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Nutriband Inc. (NTRB-NASDAQ)

NTRB: Revenue Growth & New Bookings Support Positive Outlook

NTRB, an emerging a biopharma and medical device company developing a portfolio of transdermal pharmaceutical products, continues to move its product portfolio forward and gain traction, with revenue up more than 50% year-over-year in FY 2022 and +10% in 1Q23. The company's initial focus is on solutions to help mitigate the abuse of opioids such as fentanyl and other addictive drugs. NTRB has announced its support as the CDC updates its 2016 guidelines for prescribing opioids for chronic pain.

OUTLOOK

NTRB's initial development focus is a Fentanyl transdermal patch that leverages its AVERSA™ technology. A recently signed feasibility agreement with Kindeva Drug Delivery (formerly 3M Drug Delivery Systems) is expected to accelerate AVERSA Fentanyl's commercialization. Separately, NTRB subsidiary Active Intelligence (AI), which produces kinesiology therapeutic tape to support muscles and joints, recently registered with the FDA as a Class I medical device manufacturer, which NTRB believes sets the stage for commercial sales of the AI tape through proprietary branding and/ or via white label agreements. Separately, NTRB announced last month that it has booked about $234,000 in contract manufacturing orders through its Pocono Pharma subsidiary.

Current Price (6/8/22)	$3.82
Valuation	**$10.00**

SUMMARY DATA

52-Week High	**$12.32**
52-Week Low	**$3.12**
One-Year Return (%)	**NA**
Beta	**-0.57**
Average Daily Volume (sh)	**22,047**
Shares Outstanding (mil)	**8**
Market Capitalization ($mil)	**$30**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**35**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2022 Estimate	**N/A**
P/E using 2023 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**High,**
Type of Stock	**Small-Growth**
Industry	**Med-Drugs**

ZACKS ESTIMATES

Revenue
(in millions of US$)

	Q1 (Apr)	Q2 (Jul)	Q3 (Oct)	Q4 (Jan)	Year (Jan)
2020	0 A	0 A	0 A	0 A	0 A
2021	0 A	0 A	0 A	0 A	1 A
2022	0 A	0 A	0 A	0 A	1 A
2023	0 A	0 E	1 E	1 E	2 E

EPS or Loss Per Share

	Q1 (Apr)	Q2 (Jul)	Q3 (Oct)	Q4 (Jan)	Year (Jan)
2020	-$0.11 A	-$0.08 A	-$0.14 A	-$0.17 A	-$0.50 A
2021	-$0.08 A	-$0.04 A	-$0.01 A	-$0.35 A	-$0.51 A
2022	-$0.05 A	-$0.08 A	-$0.27 A	-$0.57 A	-$0.94 A
2023	-$0.09 A	-$0.09 E	-$0.08 E	-$0.05 E	-$0.31 E

4QF21 includes 1-time noncash charges of about $2M.
Quarters might not sum due to rounding & share counts

Disclosures on page 13

KEY POINTS REVENUE GROWTH, NEW BOOKINGS SUPPORT POSITIVE OUTLOOK

- NTRB continues to move its product portfolio forward and gain traction with customers, with revenue up more than 50% year-over-year in FY 2022 (the company's fiscal year ends in January) and revenue of $477,922 in 1Q23, compared to $433,488 in 1Q22. Overall, transdermal drug delivery systems have gained traction in recent years, including the widespread use of nicotine and pain patches, partially due to their convenience and effectiveness. Transdermal drug delivery methods are less intrusive than many other delivery mechanisms and can be absorbed evenly through the skin into the blood system.

- The company's initial focus is on solutions to help mitigate the abuse of opioids such as fentanyl and other addictive drugs, including buprenorphine and methylphenidate. The need to address the opioid epidemic in the U.S. and globally creates opportunities for solutions such as those that Nutriband is developing. The CDC is in the process of updating its 2016 guidelines for prescribing opioids for chronic pain and is requesting public feedback on the update process. NTRB has announced its support for the updates.

- The company's lead product is an abuse deterrent fentanyl transdermal system, incorporating its abuse deterrent technology, AVERSA®. AVERSA is a patented technology and NTRB is optimistic about its prospects. Nutriband had $4.0 million in cash & equivalents at the end of 1Q23 to support its growth strategy.

- The company has leveraged M&A to expand its development product portfolio and efforts. In 2020, NTRB acquired Pocono Coated Products, which is a transdermal, topical, cosmetic and nutraceutical business. Pocono Pharmaceutical's subsidiary Active Intelligence (AI) produces kinesiology therapeutic tape that is used to support muscles and joints, generally in the sports fields by athletes to minimize pain associated with movement. AI's kinesiology tape has transdermal and topical properties. Last month, NTRB announced today it has booked about $234,000 in contract manufacturing orders through Pocono Pharma.

- Separately, AI recently registered as a Class I medical device manufacturer with the U.S. Food and Drug Administration (FDA) to manufacture and distribute the AI tape to compete in the kinesiology tape market. The company believes the FDA medical device manufacturing registration sets the stage for domestic commercial sales of the AI tape through proprietary branded sales and / or via white label agreements.

AVERSA FENTYNOL MOVES FORWARD TOWARDS APPROVAL, COMMERCIALIZATION

Nutriband (NASDAQ:NTRB), an emerging biopharma and medical device company developing a portfolio of transdermal pharmaceutical products, continues to move its product portfolio forward and gain traction with customers, with revenue up more than 50% year-over-year in FY 2022 (the company’s fiscal year ends in January). Overall, transdermal drug delivery systems have gained traction in recent years, including the widespread use of nicotine and pain patches, partially due to their convenience and effectiveness. Transdermal drug delivery methods are less intrusive than many other delivery mechanisms and can be absorbed evenly through the skin into the blood system.

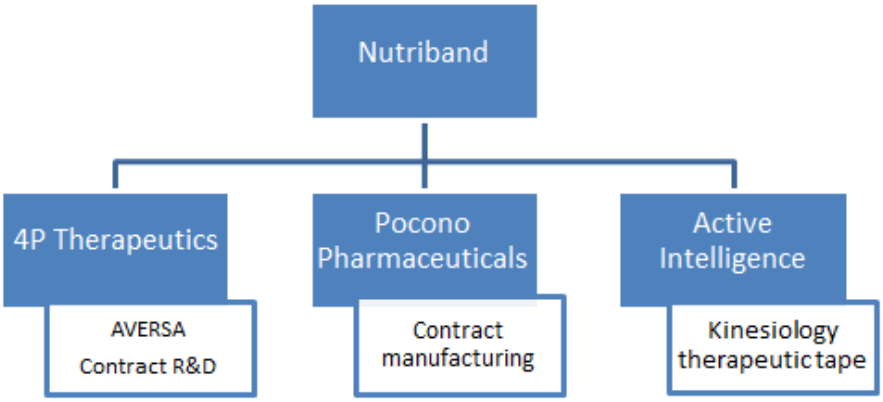
The company’s initial focus is on solutions to help mitigate the abuse of opioids such as fentanyl and other addictive drugs, including buprenorphine and methylphenidate. The need to address the opioid epidemic in the U.S. and globally creates opportunities for solutions such as those that Nutriband is developing. The CDC is in the process of updating its 2016 guidelines for prescribing opioids for chronic

pain and is requesting public feedback on the update process. NTRB has announced its support for the updates.

The company's lead product is an abuse deterrent fentanyl transdermal system, incorporating its abuse deterrent technology, AVERSA®. AVERSA is a patented technology and NTRB is optimistic about its prospects. AVERSA stands for **A**buse, Di**VER**sion, Mi**S**use and **A**ccidental, as the technology incorporates aversive agents designed to deter and minimize the risk of abusing drugs such as fentanyl. The company's goal is to improve the safety profile of drugs such as fentanyl and others so that they can be prescribed and used legitimately as they are intended. The AVERSA technology can be applied broadly to improve the safe delivery of a wide range of drugs and medications; NTRB plans to develop additional transdermal pharmaceutical products, in addition to its initial focus on a safer fentanyl transdermal patch. As noted, the company's Initial product extension focus is expected to be on developing AVERSA patches to improve the safe delivery of buprenorphine and methylphenidate.

Expanding Services & Product Portfolio

The company has leveraged M&A to expand its development product portfolio and efforts. Through a series of M&A transactions, the company operates the following units.



Source: Company reports

Expanding contract manufacturing capabilities to encompass liquid based options, such as lotions and cosmetics

In 2020, NTRB acquired Pocono Coated Products, which is a transdermal, topical, cosmetic and nutraceutical business. With the addition of Pocono, the company also manufactures transdermal, topical, coated and consumer products on a contract, white-label basis at its North Carolina production facility. Pocono provided the company its contract manufacturing capabilities and also an existing partnership with Best Choice Inc. Best Choice Inc. provides consulting for and contract manufacturing services to a broad range of customers, primarily in Asia.

In addition, Pocono Pharmaceutical's subsidiary Active Intelligence (AI) produces kinesiology therapeutic tape that is used to support muscles and joints, generally in the sports fields by athletes to minimize pain associated with movement. AI's kinesiology tape has transdermal and topical properties. Active Intelligence has received cGMP certification following a full cGMP audit. The certification will enable the company to expand its contract manufacturing product offerings and thereby expand NTRB's revenue prospects. Last month, NTRB announced today it has booked about $234,000 in contract manufacturing orders through Pocono Pharma.

Separately, AI recently registered as a Class I medical device manufacturer with the U.S. Food and Drug Administration (FDA) to manufacture and distribute its proprietary AI Tape, to compete in the growing

kinesiology tape market. The company believes the FDA medical device manufacturing registration represents a milestone that sets the stage for commercial sales of the AI Tape product in the U.S. through proprietary branded sales or via white label agreements.

The company intends to begin offering contract manufacturing services for liquid based topical, transdermal and cosmetic products. NRTB's objective is to continue expanding its contract manufacturing capabilities to boost revenue. Adding liquid based options such as lotions and cosmetics to its contract capabilities is core to this goal. The company believes the opportunities and relationships it has developed recently augur well for leveraging this capability in 2022.

Separately, NTRB also recently signed an exclusive contract manufacturing deal with San Diego-based Diomics for its Diocheck™ technology intended to monitor the presence of antibodies to SARS-CoV-2. The Diocheck patch is intended to monitor the time between obtaining a COVID-19 vaccine and developing a protective level of antibodies. The technology could also signal when the antibodies stimulated by a vaccine have declined, signaling that the person needs a booster vaccine.

AVERSA

AVERSA is NTRB's lead technology. It is an abuse deterrent transdermal system (transdermal means delivered through the skin). Transdermal patches for delivering medications have several advantages, including that drug delivery is non-invasive and absorbed into the blood stream relatively quickly. An estimated 1+ billion transdermal patches are produced annually, according to the NCBI (National Center for Biotechnology Information).

The company is developing AVERSA to provide extended-release dosage transdermal therapy to help manage chronic pain that generally requires 24-7 treatment. Nutriband expects its AVERSA fentanyl patch to mitigate, if not significantly diminish, misuse of the drug via AVERSA's abuse deterrent technology.

The AVERSA deterrent technology incorporates aversive agents to deter the abuse of the drugs in the patch in order to make the pain treatment safer. Specifically, the patch is coated with a layer of protective coating that deters people from abusing it orally or otherwise and which management believes improves the safety profile of the therapy. AVERSA does not interact with the actual drug itself and can be applied to just about any drug that is delivered via a transdermal patch, according to management.

AVERSA combines two food grade, highly unpleasant substances as an adherent on the back of the patch: denatonium benzoate and capsasin. Neither is toxic, but both have extremely bitter and hot flavors that act as a deterrent to chewing, ingesting or even smoking the actual drug in the patch. For instance, according to the National Institute of Health (NIH), denatonium benzoate is a bittering agent that is often added to detergents and other household cleaners to deter ingestion by children, although it has a low toxicity. Capsaicin is found in several different types of extremely hot and spicy peppers. Adding these substances to the back of the patch makes it extremely difficult to extract the drug or abuse the drug through oral, buccal, rectal, smoking or dissolving methods to name but a few. Both denatonium and capsasin are safe for human consumption and non-toxic food grade, which is a key part of the company's strategy, however, because of their bitter and extremely hot characteristics, they act as strong deterrents.

Nutriband believes its abuse deterrent technology can reduce the abuse of the fentanyl patch, while concurrently providing chronic pain management. The company believes AVERSA abuse deterrent patch technology can be used for other opioid and pain medication patches, as well. Another future application could include the development of generic transdermal patches for the transdermal delivery of drugs that usually are administered by injection.

NTRB's initial development focus leveraging the AVERSA technology will be with a Fentanyl transdermal patch, as noted, with AVERSA buprenorphine and methylphenidate products expected to follow. Fentanyl is what the National Institute on Drug Abuse describes as "a powerful synthetic opioid that is similar to

morphine but is 50 to 100 times more potent." Fentanyl is a prescription medication that is generally prescribed to treat severe pain. In fact, fentanyl transdermal patches have been added to the World Health Organization's (WHO) list of essential medicines. Fentanyl is often misused and abused. In fact, according to the National Institute on Drug Abuse, synthetic opioids such as fentanyl are "the most common drugs involved in drug overdose deaths in the United States." According to *Science Direct*, "[i]n 2018, 81.7% of fentanyl consumption was concentrated in 10 countries" led by the U.S. In fact, CDC data indicates that domestic deaths from drug overdoses in a 12-month period recently passed 100,000 for the first time ever, with overdose deaths up 29% from 78,056 in the 12-months ended April 2020, to 100,306 in 12-months ended April 2021.

Kindeva Drug Delivery: leveraging a key relationship to accelerate go-to-market plans

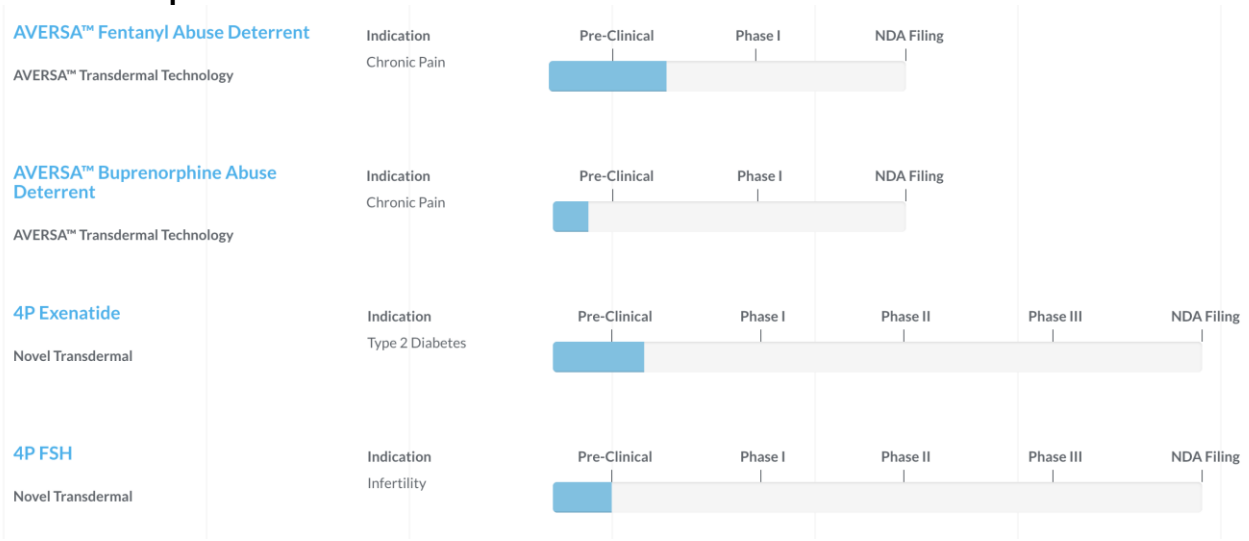
The company recently signed a feasibility agreement with Kindeva Drug Delivery to help bring AVERSA Fentanyl to market. Kindeva was formerly known as 3M Drug Delivery Systems, as part of the larger 3M organization. It was spun out in 2020. Kindeva has "over 50 years of experience" and notes that it developed "the first drug-in-adhesive transdermal patch."

NTRB and Kindeva will jointly develop AVERSA™ Fentanyl, based on NTRB's proprietary AVERSA™ abuse deterrent transdermal technology and Kindeva's FDA-approved transdermal fentanyl patch (fentanyl transdermal system). The feasibility agreement is focused on adapting Kindeva's commercial transdermal manufacturing process to incorporate AVERSA technology. Kindeva produces millions of branded and generic transdermal patches that it distributes primarily in the U.S., Europe and Asia.

Expanding IP Protection

4P Therapeutics has filed an international patent application to protect the AVERSA technology in the U.S. and globally. The company has received patent protection for a range of markets, including from the European Patent Office, and patent offices in Mexico, Korea, Russia, Australia and Japan and from the USPTO protecting its AVERSA™ transdermal abuse deterrent technology in the U.S.[1] The patent protects AVERSA™ Fentanyl, which is based on its proprietary AVERSA™ abuse deterrent transdermal technology. The Korean Intellectual Property Office (KIPO) also has fully issued its patent titled "Abuse and Misuse Deterrent Transdermal System" which is related to the Company's lead technology AVERSA™.

Nutriband Pipeline



Source: Company reports

[1] NTRB received Issue Notification from the USPTO for its U.S. patent, *"Abuse and Misuse Deterrent Transdermal System"*

While other companies are also developing other drug deterrent technologies to combat the opioid crisis, NTRB believes that none are utilizing aversive agents on the backing layer of transdermal patches as the AVERSA technology does. With the 4P Therapeutics transaction, Nutriband also acquired a pipeline of other products that leverage the same delivery technology, including exenatide for type 2 diabetes (T2D) and FSH for infertility (see figure below). NTRB is evaluating the development of a transdermal delivery system for these drugs, as well, using its dermal ablation technology intended to create a route of administration for larger molecule drugs such as peptides and proteins. For example, one possible product candidate is the development of a generic scopolamine patch.

ADDRESSABLE MARKET

The company believes AVERSA Fentanyl has the potential to be the world's first fentanyl transdermal system with abuse deterrent properties. Currently the transdermal fentanyl market in the United States is comprised of generic ANDA products that do not have any abuse deterrent properties. The FDA response to the opioid crisis includes a goal to expand access to abuse-deterrent formulations to discourage abuse as outlined in the FDA's Opioid Action Plan.[2] The company recently announced an expanded product development pipeline that includes AVERSA buprenorphine and AVERSA methylphenidate, which management believes each have the potential to be the first abuse deterrent versions of those transdermal drugs. The recent issuance of the US patent will protect the AVERSA technology platform that can be deployed in almost any transdermal product that carries a risk of abuse or misuse.

Based on a third-party evaluation from Health Advances, a healthcare consulting company that NTRB engaged to assess the market opportunity, the company estimates that the AVERSA Fentanyl patch could reach peak annual sales of $80 million to $200 million. Once approved by the United States FDA, Aversa Fentanyl will be priced competitively with generic fentanyl patches. Management estimates it could reach peak **domestic** sales within about five years after its commercial launch.

Moreover, the company believes there could be upside to this forecast, if Aversa Fentanyl drives the entire transdermal fentanyl market towards abuse deterrent patches. NRTB notes that this is similar to what occurred in the extended-release oral opioid market. For instance, in 2010, an abuse-deterrent formulation of OxyContin was introduced that was intended to make OxyContin more difficult to solubilize or crush and thereby deter its abuse through injection and inhalation that "successfully reduced [its] abuse," according to the New England Journal of Medicine. According to the FDA, it is "encouraging the development of prescription opioids with abuse-deterrent formulations (ADFs) to help combat the opioid crisis. The agency recognizes that abuse-deterrent opioids are not abuse- or addiction-proof but are a step toward products that may help reduce abuse." In addition, NRTB believes that developing the product for strategic **international** markets that are protected by its global abuse deterrent patent portfolio represents further upside.

Moreover, in addition to the opportunities regarding Fentanyl, NTRB recently announced an expanded product development pipeline for AVERSA™ technology, which can be applied to any transdermal patch that has a risk of abuse, misuse or accidental exposure. It is based on incorporating aversive agents into the patch that do not contact the drug matrix and are not delivered to the skin.

Expanding product development pipeline: AVERSA Methylphenidate & AVERSA Buprenorphine

Based on a preliminary market assessment, Nutriband has identified other valuable markets for transdermal products with a risk of abuse, misuse, diversion or accidental exposure that could benefit from its AVERSA technology. Currently marketed transdermal products that have labeled warnings for the risk of abuse include buprenorphine and methylphenidate and both products have reports of abuse or misuse. These two products, AVERSA buprenorphine and AVERSA methylphenidate, will be added to the product development pipeline with AVERSA Fentanyl. AVERSA buprenorphine has the potential to

be an abuse deterrent version of transdermal buprenorphine, a partial opioid agonist, marketed as Butrans® or its generics, which is indicated for the management of pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative treatment options are inadequate. AVERSA methylphenidate has the potential to be an abuse deterrent version of transdermal methylphenidate, a central nervous system (CNS) stimulant, marketed as Daytrana®, indicated for the treatment of Attention Deficit Hyperactivity Disorder (ADHD).

The company believes that the opportunity to protect against intentional or accidental abuse of opioid and other drugs is substantial. The misuse of and addiction to opioids has led to a rise in overdoses and related deaths. In the late 1990s, healthcare professionals began prescribing opioid drugs at increasing rates under the mistaken belief that patients would not become addicted. In turn, this led to rising abuse of these prescription medications. Consequent opioid overdose rates began to increase.

According to the NIH (National Institute of Health), in 2019, nearly 50,000 people in the U.S. died from opioid-involved overdoses. This data is in-line with National Institute on Drug Abuse data that indicates that roughly 2.3 million people in the U.S. were addicted to prescription opioids or illicit opiates such as heroin in 2017 and about 47,000 died of an overdose, including prescription opioids, heroin, and illicitly manufactured fentanyl. In that same year, an estimated 1.7 million people suffered from substance use disorders related to prescription opioid pain relievers in the U.S.

Fentanyl is a leading factor in overdoses. The National Institute on Drug Abuse notes that 59.8% of opioid-related deaths involved fentanyl in 2017, up from 14.3% in 2010. Fentanyl can be administered as an injection, through a patch or sometimes orally.

In 2018, the healthcare sector introduced HEAL (Helping to End Addiction Long-term), an initiative to mitigate the opioid crisis. The FDA has issued draft guidance outlining ways for drug developers to consider measuring and demonstrating the effectiveness and benefits of new or existing medication-assisted treatments (MAT) for patients battling opioid addiction. The data suggests that the chances a person will develop an opioid use disorder depend on factors such as the length of time the person is prescribed opioids to treat acute pain. According to CDC data:

- About 21%-29% of patients prescribed opioids for chronic pain misuse these drugs
- About 8%-12% of people using an opioid for chronic pain develop an opioid use disorder
- An estimated 4%-6% of patients who misuse prescription opioids transition to heroin
- About 80% of people who use heroin initially misused prescription opioids

In addition to deliberate abuse of fentanyl and other drugs, there is a high risk of accidental harmful and potentially lethal ingestion. For instance, FDA instructions on improving the safety of fentanyl include a webpage titled, *'Accidental Exposures to Fentanyl Patches Continue to be Deadly to Children,'* citing unintended exposure to medication as a leading cause of poisoning in children.

In addition to the needless deaths, there is a significant economic cost associated with the abuse of opioids. The CDC (Centers for Disease Control and Prevention) estimates the domestic cost of prescription opioid misuse at about $78.5 billion per annum, when factoring in the cost of healthcare, lost productivity, addiction treatment and the involvement of the criminal justice system.

Separately, NTRB believes that the healthcare sector's focus on COVID-19 over the past nearly two years could mask an increase in occurrences of opioid abuse and / or rising overdose rates. In fact, recent data analyzed in *Science Direct* and noted earlier supports this view. In turn, this could imply increased focus on the ongoing opioid epidemic going forward, management believes. By improving the safety profile via the use of AVERSA, the company expects that legitimate use of fentanyl and other pain killers might grow. Moreover, the increase in injection drug use has also contributed to the spread of infectious diseases including HIV, which could further support the use of transdermal delivery therapy as a viable alternative delivery system.

CLINICAL STUDIES

AVERSA is advancing through clinical studies. AVERSA produced positive results in pre-clinical studies. Now, Nutriband intends to conduct studies testing the human abuse liability (HAL) and abuse deterrent formulation (ADF) of AVERSA in order to evaluate its safety and deterrent capability.

The recent USPTO patent and partnership with Kindeva are expected to accelerate commercializing AVERSA in the U.S., which management believes could entail a commercial opportunity equal to that of the rest of the world combined. Development of Aversa Fentanyl will follow a regulatory path towards a 505(b)(2) NDA, with a clinical program to establish abuse deterrent claims. Although the clinical timeline could be impacted by several factors, including the ongoing pandemic and the receipt of regulatory approvals and the outcomes and data from clinical trials, the company expects that it could have AVERSA ready for FDA submission by the end of 2024.

RECENT RESULTS

In 1Q23, NTRB generated revenue of $477,922 compared to $433,488 in 1Q22 and costs of revenue of $277,436 compared to $195,610. Gross profit in 1Q23 was $200,486 compared to $237,878. The 1Q23 revenue was generated from sales from Pocono Pharmaceutical ($401,990 from the company) and $75,992 from contract services from 4P Therapeutics. S,G&A expenses were $768,551 compared to $551,942 in 1Q22, with the increase primarily reflecting higher salaries and other overhead costs. The company recorded a net loss of $689,989 or ($0.09) per share in 1Q23 compared to a loss of $315,957, or ($0.05) per share in 1Q22. We have revised our 2023 forecasts following 1Q23 results.

Balance Sheet

Nutriband had $4.0 million in cash & equivalents at the end of 1Q23 and working capital of $3.9 million. This compares to $4.9 million and $4.7 million, respectively, at the end of fiscal 2022. The company generated proceeds of about $8.5 million from tits public offering, exercise of warrants and sale of shares in the year ended January 31, 2022.

VALUATION

We are optimistic about AVERSA's commercial prospects, as the potential range of applicable uses for the AVERSA technology, the rising incidences of overdose deaths and high related healthcare costs could translate, we believe, into high demand for AVERSA following clinical studies.

We are encouraged by the estimates from Health Advances. We believe *in success* NTRB could attain annual revenue in the $10 million to $15 million range by 2025-26 on its way to achieving scale and peak sales, depending on the commercialization timeline. We believe these forecasts are supported by the growing size of the target markets and AVERSA's expected ability to improve the safety profile of fentanyl and other prescription medications. Moreover, we also believe that competitive pressure could lead to adoption of the AVERSA technology by several large pharma companies in a short period, if the technology proves as efficient as NTRB believes it will. In fact, fentanyl transdermal patches have become such an important pain therapy that they have been added to the WHO list of essential medicines, as noted, which we believe supports the positive outlook for AVERSA if clinical test results support its efficacy and safety. If the company can maintain its expected timeline and commercialize AVERSA by late 2024, our forecast could prove conservative, depending on several factors.

It is difficult to compare NTRB to other more mature companies, in our view, given the early stage of development of AVERSA and the product portfolio. We would also expect NTRB to have a higher growth rate in the early years. Various other companies that are engaged in introducing new therapies and solutions and are at a similar stage of development have a wide range of price-to revenue multiples on forward estimates. Nevertheless, we believe the average price-to-sales multiple of companies in this comparison of about 14x provides a valuation benchmark for NTRB. Therefore, applying a 14x multiple to our above-noted forecast revenue range and discounting back to the present at 10%/year results in a present value of about $10 to $15 per share on a fully diluted basis, if the company initiates a successful launch of AVERSA. We expect the shares to begin to reflect the low end of this range as it hits certain milestones and incorporate the mid- to high-end as AVERSA development proceeds. Our forecast could change if and when the company expands the number of products leveraging the AVERSA technology.

While there are several risks to the timeline and commercial launch, we think the current share price does not reflect the fundamental value of the company's pipeline and prospects and would anticipate multiple expansion as the company continues to advance AVERSA. Any delay or failure in clinical development or regulatory approval could cause the share price to decline and represent a potential risk to our valuation but we believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

Recent uplisting & capital raise

NTRB shares were listed on the OTC in 2016. The shares were uplisted to the Nasdaq on October 1, 2021. Nutriband also issued units consisting of one share of common stock and one warrant, raising gross proceeds of about $8.7 million, including the green shoe and warrant exercise. Each warrant is exercisable immediately and expires five years from issuance date. Warrants entitle the holder to purchase one NTRB share at $7.50.

The proceeds are earmarked for:

- About 52% to advance AVERSA. The company estimates that it will need another roughly $2 million to $3+ million to complete the FDA clinical trial process for AVERSA
- About 26% to complete the acquisition of Pocono
- About 22% for general corporate purposes

NTRB also recently initiated a share repurchase program to buy back up to $1.0 million of its shares.

RISKS

Risks to NTRB achieving its objectives, and to our valuation, include the following.

- Regulatory approval might take longer than expected or might not come at all.
- NTRB might need to raise additional capital earlier than expected.
- COVID-19 might delay the company's clinical and commercialization timelines.
- The company might not find strategic partners and / or a Big Pharma manufacturer to help advance AVERSA.
- Clinical trials might not produce the results that management anticipates.
- Despite receiving the notice from the USPTO, the full patent approval might take longer than expected.
- Companies exploring other solutions might advance at a faster pace and impact the need for the AVERSA technology.

RECENT NEWS

- NTRB announced its support of CDC updated guidelines regarding opioids on June 3, 2022.
- Nutriband received May 2022 orders for $230k in contract manufacturing through May 17, 2022.
- Nutriband's AI registered with the FDA as a medical device manufacturer for its AI kinesiology tape on May 11, 2022.
- Nutriband was issued full U.S. patent for AVERSA™ on January 28, 2022.
- On January 18, 2022, NTRB expanded the AVERSA product development pipeline.
- Nutriband and Kindeva Drug Delivery signed a feasibility agreement to develop AVERSA™ Fentanyl on January 10, 2022.
- On January 5, 2022, Nutriband shared Health Advances' market evaluation for Aversa Fentanyl.
- The Korean Intellectual Property Office issued a full patent for NTRB's "Abuse and Misuse Deterrent Transdermal System" application on December 31, 2021.
- Nutriband announced $1 million share repurchase authorization on December 29, 2021.
- Nutriband Inc. initiates plans to offer Topical lotion contract manufacturing services on December 21, 2021.
- Nutriband Inc. Receives cGMP Certification for Manufacturing Subsidiary on December 13, 2021.
- Nutriband initiated commercial development of AVERSA Fentanyl on November 16, 2021.

PROJECTED FINANCIALS

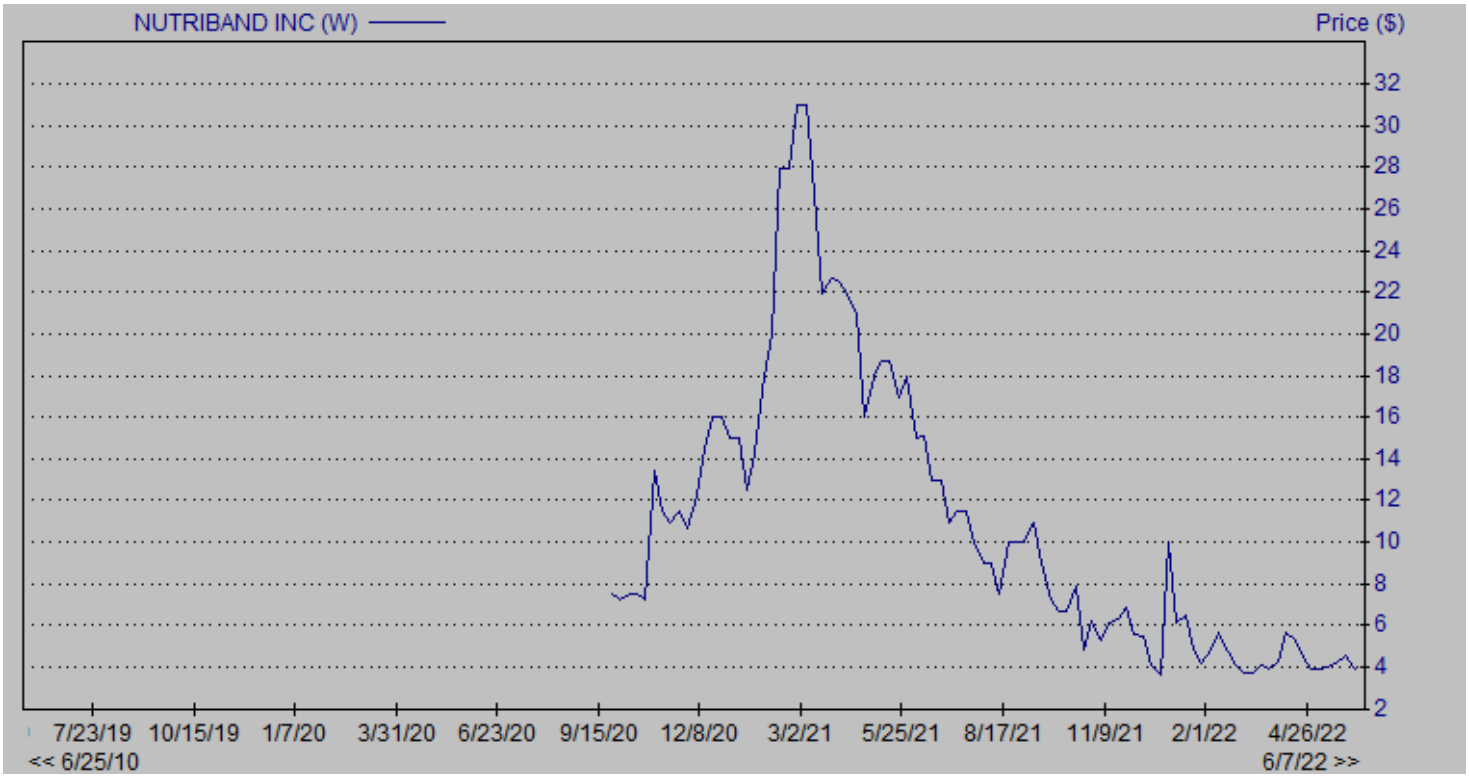
Nutriband, Inc. *($ Fiscal year [FY] ends January 31)*

	FY 2019	FY 2020		FY 2021	Apr-21 1Q22	Jul-21 2Q22A	Oct-21 3Q22A	Jan-22 4Q22A	FY 2022A	Apr-22 1Q23A	Jul-22 2Q23E	Oct-22 3Q23E	Jan-23 4Q23E	FY 2023E
Revenue	$245,285	$370,647		$943,702	$433,488	$213,739	$283,037	$491,890	$1,422,154	$477,922	$492,260	$551,331	$753,934	$2,275,446
Cost of revenues	288,301	549,107		582,378	168,844	186,762	173,694	388,544	917,844	277,436	281,598	285,822	210,666	1,055,521
R&D			*	2,957,269			161,000	250,383	411,383	117,814	119,581	121,375	122,589	481,359
Goodwill impairment								2,180,836	2,180,836	-	-	-	-	
S,G&A	3,288,224	1,790,980		3,539,647	579,608	509,219	1,486,784	1,447,213	4,022,824	768,551	780,079	791,780	799,698	3,140,109
Total Expenses	3,576,525	2,340,087			748,452	695,981	1,821,478	4,266,976	7,532,887	1,163,801	1,181,258	1,198,977	1,132,952	4,195,630
Loss from operations	(3,331,240)	(1,969,440)		(2,595,945)	(314,964)	(482,242)	(1,538,441)	(3,775,086)	(6,110,733)	(685,879)	(688,998)	(647,646)	(379,019)	(1,920,183)
Debt extinguishment	-			(12,500) (69,131)	39,876	3,338		(43,214)						
Early debt prepayment fee	-			3,338	-	-		53,028	53,028					
Gain debt forgiveness	-			-	-	-		-						
Derivative expense	-	(767,650)		22,096		-		-						
Chg derivative fair value	-	88,876		(280,686)				-						
Interest expense	-	(73,413)		(336,883)	(40,869)	(41,019)	(33,380)	(3,153)	(118,421)	(4,110)	(4,151)	(4,193)	(4,235)	(16,688)
Total other inc / (exp)	-	(752,187)		(2,932,828)	(993)	(37,681)	(33,380)	6,661	(65,393)	(4,110)	(4,151)	(4,193)	(4,235)	(16,688)
Operating income / (loss)	(3,331,240)	(2,721,627)		(2,932,828)	(315,957)	(519,923)	(1,571,821)	(3,768,425)	(6,176,126)	(689,989)	(693,149)	(651,839)	(383,253)	(1,936,871)
Taxes	-	-		-	-	-		-	-	-	-	-	-	-
Other							(196,589)	-	(196,589)	-				
Net loss	(3,331,240)	(2,721,627)		(2,932,828)	(315,957)	(519,923)	(1,768,410)	(3,768,425)	(6,372,715)	(689,989)	(693,149)	(651,839)	(383,253)	(1,936,871)
Loss per share / EPS	($0.62)	($0.50)		($0.51)	($0.05)	($0.08)	($0.27)	($0.57)	($0.94)	($0.09)	($0.09)	($0.08)	($0.05)	($0.31)
Weighted avg shares out	5,352,321	5,423,956		5,770,944	6,329,438	6,356,269	6,505,249	6,652,437	6,799,624	7,871,356	7,876,356	7,881,356	7,886,356	7,252,437

Source: Company reports, Zacks estimates

*Includes about $2.0m 1-time non-cash acquisition-related charges

HISTORICAL STOCK PRICE



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