



Guardion Health Sciences, Inc.

Reports Q2 2022. Revenues up 37% sequentially on easing supply constraints. Raising P/T to \$0.80 from \$0.75

COMPANY UPDATE

Rating: **BUY**

Ticker: GHSI

Price: \$0.16

Target: \$0.80

(from \$0.75)

Q2 well ahead of expectations: On August 11 Guardion reported its fiscal Q2 2022 (ending June) results. Revenue was \$3.3 million (+168% y-o-y and 37% sequentially), compared to our and consensus estimates of \$2.5 and \$2.7 million, respectively. EPS was \$(0.03), compared to our estimate of \$(0.04) and consensus of \$(0.05).

No guidance: Guardion did not hold an earnings call and offered no forward guidance in its press release, except to note “We are optimistic that, as the supply constraints begin to improve, we should see further increases in revenues.”

Raising estimates: We are raising our 2022 estimates for revenue to \$12.6 million, from \$11.7 million, and for EPS to \$(0.15) from \$(0.21). We are raising our 2023 estimates for revenue to \$14.9 million, from \$13.8 million, and for EPS to \$(0.13) from \$(0.19).

Strong Q2 aided by improving supply chain: Q2 revenues of \$3.3 million mark a record for the company and were driven by strong sales of its flagship Viactiv Calcium Chews as well as new product contribution from Omega Boost Gel Bites. Improved inventory availability of calcium chews helped drive 37% sequential revenue growth.

Balance Sheet continues to be healthy: The company’s balance sheet had \$4.2 million in cash, \$10 million in short term investments, and no debt at the end of June, compared with \$4.8 million in cash, \$12 million in short term investments and no debt at the end of March. This represents about 5 quarters of runway at current burn rates.

Large market potential: The US nutritional supplement market exceeds \$80 billion and continue to grow at 5%+ annually. The calcium chew market where Guardion has the strongest position exceeds \$1 billion annually and grows at a 5.5% CAGR.

Guardion’s Omega Bite product just introduced significantly expands Guardion’s market potential: According to the NCHS, The Omega supplement market is 27% larger than the calcium market for adults aged 40 and over. The early success of this product demonstrates the strength of Guardion’s strategy, as well as improving execution.

Operational milestones can catalyze a stock price appreciation: To the extent that Guardion continues to focus on executing on its core business, we believe the company’s financial model could reap the benefit, particularly in the areas of controlling administrative costs, and getting a handle on supply-chain challenges. We believe Q2 2022 gives strong evidence of improvement in these areas as sales grew much faster than operating expenses. Given the stock’s deep discount valuation, we believe further upside surprises could have a dramatic effect on the stock.

Guardion is trading at a 30% discount to net cash: Guardion’s Book Value is currently \$0.46 per share. The company has no debt, and Cash and Short-Term investments per share amount to \$0.23 per share. Guardion’s current share price of \$0.16 represents a 30% discount to net cash: an extremely undemanding valuation.

Raising 12-month price target to \$0.80: Maintaining our BUY rating and raising our 12-month price to \$0.80. This is based on 1.7x Book Value and represents 5x return from current levels. We believe this valuation appropriately balances out the stock’s high-risk profile with the company’s extremely deep discount.

Company Description

Based in Houston, TX, Guardion Health Sciences is a nutritional supplement company that distributes its Viactiv products through all major retailers.

United States
Healthcare

August 24, 2022

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Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.14-1.98
Shares Outstanding (million):	61
Market cap (\$million):	\$9.8
EV (\$million):	\$(4.4)
Debt (\$million):	\$0
Cash (\$million):	\$14.2
Avg. Daily Trading Vol. (\$million):	\$0.8
Float (million shares):	61
Short Interest (million shares):	6.9
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)
Q1 Mar	2.4A		2.8E	
Q2 Jun	3.3A	2.5E	3.9E	3.0E
Q3 Sep	3.8E	3.7E	4.5E	4.4E
Q4 Dec	3.2E	3.1E	3.7E	
Total	12.6E	11.7E	14.9E	13.8E
EV/Revs	(0.35x)		(0.3x)	

Earnings per Share (pro forma)

	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)
Q1 Mar	(0.07)A		(0.05)E	
Q2 Jun	(0.03)A	(0.04)E	(0.03)E	(0.04)E
Q3 Sep	(0.02)E	(0.05)E	(0.03)E	(0.05)E
Q4 Dec	<u>(0.03)E</u>	<u>(0.05)E</u>	<u>(0.03)E</u>	<u>(0.05)E</u>
Total	(0.15)E	(0.21)E	(0.13)E	(0.19)E
P/E	N/A		N/A	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 12.

Exhibit 1: Global Nutritional Supplement Market

Nutrition Industry is Large and Growing

Global Supplement and Medical Food Market



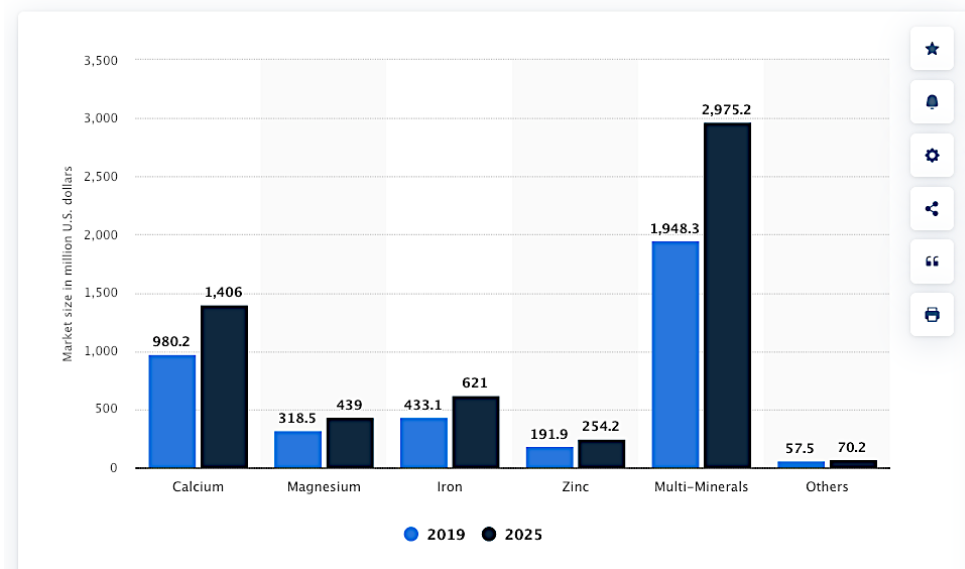
- Increasing awareness of the importance of nutrition
- Growing body of research demonstrating benefits of nutrition
- Increasing geriatric population with unique nutritional needs
- COVID-19 has made consumers more focused on Immune support
- Specific to eye care, consumer dealing with increased screen time and blue light exposure



Source: Company reports.

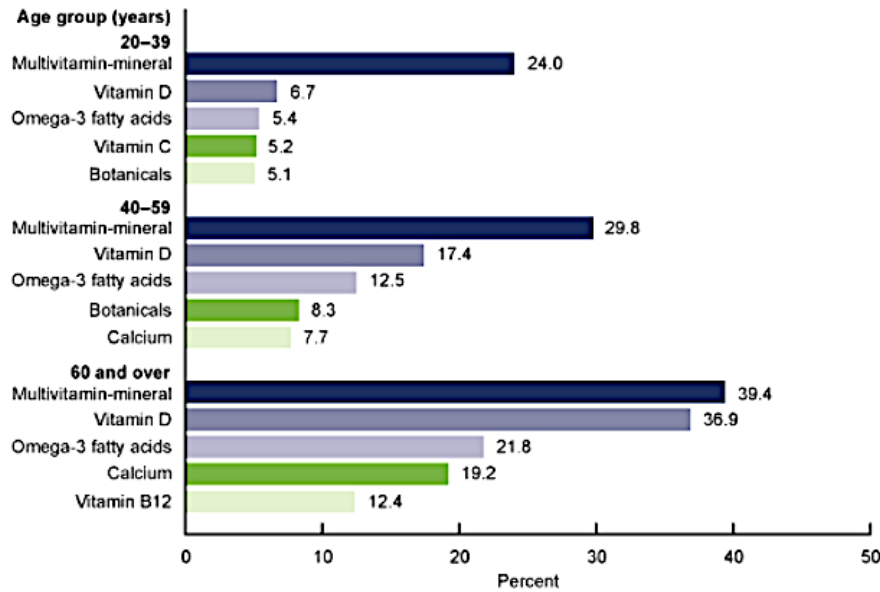
Exhibit 2: Market Size of Mineral Supplements in North America in 2019 and 2025 by Mineral

(in million U.S. dollars)



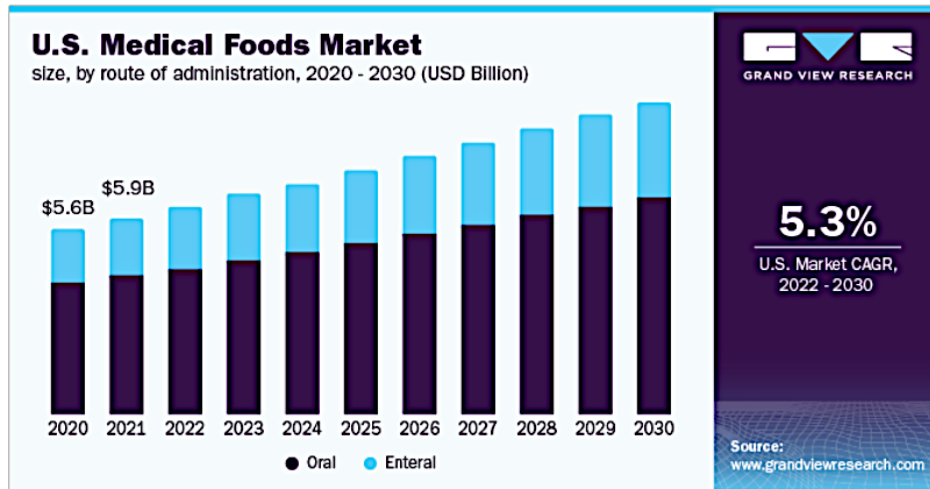
Source: Statista

Exhibit 3: Most Common Types of Dietary Supplements Used by Adults in the US, 2017-2018



Source: National Center for Health Statistics.

Exhibit 4: US Medical Foods Market



Source: Grand View Research.

Exhibit 5: Viactiv Omega Boost Gel Bites

Organic Growth via Product Development & Commercialization

- 10x more Omega-3 than leading fish oil gummy*
- Delicious Passion Fruit Gel Bites
- No Fish Burps
- Contains No Sugar
- Enhance Absorption

GUARDION
HEALTH SCIENCES

* Contains 1200mg Omega-3 vs. 100mg in leading gummy.



Source: Company Documents.

Exhibit 6: Guardian Health Sciences, Inc. Investment Highlights



GUARDION
HEALTH SCIENCES

Highlights

- Well-positioned to compete in the **large and growing global nutrition market** with differentiated and established product portfolio focused on bone, ocular, and immune health
- Well defined **value creation process** focused on clinical evidence, product development and targeted marketing
- **Science-based mindset** that leverages clinical evidence to support our product portfolio
- Viactiv is an established, 20-year-old **brand with strong consumer awareness** and acceptance
- **Established distribution** with many largest retailers and eCommerce channels
- Products focused on **consumer experience and efficacy** that drive differentiation
- Promising **organic growth potential** via product development and increased commercialization
- **Proven and capable leadership**

Source: Company Documents.

Exhibit 7: Guardian’s Strategic Priorities

Strategic Priorities – Driving Growth and Creating Value

- **Brand Strategy** – by improving the management of our brand portfolio particularly, by leveraging Viactiv’s strong consumer awareness and acceptance
- **Product Strategy** – continuing develop new products that increase our product breadth as well as critically evaluating our current product portfolio in order to improve or discontinue certain products. We are focused on differentiated formulations, product taste, compelling product formats, strong science and competitive cost structures.
- **Sales Channels** – increasing product commercialization through better access to sales channels and leveraging our collective experience, particularly from the Viactiv product distribution.
- **Clinical Nutrition Strategy** – continuing to advance clinical evidence regarding our products, working with suppliers to leverage innovation and increasing awareness of our products and efforts with the healthcare community

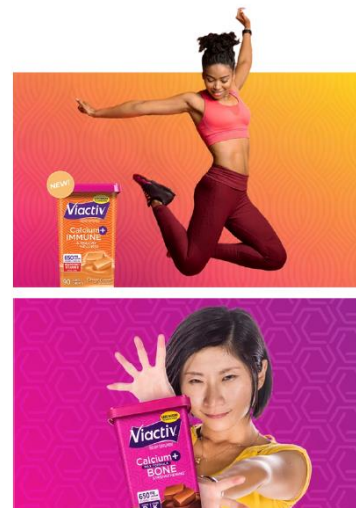


16

Source: Company Documents.

Exhibit 8: Viactiv Distribution Outlets

Core Products Achieve Superior Distribution



Source: Company Documents.

Exhibit 9: Viactiv Branded Products



Viactiv® is a Strong Growing Brand with Potential for Expansion

Source: Company Documents.

Exhibit 10: Guardian Focus on Consumer Experience

Superior Consumer Experience



Gluten Free



No FD&C Dyes



No High Fructose
Corn Syrup



Peanut/Tree Nut/
Sesame Free



Source: Company Documents.

Figure 11: Guardian Senior Leadership Team



Source: Company Documents.

Exhibit 12: Guardian Health Sciences, Inc. Stock Price (5-Years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 8: Consensus Expectations (as of August 10, 2022)

	Revenue (in millions)			EPS	
	<u>2022E</u>	<u>2023E</u>		<u>2022E</u>	<u>2023E</u>
Q1 Mar	\$2.4A		Q1 Mar	\$(0.07)A	
Q2 Jun	\$2.7E		Q2 Jun	\$(0.05)E	
Q3 Sep	\$3.6E		Q3 Sep	\$(0.04)E	
Q4 Dec			Q4 Dec		
Total	\$12.3E	\$14.5E	Total	\$(0.21)E	\$(0.18)E

**Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.*

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

FINANCIAL MODEL

Guardian Health Sciences Inc

Income Statement (\$ mils)	2019	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023
Fiscal Year End: December 31	FY-A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total revenue	0.9	1.9	0.2	1.2	3.1	2.6	7.2	2.4	3.3	3.8	3.2	12.6	2.8	3.9	4.5	3.7	14.9
Total cost of goods sold	0.2	1.9	0.1	0.7	1.8	1.6	4.1	1.3	1.9	2.0	1.8	7.0	1.5	2.2	2.3	2.1	8.1
Gross profit (loss)	0.7	(0.1)	0.1	0.6	1.4	1.1	3.1	1.1	1.4	1.8	1.4	5.6	1.3	1.7	2.1	1.7	6.8
Operating expenses																	
Research and development	0.2	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.2
Sales and marketing	1.9	1.5	0.5	0.4	0.8	0.6	2.3	0.7	0.4	0.5	0.5	2.1	0.8	0.4	0.6	0.6	2.4
General and administrative	7.4	7.5	2.3	2.5	3.3	3.1	11.2	3.0	2.6	2.6	2.5	10.7	3.4	3.0	3.0	2.8	12.2
Other	1.6	(0.6)	0.0	2.1	0.3	11.8	14.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Total operating expenses	11.1	8.5	2.8	5.1	4.4	15.6	27.9	3.7	3.1	3.2	3.0	13.1	4.2	3.6	3.7	3.4	14.9
Loss from operations	(10.3)	(8.6)	(2.7)	(4.5)	(3.0)	(14.5)	(24.7)	(2.6)	(1.7)	(1.5)	(1.6)	(7.4)	(2.9)	(1.9)	(1.6)	(1.7)	(8.1)
Other income (expense)																	
Interest income (expense)	(0.3)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other income (expense)	(0.1)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income before taxes	(10.7)	(8.6)	(2.7)	(4.5)	(3.0)	(14.5)	(24.7)	(2.6)	(1.7)	(1.5)	(1.6)	(7.4)	(2.9)	(1.9)	(1.6)	(1.7)	(8.1)
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net loss	(10.7)	(8.6)	(2.7)	(4.5)	(3.0)	(14.5)	(24.7)	(2.6)	(1.7)	(1.5)	(1.6)	(7.4)	(2.9)	(1.9)	(1.6)	(1.7)	(8.1)
Nonrecurring/noncash adjustments																	
Net income (pro forma)	(10.7)	(8.6)	(2.7)	(4.5)	(3.0)	(14.5)	(24.7)	(2.6)	(1.7)	(1.5)	(1.6)	(7.4)	(2.9)	(1.9)	(1.6)	(1.7)	(8.1)
EBITDA	(9.9)	(8.5)	(2.6)	(4.4)	(2.7)	(14.2)	(24.0)	(2.3)	(1.4)	(1.2)	(1.3)	(6.2)	(2.7)	(1.7)	(1.4)	(1.5)	(7.3)
Weighted average common shares out	6.1	14.3	21.4	24.4	24.4	23.7	23.7	39.2	61.4	61.4	61.4	55.8	61.4	61.4	61.4	61.4	61.4
Shares, Diluted	6.1	14.3	21.4	24.4	24.4	23.7	23.7	39.2	61.4	61.4	61.4	55.8	61.4	61.4	61.4	61.4	61.4
EPS Basic (pro forma)	(1.79)	(0.60)	(0.13)	(0.19)	(0.12)	(0.60)	(1.04)	(0.07)	(0.03)	(0.02)	(0.03)	(0.15)	(0.05)	(0.03)	(0.03)	(0.03)	(0.13)
EPS Diluted (pro forma)	(1.79)	(0.60)	(0.13)	(0.19)	(0.12)	(0.60)	(1.04)	(0.07)	(0.03)	(0.02)	(0.03)	(0.15)	(0.05)	(0.03)	(0.03)	(0.03)	(0.13)
Margins																	
Gross margin	79%	-3%	43%	46%	44%	40%	43%	46%	43%	46%	43%	45%	47%	44%	47%	44%	46%
Research and development	22%	9%	9%	1%	1%	0%	1%	0%	3%	1%	0%	1%	0%	3%	1%	0%	1%
General and administrative	822%	394%	982%	207%	105%	117%	155%	127%	80%	70%	78%	85%	122%	77%	67%	75%	82%
Operating margin	-1145%	-453%	-1144%	-371%	-96%	-553%	-342%	-110%	-53%	-39%	-51%	-59%	-104%	-49%	-35%	-47%	-55%
Tax rate, GAAP	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Net margin	-1188%	-454%	-1144%	-371%	-96%	-553%	-342%	-110%	-53%	-39%	-51%	-59%	-104%	-49%	-35%	-47%	-55%
Y/Y % change																	
Revenue	109%	-5%	3%	1144%	1214%	283%	922%	168%	20%	20%	20%	74%	18%	18%	18%	18%	18%
COGS	945%	22%	3%	1443%	45%	112%	868%	182%	15%	14%	14%	69%	16%	16%	16%	16%	16%
Gross Profit	-108%	-27%	2%	898%	-221%	-5577%	993%	151%	26%	29%	29%	81%	20%	21%	20%	21%	20%
Research and development	-17%	-34%	-62%	-52%	-79%	-60%	-68%	467%	20%	15%	15%	108%	15%	15%	15%	15%	15%
Sales and marketing	-23%	-6%	-15%	365%	136%	60%	46%	-12%	-30%	-25%	-10%	-10%	14%	14%	14%	14%	14%
General and administrative	0%	17%	48%	59%	80%	50%	32%	4%	-20%	-20%	-4%	-4%	14%	14%	14%	14%	14%
Total operating expenses	-23%	12%	306%	92%	529%	228%	34%	-39%	-27%	-81%	-53%	-53%	14%	14%	14%	14%	14%
Operating Income	-17%	14%	541%	40%	333%	189%	-2%	-62%	-51%	-89%	-70%	-70%	11%	8%	6%	8%	9%
Net income	-20%	14%	542%	41%	330%	189%	-2%	-62%	-51%	-89%	-70%	-70%	11%	9%	6%	8%	9%
EPS	-66%	-28%	280%	-20%	173%	73%	-46%	-85%	-80%	-96%	-86%	-86%	-32%	9%	6%	8%	-11%

Source: Company reports, Ascendant Capital Markets estimates

Guardian Health Sciences Inc

Balance Sheet (\$ mils)	Dec-19	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Fiscal Year End: December 31	Q4A	Q4A	Q1	Q2	Q3	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Current assets														
Cash	11.1	8.5	43.3	5.5	3.6	4.1	4.8	4.2	2.7	1.9	(0.6)	(3.1)	(4.9)	(5.9)
Short-term investments	0.0	0.0	0.0	7.0	7.0	5.0	12.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Accounts receivable, net	0.1	0.0	0.1	1.9	2.3	1.4	2.2	2.0	3.5	2.9	2.6	3.6	4.1	3.4
Inventories, net	0.3	0.4	0.3	1.0	0.8	0.4	0.8	1.7	1.3	1.1	1.0	1.4	1.5	1.3
Prepaid expenses and other assets	0.4	0.2	0.3	1.2	1.2	1.2	0.7	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Total current assets	11.9	9.1	44.0	16.5	14.9	12.1	20.6	19.1	18.6	17.1	14.1	13.0	11.8	10.0
Property and equipment, net	0.4	0.3	0.3	0.2	0.3	0.1	0.1	0.1	(0.2)	(0.5)	(0.7)	(0.9)	(1.1)	(1.3)
Intangible assets, net	0.1	0.1	0.1	11.9	11.6	11.3	11.0	10.7	10.7	10.7	10.7	10.7	10.7	10.7
Operating lease right-of-use asset, net	0.6	0.4	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill	0.0	0.0	0.0	12.0	11.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid Expenses	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	12.9	9.9	44.7	41.3	38.6	23.5	31.6	29.8	29.1	27.2	24.1	22.8	21.4	19.4
Liabilities and Stockholders' Equity														
Current liabilities														
Accounts payable	0.1	0.6	0.2	0.8	1.2	0.2	1.1	1.1	1.8	1.6	1.3	1.9	2.1	1.8
Accrued expenses	0.1	0.1	0.5	0.9	0.5	0.9	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Operating lease liability - current	0.2	0.2	0.2	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payable to former officer	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liability	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	0.4	1.1	1.0	1.8	2.0	1.2	1.8	1.7	2.4	2.2	1.9	2.5	2.7	2.4
Operating lease liability – long-term	0.4	0.3	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities	0.8	1.3	1.2	2.0	2.0	1.2	1.8	1.7	2.4	2.2	1.9	2.5	2.7	2.4
Stockholders' Equity														
Preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Additional paid-in capital	57.5	62.6	100.2	100.5	100.9	101.1	111.2	111.2	111.2	111.2	111.2	111.2	111.2	111.2
Accumulated deficit	(45.5)	(54.1)	(56.7)	(61.3)	(64.3)	(78.8)	(81.4)	(83.1)	(84.6)	(86.2)	(89.1)	(91.0)	(92.6)	(94.3)
Total stockholders' equity	12.0	8.5	43.5	39.3	36.6	22.3	29.8	28.1	26.7	25.1	22.1	20.3	18.7	16.9
Total liabilities and stockholders' equity	12.9	9.9	44.7	41.3	38.6	23.5	31.6	29.8	29.1	27.2	24.1	22.8	21.4	19.4

Balance Sheet Drivers

	Dec-19	Dec-20	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
	Q4A	Q4A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Book & Cash Value (per share)											
Book Value per Share (diluted)	1.98	0.60	0.94	0.76	0.46	0.43	0.41	0.36	0.33	0.30	0.28
Cash per Share (diluted)	1.83	0.60	0.38	0.43	0.23	0.21	0.19	0.15	0.11	0.08	0.07
Net cash per Share (diluted)	1.83	0.60	0.38	0.43	0.23	0.21	0.19	0.15	0.11	0.08	0.07

Source: Company reports, Ascendant Capital Markets estimates

Guardian Health Sciences Inc

Cash Flow Statement (\$ mils)	2019	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023
Fiscal Year End: December 31	FY-A	FY-A	Q1A	Q2A	Q3A	Q4	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																	
Net loss	(10.9)	(8.6)	(2.7)	(4.5)	(3.0)	(14.5)	(24.7)	(2.6)	(1.7)	(1.5)	(1.6)	(7.4)	(2.9)	(1.9)	(1.6)	(1.7)	(8.1)
Adjustments:																	
Depreciation and amortization	0.5	0.1	0.0	0.1	0.3	0.3	0.8	0.3	0.3	0.3	0.3	1.2	0.2	0.2	0.2	0.2	0.8
Goodwill impairment	1.6	0.0	0.0	0.0	0.0	11.9	11.9	0.0				0.0					
Loss on lease termination, net	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0			0.0					
Impairment loss on equipment	0.0	0.0	0.0	0.0	0.3	(0.3)	0.0	0.0	0.0			0.0					
Loss on disposal of property and equipment	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0				0.0					
Loss on sale of equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0					
Allowance for accounts receivable	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0					
Inventory write-down	0.0	1.0	0.0	0.0	0.0	0.2	0.2	0.0				0.0					
Amortization of operating lease right of use	0.1	0.2	0.0	0.1	0.0	0.0	0.1	0.0				0.0					
Fair value of vested stock options	0.4	0.5	0.2	0.2	0.2	0.0	0.6	0.1	0.1			0.1					
Fair value of common stock issued for services	0.4	0.0	0.2	0.2	0.2	0.2	0.7	0.1	0.0			0.1					
Reversal of previously recognized stock option	2.3	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0				0.0					
Change in fair value of derivative liability	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0					
WC changes																	
Accounts receivable	(0.1)	0.1	(0.1)	(0.0)	(0.4)	0.8	0.4	(0.8)	0.6	(1.5)	0.6	(1.1)	0.3	(1.0)	(0.5)	0.7	(0.5)
Inventories	0.0	(0.7)	0.1	(0.1)	0.2	0.2	0.5	(0.5)	(0.9)	0.4	0.2	(0.8)	0.2	(0.4)	(0.1)	0.2	(0.2)
Prepaid expenses and other	(0.3)	(0.1)	(0.1)	(1.1)	0.3	0.0	(1.0)	0.5	(0.9)	0.0	0.0	(0.4)	0.0	0.0	0.0	0.0	0.0
Accounts payable	(0.0)	0.5	(0.4)	0.2	0.4	(0.9)	(0.7)	0.9	(0.1)	0.7	(0.2)	1.3	(0.3)	0.6	0.2	(0.2)	0.3
Accrued expenses	0.0	0.0	0.4	0.3	(0.2)	0.3	0.8	(0.2)	(0.1)	0.0	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0
Operating lease liability	(0.1)	(0.2)	(0.0)	(0.1)	(0.0)	(0.1)	(0.2)	(0.0)	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Payable to former officer	0.0	0.1	(0.1)	(0.1)	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash used in operating activities	(6.0)	(8.0)	(2.4)	(4.9)	(1.8)	(1.6)	(10.6)	(2.2)	(2.6)	(1.5)	(0.8)	(7.1)	(2.5)	(2.5)	(1.9)	(0.9)	(7.8)
Investing Activities																	
Purchase of property and equipment	(0.2)	(0.0)	0.0	(0.0)	(0.1)	0.0	(0.1)	(0.0)	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Purchase of U.S. Treasury Bills	0.0	0.0	0.0	(35.0)	(28.0)	(8.0)	(71.0)	(22.0)	(40.0)			(62.0)					
Sale of U.S. Treasury Bills	0.0	0.0	0.0	28.0	28.0	10.0	66.0	15.0	42.0			56.9					
Cash paid for acquisition, net of cash acquired	0.0	0.0	0.0	(26.0)	(0.1)	0.1	(25.9)	0.0				0.0					
Net cash used in investing activities	(0.2)	(0.0)	0.0	(33.0)	(0.1)	2.1	(31.0)	(7.0)	2.0	0.0	0.0	(5.0)	0.0	0.0	0.0	0.0	0.0
Financing Activities																	
Proceeds from initial public offering	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0					
Proceeds from follow-on public offerings	12.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0					
Proceeds from issuance of convertible notes	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0					
Proceeds from issuance of promissory notes	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0					
Payments on promissory note	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0				0.0					
Proceeds from sale of common stock, net	0.0	0.0	33.7	0.0	0.0	(0.0)	33.7	8.8	0.0	0.0	0.0	8.8	0.0	0.0	0.0	0.0	0.0
Proceeds from exercise of warrants	0.2	5.5	3.6	(0.0)	0.0	0.0	3.6	1.1	(0.0)			1.1					
Payment for employee withholding tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)			0.0					
Net cash provided by financing activities	16.6	5.5	37.2	0.0	0.0	(0.0)	37.2	10.0	(0.0)	0.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0
Net cash increase (decrease)	10.4	(2.6)	34.8	(37.8)	(1.9)	0.5	(4.4)	0.7	(0.6)	(1.5)	(0.8)	(2.2)	(2.5)	(2.5)	(1.9)	(0.9)	(7.8)
Cash balance at beginning of period	0.7	11.1	8.5	43.3	5.5	3.6	8.5	4.1	4.8	4.2	2.7	4.1	1.9	(0.6)	(3.0)	(4.9)	1.9
Cash balance at end of period	11.1	8.5	43.3	5.5	3.6	4.1	4.1	4.8	4.2	2.7	1.9	1.9	(0.6)	(3.0)	(4.9)	(5.9)	(5.9)

Source: Company reports, Ascendant Capital Markets estimates

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Guardian Health Sciences, Inc.

Report	Date	Price	Target
1	07/19/22	Buy	\$0.75

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Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Rating System

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Total return is defined as price appreciation plus dividend yield.

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			Count	Percent
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Sell	1	2%	0	0%
Total	42	100%	15	36%

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