among key CBD product distributors, in our view. CBD marketers, distributors,

and consumers are drawn to the brand due to the global team of internationally accomplished athletes that are part its influencer team. This is crucial in the CBD space, as it allows these athletes to intimately share their experiences with CBDs and demonstrate how it has contributed to their success to the masses that may be unaware of all its benefits. The Cali Bear brand is unique as it has paired athletic performance with the celebrated California lifestyle, a staple of CBD culture.

The following products will be sold under the Cali Bear brand produced by the Company at launch:

- 16oz Nano CBD Water utilizing the Company's proprietary nanotechnology to ensure proper hydration during competitive activity
- 2oz Nano CBD "Chill" Shot utilizing the Company's proprietary nanotechnology designed to be used after competition to relax and recover
- CBD infused Lip Balm which is intended to be used on and off the court to protect against chapping and blistering
- CBD infused pain relief cream used during and after competition to relieve pain and muscle soreness
- CBD infused gummies to be used anytime to stay "Cali Cool" anywhere and on the go

Financials and Valuation

With multiple relationships and products across multiple markets, HIPH clearly has multiple shots on goal. As 2020 was a product, distribution, and marketing infrastructure-building year, we project around \$2M in total sales for 2021. However, we forecast \$9M in sales for 2021, with sales dominated by CBD beverages, and gummies and on a secondary basis, topicals. We preliminary forecast that sales could be evenly split in the U.S. and APAC. However, we believe the greatest upside exists in the APAC market. We presently estimate that break-even cash flow results on an annual basis could be achieved even at the \$1.8M level this year, with 20% net margin achievable at the \$9M mark in 2022. If management is successful in improving the balance sheet, a modest margin increase is in the cards.

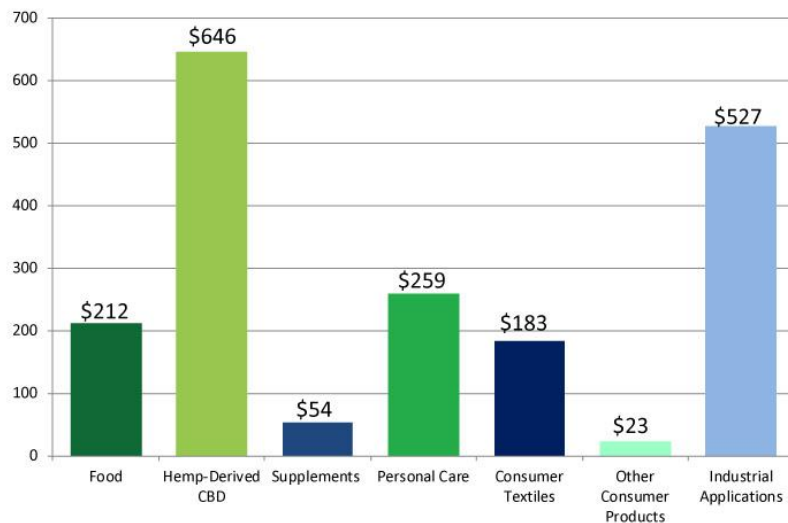
Our 6-month price target of \$0.0425 reflects roughly 7.5x our 2022 sales forecast of \$9M. This P/S metric is typical of CBD product peers, along with firms of HIPH's size, and standing. Given that HIPH's shares have twice exceeded our earlier price targets we note that this valuation could prove to be low as quarterly sales events (like the April launch) and future milestones are achieved.

A CBD PRIMER

There are few industry segment that are as dynamic or offer as much upside potential as hemp-based CBDs. As has been widely publicized, the Brightfield Group projects the hemp-derived CBD market will reach \$22B by 2024, up from an estimated \$6.5B in 2020. It should be noted that the current state of the CBD segment is in a bit of a state of flux. FDA comments a year ago regarding labeling, potential health risks, and the lack of comprehensive studies with ingestible and edible CBD-infused products, have impacted broad sale and distribution by major retailers, and procurement by some CBD buyers. As a result, a shift toward topical solutions verses edibles and beverages appears underway by the major consumer retail outlets. Thus, CBD-infused companies with a presence in topical products may outperform the CBD product company peers that

do not have exposure in this segment. Still, results from a recent CBD User Survey we completed 18 months ago indicate that “FDA be damned” and that consumers are not changing their buying habits. Fully 85% do not plan to change their spending. They are convinced CBD-infused products aid in anxiety, inflammation, immune health, and other conditions.

\$1.9 Billion U.S. Hemp-Based Product Sales by Category in 2022e



Source: *Hemp Business Journal* estimates (\$ mil., consumer sales)

One of the reasons why consumers confuse hemp and marijuana is that they are both part of the cannabis family. Cannabis plants contain unique compounds known as cannabinoids---these plants have nearly 100 active varieties of cannabinoids, including THC, which is the psychoactive chemical associated with “getting high”. Unlike marijuana, which contains meaningful amounts of THC, hemp may only contain a trace amount of THC (0.3% of chemical), which a critical differentiator (more on that below.) **Since CBDs are far more abundant in hemp products than marijuana-derived CBDs, hemp-derived CBD is the preferred source for CBDs.**

Interestingly, both marijuana and hemp contain a cannabinoid known as *Cannabidiol*, CBD, which makes up 40% of the plant’s extract. **As confirmed by major organizations such as the NIH and WHO, CBDs have demonstrated to be useful to treat a number of major diseases and serious conditions while simultaneously been found to be safe for use by consumers.**

In early November 2017, the World Health Organization’s Expert Committee on Drug Dependence issued the following statement in its report:

“CBD has been demonstrated as an effective treatment of epilepsy in several clinical trials, with one pure CBD product Epidiolex® currently in Phase III trials (and since approved by the FDA). There is also evidence that CBD may be a useful treatment for a number of other medical conditions...The range of conditions for which CBD has been assessed is diverse, consistent with its neuroprotective, antiepileptic, hypoxia-ischemia,

anxiolytic, antipsychotic, analgesic, anti-inflammatory, anti-asthmatic, and antitumor properties.”
http://www.who.int/medicines/access/controlled-substances/5.2_CBD.pdf

Diseases for which CBD may have therapeutic benefits, as listed in the report include:

- Alzheimer's
- Parkinson's
- Multiple Sclerosis
- Cancer
- Crohn's
- Pain
- Anxiety
- Depression
- Nausea
- Cardiovascular Diseases

The National Institutes of Health (NIH) is a huge supporter of CBD research, with hundreds of projects funded in the past 5-6 years. to the tune of \$111M in 2015 alone, and a new one slated to begin the funding phase at year-end 2017. The NIH website notes that: *“Drugs containing cannabinoids may be helpful in treating certain rare forms of **epilepsy, nausea and vomiting** associated with cancer chemotherapy, and **loss of appetite and weight loss** associated with HIV/AIDS. In addition, some evidence suggests modest benefits of cannabis or cannabinoids for **chronic pain** and **multiple sclerosis** symptoms.”*

Against this backdrop, the proliferation of CBD-based products, including CBD-infused beverages has ballooned of late and huge growth is expected in the coming years. Hemp Business Journal projects total CBD product sales will leap from \$262 million in 2016 to \$1.95 billion in 2020, a 34% CAGR, and dominated by Hemp-Derived CBD products.

By the Numbers: (courtesy of Hemp Business Journal, Brightfield Group, GSCR)

- The industry is highly fragmented with hundreds of companies in the hemp-derived CBD space.
- We have seen estimates of as many as 1500 different products tracked by industry observers
- This segment includes beverages, oils, tinctures, vapes, topicals, edibles, etc.
- The most popular product category is CBD oil/tinctures, but beverages and edibles are the fastest-growing categories—with beverages accounting for 20% of future CBD sales.
- According to Zenith Global, the U.S. CBD-filled drinks market will reach \$1.4 billion by 2023
- Reports commented that 65 million Americans have tried CBDs with well over 60% finding the products to be effective CBD Users range in age from 18-65, with the majority of users in the 18-34 group
- Consumers procure products to treat anxiety, insomnia, and joint pain/inflammation.
- 50% say they are more effective than OTC products.
- 84% of users proclaim they are very or extremely effective.
- Consumers view these offerings as executing their personal health, and fitness needs.

DIVERSE PRODUCTS, DIVERSE MARKETS

HIPH is building a strong, diverse product offering targeting multiple geographies and markets, with an emphasis on innovation, broad distribution, and enhanced manufacturing capabilities through partnerships. Against this backdrop, we believe that while 2021 is a combination infrastructure and commercialization year, the second half of the year and all of 2022 could enjoy substantial top-line growth. With an eye to low costs, we believe the Company could begin to generate positive cash flow in 4Q21. In our view, a series of product introduction, sales, and profit milestones should serve as key catalysts for the Company, thus enabling management to achieve enviable market share.

Key International Partner: BioHealth Water

In mid-2020, HIPH entered into an investment and distribution agreement with BioHealth Water Inc., a newly formed wholly owned subsidiary of Alset International Limited (SGX:40V). BioHealth Water acquired 9.99% of the total issued and paid-up stock capital of the Company, as well as both exclusive international distribution rights and non-exclusive domestic distribution rights for the Company's products.

In our view, this transaction demonstrates and validates the underlying value of the core HIPH technology, which is primed to be monetized via the sales of multiple product offerings in targeted markets. The basis of the approach is in its underlying superior delivery which leads to greater bioavailability, especially compared to other mediums on the market.

The initial focus of this partnership was expected to be on the distribution of the Company's aerosolized sanitizing machines throughout hospitals and hotels. Given logistics and other issues, both parties are focused on the launch of two new products using HIPH's proprietary Hydro Nano technology. These products include Nano Energy Water, which creates natural energy by increasing blood flow upon ingestion, and Nitrous Oxide Energy Shots, a natural alternative to caffeine, which stimulates the blood vessels to expand, resulting in increased blood flow and stimulation after ingestion. The first nano-infused products were shipped to locations in the United States, Singapore, Hong Kong, and Malaysia earlier this year.

The Company is also exploring the development of some CBD-infused nano products for distribution in BioHealth's direct channels when CBD becomes more readily accepted in foreign markets. CBD will be a category that will continue to be a significant growth sector for the Company. The BioHealth leadership team has contributed resources to HIPH in order to assist with restructuring the balance sheet and corporate structure to prepare it for a PCAOB audit and eventual up-list. Given BioHealth's reach and resources, we believe the Asia-Pacific region could emerge as a major source and driver of revenue.

Key U.S. Joint Venture: Cali Bear

Slated to commence sales in the Northeast in April 2021, Cali Bear is positioned as a core CBD product sales driver in 2021 and beyond. The Cali Bear (<https://www.calibear.life/>) approach is novel and fosters broad acceptance and deployment among key CBD product distributors, in our view. Cali Bear was created to assist people's active and healthy lifestyles through premium, hemp-derived CBD products blended with the highest quality products available. The organic hemp is farmed with love in the nutrient-rich soils near the Pacific Coast

of Oregon. Interestingly, Oregon provides an ideal maritime climate for hemp farmers, which provides clean air, biodynamic soils, and is an industry-leading destination for the cultivation of hemp. All of Cali Bear's CBD extracts are 100% American made, organic, non-GMO, lab-tested, with no pesticides, no artificial flavoring, and are blended with the highest quality products available.



CBD marketer, distributors, and consumers are drawn to the brand due to the global team of internationally accomplished athletes that are part its influencer team. This is crucial in the CBD space, as it allows these athletes to intimately share their experiences with CBDs and demonstrate how it has contributed to their success to the masses that may be unaware of all its benefits. The Cali Bear brand is unique as it has paired athletic performance with the celebrated California lifestyle, a staple of CBD culture.

Cali Bear comes with the built-in opportunity to expand HIPH's product offerings from tinctures to gummies and other edible products, categories that are in high demand. Having a performance lifestyle brand like Cali Bear allows the Company to easily expand into these categories without stretching the limits of the brand. These edible products also allow the Company to demonstrate the power of its

nanotechnology, which can be easily integrated into the edible category, amplifying the consumer's CBD experience. Cali Bear is also well positioned to launch a nano THC infused water, as the brand may resonate very well within the lucrative dispensary distribution channel.

The Company has already signed a key distribution agreement with distribution and fulfillment provider Just Logistics, which boasts a 2,000-smoke shop and other category reach from Maine to Virginia, including markets that have demonstrated a propensity for CBD products such as CBD-infused water, gummies, and topicals.

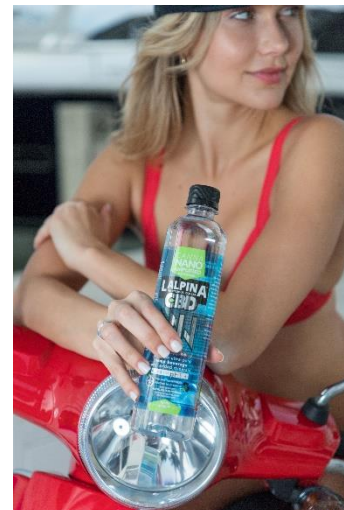
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- CBD infused gummies to be used anytime to stay "Cali Cool" anywhere and on the go

All of the products are part of the Company's plan to create a performance lifestyle 'Kit' that will give consumers the tools to maintain a fun lifestyle while achieving exceptional performance.

Current Products

LALPINA (www.lalpinahydrocbd.com) uses cutting edge hydro and nano technology to energize and deliver nutrients to the body. Mixed together with Nanotechnology, which has been used for pharmaceutical products to provide a solution for drug solubility and bioavailability, **LALPINA's** beverages combine the best of health, nutrition, and fitness to deliver the **LALPINA** lifestyle. Products are available in 3mg, 20mg, and 50mg bottles.



Vanexxe and plant+body essentials (www.plantbodyessentials.co) are a natural expansion in the CBD space to cosmetics, entering into a licensing and distribution agreement with Canyon Create (www.canyoncreate.com) the maker of Vanexxe (www.vanexxe.com) a cosmetic solution to unsightly varicose veins, and Prickly Pear, a compound that utilizes CBD and CBG to fight acne. Management has is upgrading the offering and will be more focused on its marketing and distribution later this year. Given that CBD-infused topical solutions and skin care is a large market geared toward women, a new targeted approach could result in meaningful sales in 2022.

Looking Ahead

Given its multitude of products and target markets, management may seek to formerly brand its nanotech in a uniform manner so consumers will be able to recognize a name synonymous with cutting edge technology in the marketplace. Achieving such uniformity is critical in building awareness and recurring sales in varied categories. To that end the Company will also focus on forging partnerships that will assist with the research and development into the power of our nanotechnology, expanding our level of institutional knowledge about the capabilities the technology, and how its applications can be maximized in the scope of monetization, without diverting resources from the primary initiatives of the Company. Given that HIPH's nanotechnology has so much potential, and is the Company's most important and undervalued asset, it makes sense to explore new applications and products. These include amplifying the effect of liquor and applying bioavailability of psychedelics.

Separately, smokeables is another product category that is on the Company's radar in 2021 due to great demand from HIPH's retail and distribution partners for products in this category. Pure smokeable hemp has become more widely accepted, especially as a healthier alternative to cigarette smoking. There is tremendous demand from retailers as demand for tobacco cigarettes decreases, shelf space is opening up. No brand has captured a significant segment of the market, which is a huge opportunity for the Company to pursue. Delta 8 is another segment of this category that is under consideration. This has been a high growth segment in 2020,

and there has been significant demand for the product from discussions with distributors. The Company can produce Delta 8 at an economically conducive price by utilizing its equipment used in the production of its nano formulations. Partners in the Cali Bear JV have expressed interest in a line of Delta 8 smokeables using the brand, and an entry here could prove to be a sleeper for the Company.

AMERICAN PREMIUM WATER LEADERSHIP

Ryan Fishoff, Chief Executive Officer

Ryan Fishoff is the Chief Executive Officer of American Premium Water Corporation (HIPH). Since 2017 at the beginning of his tenure, Mr. Fishoff has led the Company's turnaround from an Alkaline Water producer to the preeminent global premium CBD-infused consumer products companies. HIPH is focused on developing, marketing, and distributing brands that incorporate speciality technology, primarily focused on the Company's proprietary hydro-nano CBD formulation. A 2006 graduate of Boston University, with a finance concentration, Mr. Fishoff started his career working at Liz Claiborne, Inc, in a variety of divisional and corporate analyst roles, including the DKNY Jeans brand. Ryan transitioned to the world of private equity, where he worked at CoBe Capital, a family investment firm focusing on acquiring non-core subsidiaries from Fortune 1000 companies. During his 6.5-year tenure at CoBe, Mr. Fishoff participated in over \$500 million worth of transactions in 13 countries. In 2016, Mr. Fishoff took over Gents, a men's accessories brand that focuses on luxury baseball caps, which is a portfolio brand of HIPH.

David Howell, Chief Operating Officer

David Howell is currently the Chief Operating Officer of American Premium Water Corporation. In addition to his responsibilities at APW, Mr. Howell is an investor in GrowPacker, an entity focused on co-packing in the cannabis space, which helps companies formulate, manufacture, and distribute THC & CBD infused products. Prior to American Premium Water, Mr. Howell was in event production, overseeing concerts and large corporate events. For the majority of his career, hospitality has been his focus.

Mr. Howell began his professional career in 2002 by moving to New York, NY, running nightclub operations. The next year, Mr. Howell added event production to his responsibilities, working with event companies to produce live events around NYC. Mr. Howell developed a reputation as a master operator, and by 2004, Mr. Howell began producing film festivals, fashion weeks, movie premieres, concerts and music festivals, many of which were outside of New York and in international locations.

FINANCIALS SNAPSHOT

With multiple relationships and products across multiple markets, HIPH clearly has multiple shots on goal. As 2020 was a product, distribution, and marketing infrastructure-building year, we project around \$2M in total sales for 2021. However, we forecast \$9M in sales for 2022, with sales dominated by CBD beverages, and gummies and on a secondary basis, topicals. We preliminary forecast that sales could be evenly split in the U.S. and APAC. However, we believe the greatest upside exists in the APAC market. We presently estimate that break-even cash flow results on an annual basis could be achieved even at the \$1.8M level this year, with

20% net margin achievable at the \$9M mark in 2022. If management is successful in improving the balance sheet, a modest margin increase is in the cards.

RISK FACTORS

In our view, aside from the FDA situation noted above, the Company's biggest risks are related to the timing, magnitude and sales momentum of the HIPH-designed, CBD-infused products, along with being able to differentiate them from the competition. Other risks include the fact that as an emerging Company, HIPH may have difficulty managing growth and fulfillment for so many products in multiple geographies. Other risks include effective remedies, flavor, potency, pricing, popularity, and brand awareness of the Company's new and existing products. These risks could come from larger competitors, existing firms or new entrants. Still, these risks are typical future concerns and are also consistent with firms of HIPH's size and standing.

Volatility and liquidity are typical concerns for microcap stocks that trade on the over the counter (OTC) stock market. It is possible that the shares outstanding of this stock could increase due to potential capital needs, as the Company may require additional working capital for manufacturing and marketing to build and manage multiple sales channels simultaneously. However, since the proceeds of any future funding would be used in large part to advance M&As or major business development, we believe that any dilutive effect from such a funding could be offset by related increases in market value.

CONCLUSION

HIPH offers one of the most diverse product lines in the CBD-infused products industry and is set to sell its offerings through key channel partners in the U.S. and Asia-Pacific (APAC), driving major sales growth. HIPH's success leverages its emphasis on innovation, broad distribution, and enhanced manufacturing capabilities through partnerships. The HIPH core business primed to capture a meaningful share of the \$22 Billion market. HIPH is no one-trick pony. The Company offers premium beverages, edibles, and topicals that promote wellness and can improve outcomes in certain conditions.

Two key partnerships position HIPH for outsized growth in 2021 and beyond. BioHealth Water owns 9.99% of HIPH and serves as a major channel partner in the APAC region. A JV with Cali Bear has opened up new distribution and fulfillment partner as well as new product categories. Milestone events such as the multi-product Cali Bear offerings in April 2021, along with sales abroad should drive value in these shares. Future uniform product branding, and product launches based on the HIPH proprietary technology platform could broaden the Company's awareness and reach.

Our forecasts suggest sales could reach \$2M in 2021 and \$9M in 2022, led by new product and market opportunities, including potential CBD sales in APAC. We believe HIPH could generate break-even results in 4Q20 and a 20% net margin next year. Our 6-month price target of \$0.425 is very achievable and HIPH has a history of exceeding our price targets. This target is based on a typical price/sales industry metric.

RECENT TRADING HISTORY FOR HIPH

(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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