



November 18, 2020

# **ELECTROMEDICAL TECHNOLOGIES, INC.**

**(OTC – EMED)**

Industry: Medical Devices

Price Target: \$5.70

# ELECTROMEDICAL TECHNOLOGIES, INC.

## Undervalued Bioelectronics Innovator Set for Major Stock Gains

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<b>ELECTROMEDICAL TECHNOLOGIES, INC. (OTC – EMED - \$0.94)</b>	
Industry: Medical Devices	12-Mo Price Target: \$5.70

### COMPANY SNAPSHOT

Electromedical Technologies, Inc. is an FDA cleared commercial stage bioelectronic medical device manufacturing and distribution company that helps people with acute or chronic pain live happier and healthier lives in a safe, non-toxic, and drug free way. Leveraging its popular flagship device, EMED is developing a new professional grade handheld device for retail customers that has more features and is much cheaper than the existing commercial models.

### KEY STATISTICS

Price as of 9/17/20	\$0.90
52 Week High – Low	\$2.12- \$0.26
Est. Shares Outstanding	29.5M
Market Capitalization	\$26.5M
Average Volume	36,738
Exchange	OTCQB

### COMPANY INFORMATION

#### Electromedical Technologies, Inc.

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### INVESTMENT HIGHLIGHTS

**EMED is poised to serve as a leading, broad-based chronic pain management bioelectronics provider.** Leveraging its currently FDA-cleared flagship device that has a 10,000 unit installed base, EMED is set for clearance of a new device late next year that is smaller, cheaper, and with more capabilities including a telemedicine feature.

**Targeting multiple markets, EMED’s current and future offerings are primed to serve as a key, effective, and non-invasive alternative to current drugs, including the \$24 billion opioids market.** Bioelectronics is an important and developing field of “electronic” medicine which uses safe electrical impulses over the body’s neural circuitry to relieve pain, without drugs.

**The Company’s innovative, affordable financial model also includes a novel telemedicine feature which, along with efficacy and ease of use, should drive new adoption.** EMED’s recurring model includes a nominal down payment, monthly subscription fee, and a premium physician monitoring portal.

**Our forecasts include 10,000 units sold upon introduction next year and a conservative 80,000 units sold in 2022, driving revenue to \$17 million—which could prove to be conservative.**

**Even with a 12-month price target of \$5.70, EMED’s shares are grossly undervalued.** Our target is based on the low-end valuation of one of its comps in the peer group.

## COMPANY OVERVIEW

Tracing its roots to 2004, Arizona-based **Electromedical Technologies, Inc. (OTC – EMED – Not Rated)** is poised to emerge as one of the leading bioelectronics providers in the industry. Bioelectronics is an important and developing field of “electronic” medicine which uses safe electrical impulses over the body’s neural circuitry to relieve pain, without drugs. A highly regarded company that has been providing pain management for thousands of sufferers with a high-end device for many years, EMED is set to offer a new, smaller, less expensive version that features existing and new capabilities, late next year.

This new device offers an innovative pay-as-you-go monthly subscription model that includes a portal whereby doctors can monitor patients’ in-home progress and modify treatments, as necessary. Given the installed base of happy customers, historical strength and efficacy of the technology, innovative pricing, and impressive feature-set vis-à-vis the competition, we believe exponential unit sales growth is in the cards. As illustrated in the comp table found in the **VALUATION** section, we believe EMED is grossly undervalued at current levels and could rise by at more than five-times its recent prices, in the next 12 months.

### *The View from 30,000 Feet*

Electromedical Technologies is a bioelectronics medical device company that helps people with acute or chronic pain live happier and healthier lives in a safe, non-toxic, and drug-free way. The team is comprised of Ph.D.’s, medical doctors and systems engineers from institutions that include Weill Cornell School of Medicine, **Johnson & Johnson (NYSE – JNJ – Not Rated)**, and **Microsoft (NASDAQ – MSFT – Not Rated)**. The current clinical product, the *WellnessPro Plus*, is 11 7/8 x 7 inch bioelectronic device



that treats chronic and acute pain using

TENS (transcutaneous electrical nerve stimulation). The Company currently has a provisional patent pending for its *WellnessPlus POD*. To date, the Company has sold roughly 10,000 units of its *WellnessPro Plus* directly and through independent distributors, many of whom are customers/users as well. Approximately \$11 million worth of products have been sold since EMED received FDA clearance.



### *The Products*

EMED is developing the *WellnessPlus POD* a new, professional grade device for retail customers that is smaller, has more features, and is much cheaper than the existing commercial models.

This handheld or miniaturized version, which is 1 inches x 4 inches and has some clever, easy to use, front-end interactivity features.

The *WellnessPro POD* is being designed to target any chronic or acute pain such as migraines, PTSD, insomnia, depression, and anxiety. This product may be particularly useful for muscle oxygenation and diabetic neuropathy. Interestingly, the POD may be best suited for veterans and anyone using opioids for pain. To date, 287 schools and universities use the flagship device in their athletic departments and research programs and company clients include many professional athletes and teams NBA, NHL, NFL.

Bioelectronics devices manipulate the nervous system to both ignore the pain and release the body's natural pain killer, endorphins. Clearly, a device such as the EMED POD under development would serve as a go-to solution for these sufferers. EMED units, even the current flagship, *WellnessPro Plus*, are generally small, portable and are often attached to the skin's surface through two or more electrodes. Their small form factors are key as the recent designs are intended for home use. This non-invasive therapy can reduce the amount of prescription drugs needed to treat chronic pain and other conditions in many patients by blocking the nerve signals that are producing the feeling of pain. Back, neck, and shoulder pain are just some of the spots on the body that are targeted by the portable TENS units.

Due to its portability, users can treat themselves for 30-40 minutes per session, as guided by physicians. The *WellnessPro POD* is being designed with an established link between doctors and patients through a remote POD portal. This should allow a doctor to actively monitor progress and modify treatments in real time, depending upon the monthly service subscription level in which the patient selects. Through this interaction, patients can reduce their trips to the doctor and still enjoy effective treatment and monitoring for a monthly subscription fee of up to \$30 for a two or three-year commitment. (Monthly fees range from \$10-30, depending upon service level.) Thus, EMED is a pure play bioelectronics firm with a telemedicine component that should serve as a driver of broad product adoption.

Looking ahead, management plans to file with the FDA for new product clearance next year and given the predicate device of its current flagship, we believe it will be cleared with relative ease. The POD should be available for sale by year-end, depending upon manufacturing and FDA clearance timing. In anticipation of the launch, management is designing the prototype POD and has begun pre-sales and marketing internal design as well.

### *The Market*

An estimated 1.5 billion people around the world suffer from chronic pain more than 100M Americans who suffer from chronic pain resulting from disease or an accident. Many of these sufferers want and seek out alternative to toxic painkillers (such as opioids) and invasive surgical procedures. Perhaps no category is as ripe for migration to an alternative therapy such as bioelectronics as opioids.

Many patients are not initially aware of the highly addictive properties of prescription opioids, or the adverse consequences related to long-term opioid use, as roughly 1 in 10 patients prescribed for longer than average use often become addicted. Symptoms of addiction can be physical, behavioral, and psychological, and are often linked with anxiety attacks, mood swings, nausea, and depression, as well as impacting the individual's ability to work and sustain relationships. According to Mizhou Securities, there were about 300 million pain prescriptions written in 2015. The 300 million pain prescriptions equal a **\$24 billion market---a key, low-hanging target market for EMED.**

In addition, there is a distinct correlation between pain and depression as well. Depending upon the study, anywhere from 10-31% of 21.8M US Veterans suffer from PTSD while 77% of chronic pain sufferers report feeling depressed due to their condition. EMED plans to offer all veterans a POD with no \$100 down payment requirement and choice of subscription. Plus, Any purchase of a Premier subscription will donate a 1-year Premier subscription to another Veteran at no cost

#### *Our Forecasts*

Beginning with the introduction of the POD, EMED plans to use an innovative financial model which we believe will result in exponential unit sales growth. Each unit will initially be available by prescription for a nominal down payment of \$100, with a monthly subscription services fee of \$10-30 depending upon service features level. This recurring revenue model is expected to be widely accepted and provides meaningful cash flow forecasting for the Company.

For 2021, our top line estimate of \$1.55M in revenue includes \$250,000 of the current offering and \$1.3M in revenue (largely generated in 4Q21) from POD sales and subscription fees. This figure represents 10,000 POD units sold (with a \$100 down payment) and a conservative average of just \$15 in monthly subscription fees for two months. In 2022, the Company's first full year of POD sales, we forecast a total of 80,000 new unit sales with an associated \$100 down payment per unit, and \$15 in subscription fees for an average of six months. The six-month average reflects consumers that procure and sign on at different times throughout the year. Plus, the 10,000 units sold in 2021 will have an assessed \$15 monthly fee for a 12-month period as compared with just two months for 2021. As a result, the total projected revenue in 2022 is \$17M.

Our Bioelectronics/Neuromodulation Pubco Peer Group exhibits major annual revenue growth averaging 55% annually and as a result the components of the group trade at remarkably high Price/Revenue multiples. Interestingly, the average P/R multiple on next year's revenue is 15.5x. In addition, the smallest company in the group, **electroCore, Inc. (NASDAQ – ECOR – Not Rated)**, which we believe is most comparable to EMED, trades 10.3x. To be conservative, we have elected to compare the ECOR multiple and assign it to EMED for valuation purposes rather than the average P/R multiple for the group which is 50% higher! Thus, our 12-month price target of \$5.70 for EMED is 10.3x our \$17M 2022 forecast as the shares will trade on next year's (2022) forecasts in late 2021.



## THE BIOELECTRIC SPACE: A PRIMER

Bioelectronic medicine (sometimes referred to as bioelectronics) is the convergence of biology and electrical engineering. The human body is an electrochemical system. Bioelectronic devices work by modulating the electrical activity in peripheral and central nerves in order to mitigate both symptoms and underlying causes of disease. Bioelectronics is considered one of the top ten emerging health trends that delivers non-invasive, drug-free medicine through the use of neuromodulation to effectively

treat a variety of chronic conditions. In fact, McKinsey recently described bioelectronics as the underrecognized multi-billion-dollar opportunity, set to be a pillar of medical innovations for the next century.

Neuromodulation, a subset of bioelectronics, is a \$6.2 Billion global market. Neuromodulation is another term commonly used to describe technologies that modulate nerve activity in the central nervous system or the peripheral nervous system using electrical current, magnetism, or other stimuli.

Devices in this market include the pacemaker for cardiac arrhythmia, deep brain stimulator for Parkinsonian tremor, spinal cord stimulator for chronic pain, and transcranial magnetic stimulation for drug-resistant major depressive disorder. Both implantable and non-invasive devices are being sold or developed for a number of new applications including the treatment of a migraine, rheumatoid arthritis, back pain, and Crohn's disease. Plus, early studies show this approach can also treat depression and anxiety.

### *Bioelectric Pain Management*

Pain relief is one of the most promising applications of bioelectrical stimulation, especially for the estimated 1.5 billion men and women who experience chronic pain, many of whom and want an alternative to toxic painkillers and invasive surgical procedures. There is a distinct correlation between pain and depression as well. Depending upon the study, anywhere from 10-31% of 21.8M US Veterans suffer from PTSD while 77% of chronic pain sufferers report feeling depressed due to their condition. A subset of this group includes more than 100M Americans who suffer from chronic pain resulting from disease or an accident.

An alternative to pharmaceuticals, bioelectronics blocks nerve signals in a safe and natural way, so the brain does not sense the pain. This delivers relief while allowing other medicine to safely treat the underlying cause of the pain. Moreover, bioelectronics reduces pain by manipulating specific nerves, which in turn reduces the sensation of pain we experience. This approach manipulates the nervous system to both ignore the pain and release the body's natural pain killer, endorphins. Pulsating electrical waves interfere with the transmission of neural pain signals into the brain, reducing or even eliminating the pain people feel. From a physiotherapy point of view, the effectiveness and benefits of electrical nerve stimulation can be explained by the "gate control theory" of pain management. The gate control theory says that before pain signals reach the brain, they encounter "nerve

gates” in the central nervous system. Bioelectronics closes these gates, which reduces the strength and intensity of the pain signals that pass through them — if they even pass through and reach the brain at all.

Unlike pharmaceutical drugs that affect the entire body in order to relieve pain, bioelectronics can be used to provide targeted pain relief at specific areas of the body. This means you get the same pain-relieving benefits of prescription pills without the full body side effects of painkillers, such as constipation, dizziness, drowsiness, nausea, and vomiting.

### *TENS Technology*

Bioelectronics devices, specifically TENS (transcutaneous electrical nerve stimulation) devices like the *WellnessPro Plus* and the POD under development, can be used to relieve pain symptoms resulting from a wide range of chronic and acute conditions. TENS device to relieve back pain one day, carpal tunnel the next, and pain resulting from a surgical procedure or disease in the future.

Most units are small, portable and are often attached to the skin’s surface through two or more electrodes. Their small form factors are key as the recent designs are intended for home use. This non-invasive therapy can reduce the amount of prescription drugs needed to treat chronic pain in many patients by blocking the nerve signals that are producing the feeling of pain. Back, neck, and shoulder pain are just some of the spots on the body that are targeted by the portable TENS unit. Some are available in the OTC market, while other devices are available by prescription only. Bio-electrical stimulation is a safe pain management therapy that activates the body’s innate ability to heal itself and regulate pain signals. Today, the use of TENS is one of the most promising all-natural alternatives to toxic and addictive painkillers such as opioids.

### *The Opioid Crisis*

Perhaps no category is as ripe for migration to an alternative therapy such as bioelectronics as opioids. According to the Centers for Disease Control (CDC), we are firmly in the midst of an opioid epidemic. As EMED forges ahead on the R&D front, we believe that it will introduce products such as POD to reduce patient addiction directly and indirectly to opioids by using its alternative therapy.

### *CDC Stats and Info:*

- From 1999 to 2017, more than 700,000 people have died from a drug overdose.
- Around 68% of the more than 70,200 drug overdose deaths in 2017 involved an opioid.
- In 2017, the number of overdose deaths involving opioids (including prescription opioids and illegal opioids like heroin and illicitly manufactured fentanyl) was 6 times higher than in 1999.
- On average, 130 Americans die every day from an opioid overdose.
- From 1999-2017, nearly 400,000 people died from an overdose involving opioids, including prescription and illicit opioids.

Many patients are not initially aware of the highly addictive properties of prescription opioids, or the adverse consequences related to long-term opioid use, as roughly 1 in 10 patients prescribed for longer than average use often become addicted. Symptoms of addiction can be physical, behavioral, and psychological, and are often linked with anxiety attacks, mood swings, nausea, and depression, as well as impacting the individual’s

ability to work and sustain relationships. Thus, it is not uncommon for these patients to turn to bioelectronics for improved pain management that does not carry the “baggage” associated with opioids and pain drugs. According to Mizhou Securities, there were about 300 million pain prescriptions written in 2015. The 300 million pain prescriptions equal a **\$24 billion market---a key, low-hanging target market for EMED.**

## **EXECUTIVE LEADERSHIP TEAM**

### **Matthew Wolfson, Chief Executive Officer**

- Launched IntelSource Group and Electromedical Technologies in 2004, paving way for bioelectronic research and development of the Wellness Pro.
- Co-founded Globalcom 2000, one of the largest phone card companies in the United States, and One World Communications, an “International Callback” business with over 150 training centers worldwide.
- Phoenix-based entrepreneur and inventor with a keen interest in technology and design.

### **Dos. D. Sarbassov, Ph.D., Lead Scientific Advisor**

- Over 20 years of experience in cell-signaling, with a focus on the regulation of cell growth.
- Background includes training in immunology at Weill Cornell School of Medicine, where he contributed substantially to the study of mTOR complexes.
- Holds a Ph.D. degree from the University of Arkansas for Medical Sciences.
- Joined the laboratory of David M. Sabatini in 1999 as a Postdoctoral Fellow at the Whitehead Institute for Biomedical research at MIT, Cambridge, MA.
- Joined the Department of Molecular and Cellular Oncology at the University of Texas MD Anderson Cancer Center in 2006, continuing his studies on deregulation of cell growth in human cancers.

### **Alexander A. Pedenko, MD, Chief Medical Advisor**

- President and founder of Premier Anesthesia Consultants.
- Clinical instructor and assistant professor of anesthesiology at Penn State University.
- Over 20 years of experience in general anesthesia and postoperative pain management.
- Board certified anesthesiologist in Greater Phoenix area.
- Graduated with honors from Kharkov Medical School in Ukraine, one of the oldest and most respected medical schools in Europe.

### **Constantin Kishkovski, European Business Development**

- Helped to introduce Nestle branded products (Nescafe, Maggi, Nuts, and Nesquick) to the Ukrainian market.
- Head of the Johnson & Johnson representative office in Ukraine and Moldova.
- CEO and owner of KeyWord Group, a leading company in corporate support business in Ukraine and CIS.

**Cindy Solovei**, Chief Financial Advisor

- Seasoned financial executive and CFO advisor.
- Specialized in leading both public and private equity-funded companies through global expansion, infrastructure building, M&A due diligence and IPO preparation.
- Key financial lead in Real D Inc.'s IPO and sale of Learner's Digest Inc. to Wolters Kluwer.

**Petar Gajic**, Director of Technology

- Microsoft System Engineer (MCSE) with over 25 years of experience with a range of computer systems and networks.
- Director of engineering/Network Advisor for SHARP Electronic regional distribution office.
- Manager for IT projects/System and Network Administrator at One World Communications Inc.
- System Administrator - Webmaster at One World Communications.
- Network Administrator at Engineering Service.

## FINANCIALS SNAPSHOT

To date, EMED has sold roughly 10,000 units of its flagship product, generating \$11M in estimated revenue. For 2020, we project total revenue of around \$750,000 with a loss per share of around **(\$0.27)**. Still, we proffer that this year's financials generally have little to no bearing on the Company's valuation, given its shift from its higher-priced, large form flagship product to the expected late 2021 introduction of the handheld *WellnessPro POD*. Moreover, given that the valuation metric used by Wall Street is a Price/Sales Ratio, our emphasis is on forecasted POD unit sales, going forward.

For 2021, our top line estimate of \$1.55M in revenue includes \$250,000 of the current offering and \$1.3M in revenue (largely generated in 4Q21) from POD sales and subscription fees. This figure represents 10,000 POD units sold (with a \$100 down payment) and an average of \$15 in monthly subscription fees for two months. In 2022, the Company's first full year of POD sales, we forecast a total of 80,000 new unit sales with an associated \$100 down payment per unit, and \$15 in subscription fees for an average of six months. The six-month average reflects consumers that procure and sign on at different times throughout the year. Plus, the 10,000 units sold in 2021 will have an assessed \$15 monthly fee for a 12-month period as compared with just two months for 2021. As a result, the total projected revenue in 2022 is \$17M.

### *Conservative Forecasts Leads to Conservative Valuation*

It should be noted that our forecasts could be considered low, or conservative. As illustrated in Table I below, we have designed three scenarios: Low, Average, and High, for prospective annual new unit sales, and we utilized the average figures for our estimates. These assumptions take into account either 70,000, 80,000 or 90,000 new units sold. In our view, even the "High" figure is conservative considering there are 125M Americans who suffer from chronic and acute pain and could migrate their current drugs or other treatment to the low-cost, highly effective EMED product that offers a valuable telemedicine feature. Current distributors (and users) of the *WellnessPro Plus* are likely to be strong cheerleaders for the POD with key influencers and digital marketing

approaches set to drive awareness and sales. Thus, it is possible that far north of 100,000 units could end up being sold in 2022.

Another example of our conservative approach to forecasting is our decision to utilize a \$15/mo subscription fee versus a higher figure. EMED plans to charge between \$10-30/mo to consumers, depending upon the service level offering. Although it is more likely that the services average \$20/mo, we elected to be conservative and use the \$15 figure, since this model has no history for the Company. This shift in average would have a meaningful impact on revenue. For example, in the \$15/mo Average scenario, our forecast is \$17M, which rises to \$20M in the \$20/mo scenario.

**Table I. Electromedical Technologies, Inc.  
 Unit and Revenue Forecast**

<u>WellnessPro POD Units</u>				
	<u>FY21E</u>	<u>FY22E Low</u>	<b><u>FY22E Avg</u></b>	<u>FY22E High</u>
New Units Sold	10,000	70,000	<b>80,000</b>	90,000
Down Payment	\$100	\$100	<b>\$100</b>	\$100
Mo Sub Fee	\$15	\$15	<b>\$15</b>	\$15
Average Months	2	6	<b>6</b>	6
2021 Unit Subscriber Fees		\$15	<b>\$15</b>	\$15
Average Months		12	<b>12</b>	12
<u>Revenue</u>				
	<u>FY21E</u>	<u>FY22E Low</u>	<b><u>FY22E Avg</u></b>	<u>FY22E High</u>
Down Payment	\$1,000,000	\$7,000,000	<b>\$8,000,000</b>	\$9,000,000
Total Mo Sub Fees	\$300,000	\$8,100,000	<b>\$9,000,000</b>	\$9,900,000
<b>Total Revenue</b>	<b>\$1,300,000</b>	<b>\$15,100,000</b>	<b>\$17,000,000</b>	<b>\$18,900,000</b>
Sources: EMED and Goldman Small Cap Research				

## RISK FACTORS

In our view, the Company's biggest near term risk is related to the timing of the filing with the FDA for prospective clearance of the *WellnessPro POD* and the timing of the clearance itself. Given the predicate device of the FDA-cleared flagship product, and its similar method of action and approach, we believe clearance will occur in 2H21. The next major and broad-based risk is related to the timing and magnitude of the sales and marketing ramp and adoption, and subsequent monthly subscriber fee variability.

Some of the aforementioned risks could come from larger competitors, existing firms, or new entrants. Additionally, the migration from opioid use to POD could be slower than forecast, impacting the Company and peers. Still, these future concerns are consistent with firms of EMED's size and standing. Moreover, we believe that EMED's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth.

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, it is also possible that the share count could increase due to future fundraises to substantially expand the Company's business and reach. However, 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.

## VALUATION

The key reason behind Wall Street's use of the Price/Revenue multiple for this industry segment's peer valuation is the high sales growth rates driven by consumers' appetite and utilization for the bioelectronic offerings. Plus, the leading companies in this industry segment are not yet operating profitably. Against this backdrop, we have elected not to publish a Pro Forma P&L at this time, pending greater clarity on future production and Sales/Marketing expenses for EMED. Given the standard valuation methodology in the peer group, we do not deem it critical to our price target at this time. However, we believe that given its many years of production history, the potential leverage of current distributors and influencers, and the innovative recurring revenue model, EMED could reach operating profitability ahead of its peers. If we are correct, then the Company's stock could be afforded a premium valuation to the peers versus our current expectation of the low-end multiple for price target purposes.

As illustrated below, the Bioelectronics/Neuromodulation Puce Peer Group below exhibits major annual revenue growth and the components of the group trade at remarkably high Price/Revenue Multiples on both current year (2020) and next year's (2021) projections. The segment includes a combination of non-invasive and invasive companies. Another comparable, **Helius Medical Technologies, Inc. (NASDAQ – HSDT – Not Rated)**, trades 19x trailing twelve months revenue, a rate similar to the current year revenue multiple average for the group. (We do not have forecasts for this company so we did not include it directly in the peer group). The key takeaway from this group snapshot is that the average P/R multiple on next year's revenue is 15.5x. In addition, the smallest company in the group, **electroCore, Inc. (NASDAQ – ECOR – Not Rated)**, which we believe is most comparable to EMED, trades 10.3x. To be conservative, we have elected to compare the ECOR multiple and assign it to EMED for valuation purposes rather than the average P/R multiple for the group which is 50% higher! Thus, our 12-month price target of \$5.70 for EMED is 10.3x our \$17M 2022 forecast as the shares will trade on next year's (2022) forecasts in late 2021.

Our target could be exceeded under any of the following variables:

- An increase in 2022 unit sale projections
- A rise in expected average monthly subscriber fee
- Use of Price/Revenue multiple peer group average versus ECOR stand-alone.

**Table II. EMED Publicly-Traded Peer Group**

Company Name	Symbol	Price (11/16/20)	Mkt Cap (mil)	FY20E Revs (mil)	FY21E Revs (mil)	20E - 21E Revs Growth	2020E Price/Revs	2021E Price/Revs
Axonics	AXNX	\$46.64	\$1,843	\$112	\$157	40.2%	16.5	11.7
electroCore	ECOR	\$1.57	\$71	\$3	\$7	102.9%	20.9	<b>10.3</b>
Inspire Med	INSP	\$173.91	\$4,661	\$111	\$170	53.2%	42.0	27.4
Nevro	NVRO	\$169.51	\$5,836	\$366	\$458	25.1%	15.9	12.7
<b>Average</b>			<b>\$3,103</b>	<b>\$148</b>	<b>\$198</b>	<b>55%</b>	<b>23.8</b>	<b>15.5</b>
				<b>FY21E</b>	<b>FY22E</b>		<b>FY21E</b>	<b>FY22E</b>
EMED: Today		\$0.94	\$28					
<b>EMED: 12 Mo Tgt</b>		<b>\$5.70</b>	<b>\$175</b>	<b>\$1.6</b>	<b>\$17.0</b>	<b>997%</b>	<b>112.9</b>	<b>10.3</b>

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

## CONCLUSION

EMED is poised to serve as a leading, broad-based chronic pain management bioelectronics provider. Leveraging its currently FDA-cleared flagship device that has a 10,000 unit installed base, EMED is set for clearance of a new device late next year that is smaller, cheaper, and with more capabilities including a telemedicine feature. Targeting multiple markets, EMED's current and future offerings are primed to serve as a key, effective, and non-invasive alternative to current drugs, including the \$24 billion opioids market. Bioelectronics is an important and developing field of "electronic" medicine which uses safe electrical impulses over the body's neural circuitry to relieve pain, without drugs.

The Company's innovative, affordable financial model also includes a novel telemedicine feature which, along with efficacy and ease of use, should drive new adoption. EMED's recurring model includes a nominal down payment, monthly subscription fee, and a premium physician monitoring portal. Our forecasts include 10,000 units sold upon introduction next year and a conservative 80,000 units sold in 2022, driving revenue to \$22 million—which could prove to be conservative.

Even with a 12-month price target of \$5.70, EMED's shares are grossly undervalued. Our target is based on the low-end valuation of one of its comps in the peer group.

## RECENT TRADING HISTORY FOR EMED

(Source: [www.BigCharts.com](http://www.BigCharts.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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