

# Vivos Therapeutics, Inc.

Q4 revenue miss on accounting change. Raising price target to \$2.80.  
Reiterate BUY

United States  
Healthcare

April 7, 2023

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## COMPANY UPDATE

**Rating: BUY**

Ticker: VVOS

Price: \$0.33

Target: \$2.80  
(from \$2.75)

**Q4 EPS about in-line on light revenues:** VVOS recently (on March 30) reported its fiscal Q4 2022 (ending December) results. Revenue was \$4 million (-10% YOY), compared to our estimate of \$5.1 million and consensus estimates of \$4.6 million. EPS was \$(0.21), compared to our and consensus estimate of \$(0.22). The company did not provide any forward guidance.

**Revenue was impacted by a change in revenue recognition policy:** Due to Vivos' implementation of accounting standard ASC 606, approximately \$2.5 million of 2022 VIP enrollment revenue was pushed into future periods. Management stressed that this revenue is simply deferred and will be recognized over a 17-month period.

**Focus on expense reduction and cashflow improvement:** Operating expenses were \$8.4 million, versus our expectation of \$8.5 million. Management is focused on improving cash flow with a goal to reach break-even by mid-2024.

**Raising estimates on lower expenses:** We are maintaining our 2023 revenue estimate of \$20.3 million and raising 2023 EPS to \$(0.70) from \$(1.06) on lower operating costs and higher share count. Initiating 2024 revenue estimate of \$23.9 million and EPS estimate of \$(0.59).

**AFD acquisition providing Vivos a low-cost entry point for VIPs:** New products provided by AFD are much cheaper to make, retail for much less, and require as little as 2 hours of training, versus days of training for Vivos' flagship products. Vivos therefore believes that the AFD acquisition will catalyze wider adoption of the Vivos Method and help Vivos expand its revenue and customer base.

**Vivos offers a breakthrough approach to treating sleep apnea:** The Vivos Method, which involves wearing Vivos' patented appliances under the supervision of a trained dentist, works by molding the soft tissues of the airway to permit better air passage. The system is nonsurgical and noninvasive and has demonstrated permanent efficacy in 12-24 months of treatment. OSA is estimated to affect 54 million people in North America and carries the risk of significant comorbidities such as high blood pressure, heart failure, stroke, diabetes, dementia, and chronic pain if left untreated.

**Marketing and sales milestones are key catalysts for the stock:** In Q4 2022, the number of dentists who had enrolled in Vivos' VIP (Vivos Integrated Practice) program rose to 1,700 from 1,650 in Q3 2022, up 17% YOY. As the company continues to report rising numbers of new VIPs, higher revenues are likely to follow, which will in turn provide a positive catalyst for the stock.

**Company focused on improving cash flow.** As of Q4 2022, Vivos had \$3.5 million of cash on the balance sheet. On January 8, the company announced a private placement netting an additional \$7.4m. Given a projected burn rate of \$4-5 million per quarter, the company will likely need to raise additional capital by Q3 2023.

**Favorable risk/reward profile:** While the market for OSA treatment appliances is highly competitive and Vivos faces commercialization challenges, we believe multi-billion-dollar market potential and favorable economics present high rewards for the risks.

**Current valuation attractive:** Stock is trading at an EV/sales ratio of only 0.3x. We are maintaining our BUY rating and raising our 12-month price target to \$2.80 from \$2.75 based on an NPV analysis. This represents significant upside from the current share price, and we believe this valuation appropriately balances out the company's high risks with large upside opportunities.

### Company Description

Based in Littleton, Colorado, Vivos is a medical technology company focused on innovative solutions for obstructive sleep apnea (OSA) and snoring.

### Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.30-2.96
Shares Outstanding (million):	29.7
Market cap (\$million):	\$9.5
EV (\$million):	\$6.0
Debt (\$million):	\$0
Cash (\$million):	\$3.5
Avg. Daily Trading Vol. (\$ 000's):	\$263
Float (million shares):	23.71
Short Interest (million shares):	0.26
Dividend, annual (yield):	NA

### Revenues (US\$ million)

	2023E (Cur.)	2023E (Old.)	2024E (Cur.)	2024E (Old.)
Q1 Mar	4.3E		5.5E	
Q2 Jun	4.9E		6.0E	
Q3 Sep	5.6E	5.0E	6.4E	
Q4 Dec	5.5E	6.0E	6.0E	
Total	20.3E		23.9E	
EV/Rev	(0.3)x		(0.3)x	

### Earnings per Share (pro forma)

	2023E (Cur.)	2023E (Old.)	2024E (Cur.)	2024E (Old.)
Q1 Mar	(0.19)E		(0.16)E	
Q2 Jun	(0.18)E	(0.20)E	(0.15)E	
Q3 Sep	(0.16)E	(0.19)E	(0.14)E	
Q4 Dec	(0.16)E		(0.15)E	
Total	\$(0.70)E	\$(0.73)E	\$(0.59)E	
PE	NM		NM	

### 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 14.**

## OVERVIEW

- VVOS recently (on March 30) reported its fiscal Q4 2022 (ending December) results.
- Revenue was \$4 million (-10% YOY), compared to our estimate of \$5.1 million and consensus estimates of \$4.6 million.
- EPS was \$(0.21), compared to our and consensus estimate of \$(0.22).
- The company did not provide any forward guidance.
- We are maintaining our 2023 revenue estimate of \$20.3 million and raising EPS to \$(0.70) from \$(1.06) on lower operating costs and higher share count.
- We are imitating 2024 estimates of \$(0.59) on \$23.9 million in revenue.

## ADDITIONAL DETAILS

- Revenue was reduced by a change in revenue recognition policy.
- The adoption of ASC 606 pushed approximately \$2.5 million of 2022 VIP enrollment revenue into future periods.
- Gross margin for the quarter was 60%, versus 75% last year and our expectation of 73%.
- Operating expenses were \$8.4 million, versus our expectation of \$8.5 million.
- Net loss was \$6.1 million, versus our expectation of a loss of \$4.7 million.

On its earnings call, Vivos management emphasized its desire to achieve cash flow breakeven by mid-2004. While we believe this is an ambitious target, we have adjusted our estimates to reflect tighter expense discipline and smaller losses going forward.

The company's balance sheet had \$3.5 million in cash and no debt, compared with \$6.7 million in cash and no debt at the end of September. In March (just completed Q1), the company raised \$7.4 million in an equity private placement which included prefunded warrants (exercisable at \$1.20), giving the company enough cash to last through 1H23 and into Q323 before needing to raise capital.

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Exhibit 1: Vivos Therapeutics Inc. Sleep Apnea Technology

# VIVOS<sup>®</sup>

Vivos brings to market breakthrough technology in both diagnosis and treatment of dentofacial abnormalities and/ or mild to moderate OSA and snoring.



Vivos<sup>®</sup>

Source: Company Documents

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Exhibit 2: The Vivos Method

## THE VIVOS<sup>®</sup> METHOD

is our multidisciplinary treatment protocol that uses  
**nonsurgical | noninvasive | cost-effective**  
**ORAL APPLIANCE TECHNOLOGY**

prescribed by trained dentists and medical professionals  
to treat dentofacial abnormalities and/or mild to moderate OSA and snoring.

Vivos<sup>®</sup>

Source: Company Documents

**Exhibit 3: Sleep Apnea Comorbidities**

**VIVOS**

Many chronic conditions can be traced to unhealthy sleep.

**Chronic Headaches**  
Aggressive Behavior  
Hyperactivity Disorder  
Alzheimer's Disease  
Chronic Depression  
Chronic Anxiety  
Attention Deficit Disorder  
Dementia

**Persistent Snoring**  
Gasping Episodes  
Hypothyroidism  
Bruxism  
Crowded Teeth

**Cardiovascular Disease**  
Heart Disease  
Chronic Fatigue  
Hypertension  
Asthma

**Obesity**

**Nocturnal Enuresis**

**Chronic Pain**

**Fibromyalgia**

**Restless Leg Syndrome**

**VIVOS**

Knutson KL, Ryden AM, Mander VA, Van Cauter E. Role of sleep duration and quality in the risk and severity of type 2 diabetes mellitus. Arch Intern Med 2006;166:1768-1704.

Kassabji E, Ch DSI, Kishnaswamy G. Inflammatory aspects of sleep apnea and their cardiovascular consequences. South Med J 2006;99:58-67.

Taheri S. The link between short sleep duration and obesity: We should recommend more sleep to prevent obesity. Arch Dis Child 2006;91:881-884.

Zimmerman M, McGlinchey JB, Young D, Chelminski I. Diagnosing major depressive disorder I: A psychometric evaluation of the DSM-IV symptom criteria. J Nerv Ment Dis 2006;194:106-103.

Schwartz DJ, Kohler WC, Karatzinos G. Symptoms of depression in individuals with obstructive sleep apnea may be amenable to treatment with continuous positive airway pressure. Chest 2005;128:1304-1306.

Source: Company Documents

**Exhibit 4: Vivos Therapeutics, Inc. Dentist Customer Stats**

**Over 1,450 Dentists Trained**

Dentists have hundreds of existing patients of all ages who are suffering from OSA

- Typical VIP Dentist has well over 400 existing patients who may suffer from (undiagnosed) OSA
- Represents a multi-million-dollar revenue opportunity for dental practices

**\$9,000**

Typical Case Fee to Patient

**(\$3,000)**

Estimated Total Cost to DDS

**\$6,000**

Estimated Total Margin DDS



**VIVOS**

Source: Company Documents

## Exhibit 5: Vivos Therapeutics, Inc. Competitive Strengths



### Our Competitive Strengths

- FDA registrations and clearances since 2009
- Only appliance of its kind eligible for Medicare reimbursement
- Significant barriers to entry
- Vivos Method Insurance reimbursement
- Body of published research and strong patient outcomes
- First mover advantage in Sleep Dentistry Space and Differentiated Products
- Established strategic alliances within the medical and dental community
- Intellectual property portfolio and research and development capabilities
- Extensive Training and Support Systems
- Compelling economics and value-added services to VIPs at all levels of the product and service delivery chain
- Marketplace acceptance – approximately 25,000 patients treated – over 1,450 Vivos-trained independent dentists

Vivos

Source: Company Documents

## Exhibit 6: Vivos Therapeutics, Inc. Oral Appliances

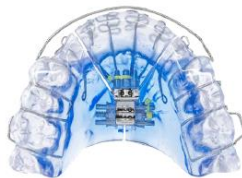
### Vivos Appliance Systems

 Guide



The Vivos Guides are registered with the FDA as a Class I devices for orthodontic tooth positioning.

 DNA



The Vivos DNA appliance\* is registered with the FDA as a Class I device for palatal expansion.

 mRNA



The Vivos mRNA appliance\* has 510(k) clearance from the FDA as a Class II medical device for the treatment of snoring, mild to moderate OSA, and snoring.

 mmRNA



The Vivos mmRNA appliance\* has a 510(k) clearance from the FDA as a Class II medical device for jaw repositioning and the treatment of snoring, mild to moderate OSA, and snoring.

Vivos

Source: Company Documents



Exhibit 7: 73-Year-Old Male Airway CBT Scan Before and After Vivos Treatment

## 73-Year-Old Male - 17 Months Treatment

Cone-beam Computed Tomography Scans (Before and After) of Patient Airway (without an appliance in the mouth)

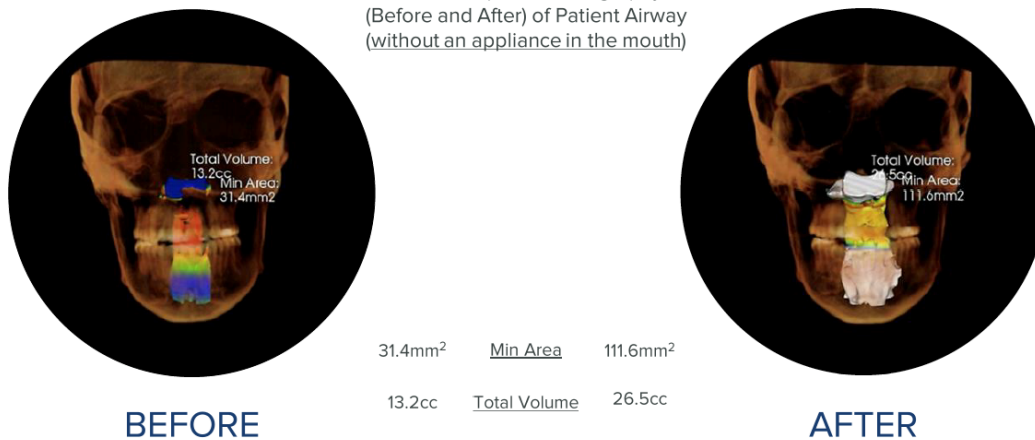


Source: Company Documents

Exhibit 8: 30-Year-Old Male Airway CBT Scan Before and After Vivos Treatment

## 30-Year-Old Male - 14 Months Treatment

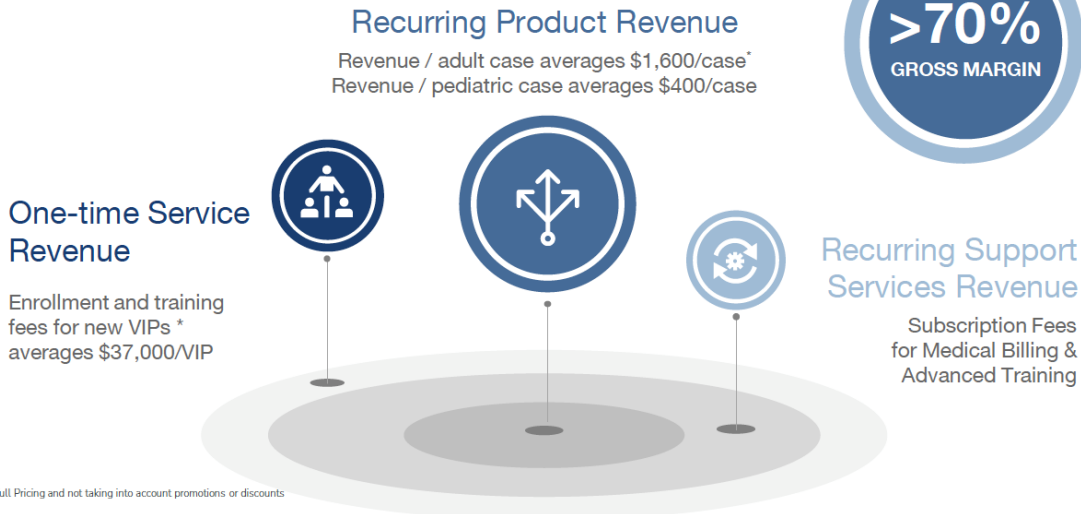
Cone-beam Computed Tomography Scans (Before and After) of Patient Airway (without an appliance in the mouth)



Source: Company Documents

**Exhibit 9: Vivos Therapeutics, Inc. Revenue Model**

## Our Revenue Model



Source: Company Documents

**Exhibit 10: The Vivos Ecosystem**

### The Vivos Ecosystem The VIP Program

- Our Secondary source of revenue is our clinical training and practice support programs.
- Our program to train dentists and offer them other value-added services is called the
- Vivos Integrated Practice (VIP) program.
- The VIP program provides dentists with a strong economic incentive to provide this treatment and prescribe the Vivos Method, together with practice support services.



Source: Company Documents

**Exhibit 11: Illustrative Economics for Vivos Dentists**



**Illustrative Economics for a General Dentist**

Number of Active Patients in Typical Dental Practice	Potential patients with OSA	Potential Additional Revenue for Dentist
1,250	375	\$3,375,000
1,500	450	\$4,050,000
1,750	525	\$4,725,000
2,000	600	\$5,400,000
2,250	675	\$6,075,000



Source: Company Documents

**Exhibit 12: Sleep Apnea Competitive Landscape**

**Competitive Landscape**

	Treatment Protocol	Target the Underlying Condition	Required Treatment Time to Resolve Symptoms	Overall Efficacy of Treatment	Pain Associated with Treatment	Potential Negative Side-Effects	Average Duration of Treatment/Intervention	Duration of Benefits	Health Insurance Coverage	Health Insurance Coverage	Est. Average Treatment Cost
Non-Surgical Treatment Options (Non-Invasive)	Vivos	★★★★★	Potentially Immediate	★★★★★	Minor or None	Minor	12-24 Months	★★★★★	Yes	YES In Most Case	\$9,000
	CPAP	★★★★☆	Potentially Immediate	★★★★★	Minor or None	Moderate	Lifetime	★★★★☆	Yes	Yes	\$10,000/10 years Plus Consumables
	Oral Appliance Therapy	★★★★☆	Potentially Immediate	★★★★☆	Minor or None	Moderate	Lifetime	★★★★☆	No	YES In Most Case	\$3,000 - \$8,000
Surgical Treatment Options (Invasive)	Inspire Medical®	★★★★☆	Potentially Immediate	★★★★☆	In Some Cases	Major	Lifetime	★★★★☆	No	YES In Most Case	\$30,000 - \$40,000
	Uvulopalatopharyngoplasty (UPPP Surgery)	★★★★☆	Potentially Immediate	★★★★☆	During Recovery	Major	Surgery + Healing Time	★★★★☆	No	Yes	\$2,000 - \$10,000
	Maxillomandibular Advancement Surgery	★★★★★	Potentially Immediate	★★★★★	During Recovery	Major	Surgery + Healing Time	★★★★★	Yes	Yes	\$70,000



Source: Company Documents



**Exhibit 13: Vivos Therapeutics, Inc. Insurance Reimbursement**

## Commercial Insurance Reimbursement



**CODING**

Cpt Code E0486  
Other Cpt Codes  
Based On Case



**PAYMENT**

Level Of  
Reimbursement  
Based On  
Individual Policy



**COVERAGE**

Many Major Us  
Commercial Medical  
Payors and Medicare

**Commercial Health Insurance**

- Percentage of claims paid depends on several factors, including: Cost of treatment from individual provider; Patient's Medical Policy; Medical Payer's Guidelines
- Medical insurance is never a guarantee of payment, and patient deductibles may vary by policy



Source: Company Documents

**Exhibit 14: Vivos Executive Leadership Team**

## Vivos Executive Leadership Team



**R. Kirk Huntsman**  
Chairman, Chief Executive Officer



**Brad Amman**  
Chief Financial Officer



**Susie McCullough**  
Executive Vice President



**Dr. Neil Kline**  
SVP of Medical Affairs



**RaeAnn Bymes**  
SVP of People Training & Development



**Todd Huntsman**  
SVP of Product & Technology



**George Gardiner**  
SVP of Sales



**Nick DeGennaro**  
SVP of Medical Integration Division



**Stephanie Huebner**  
SVP of DSO Operations



**Ruth Hembree**  
SVP of Practice Services



**Patrick Kircher**  
Sr. Business Analyst



**Keith Batcheller**  
VP of Enrollments and Partner Relations



**Julie Gannon**  
Chief of Staff and Strategy



Source: Company Documents

**Exhibit 15: Vivos Therapeutics, Inc. Consensus Estimates**

	Revenue (million)			EPS	
	<u>2023E</u>	<u>2024E</u>		<u>2023E</u>	<u>2024E</u>
Q1 Mar	3.7E		Q1 Mar	-0.19E	
Q2 Jun	4.4E		Q2 Jun	-0.20E	
Q3 Sep	4.6E		Q3 Sep	-0.19E	
Q4 Dec	4.65E		Q4 Dec	-0.16E	
Total	17.4E	25.5E	Total	-0.73E	-0.56E

Note: Quarterly estimates may not add up to annual estimates due to variance in analyst reporting practices

Source: Yahoo Finance, SeekingAlpha.com, Ascendant Capital Markets

**Exhibit 16: Vivos Therapeutics, Inc, Stock Price (Since IPO)**



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

## Financial Model

### Vivos Therapeutics, Inc.

Income Statement (\$ mils)	2020	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	
Fiscal Year End: December 31	FY-A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<i>Product revenue</i>	37%	39%	56%	55%	47%	51%	52%											
<i>Service revenue</i>	63%	61%	44%	45%	53%	49%	48%											
Product revenue	4.9	6.5	2.0	2.3	2.0	2.0	8.4											
Service revenue	8.2	10.4	1.6	1.9	2.2	1.9	7.6											
<b>Total revenue</b>	<b>13.1</b>	<b>16.9</b>	<b>3.6</b>	<b>4.2</b>	<b>4.2</b>	<b>4.0</b>	<b>16.0</b>	<b>4.3</b>	<b>4.9</b>	<b>5.6</b>	<b>5.5</b>	<b>20.3</b>	<b>5.5</b>	<b>6.0</b>	<b>6.4</b>	<b>6.0</b>	<b>23.9</b>	
Total cost of goods sold	2.7	4.3	1.1	1.6	1.8	1.6	6.0	1.6	1.8	2.0	1.9	7.3	1.8	1.9	2.0	2.0	7.7	
<b>Gross profit (loss)</b>	<b>10.4</b>	<b>12.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.5</b>	<b>2.4</b>	<b>10.0</b>	<b>2.7</b>	<b>3.1</b>	<b>3.6</b>	<b>3.6</b>	<b>13.0</b>	<b>3.7</b>	<b>4.1</b>	<b>4.4</b>	<b>4.0</b>	<b>16.2</b>	
<b>Operating expenses</b>																		
General and administrative	16.1	25.8	8.3	7.7	6.6	6.5	29.0	6.5	6.5	6.6	6.6	26.2	6.6	6.6	6.6	6.6	26.4	
Sales and marketing	2.3	5.6	0.8	1.7	1.1	1.8	5.3	1.7	1.7	1.7	1.7	6.8	1.7	1.7	1.7	1.7	6.8	
Depreciation and amortization	0.7	0.7	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.1	0.1	0.6	
Other (3, 4)	3.3	0.9																
Total operating expenses	22.5	33.0	9.2	9.6	7.9	8.4	35.1	8.4	8.4	8.5	8.5	33.7	8.5	8.5	8.4	8.4	33.8	
<b>Loss from operations</b>	<b>(12.0)</b>	<b>(20.4)</b>	<b>(6.6)</b>	<b>(7.0)</b>	<b>(5.4)</b>	<b>(6.0)</b>	<b>(25.0)</b>	<b>(5.7)</b>	<b>(5.2)</b>	<b>(4.9)</b>	<b>(4.9)</b>	<b>(20.7)</b>	<b>(4.8)</b>	<b>(4.4)</b>	<b>(4.0)</b>	<b>(4.4)</b>	<b>(17.6)</b>	
<b>Other income (expense)</b>																		
Interest income (expense)	(0.0)	0.1		(0.0)	0.0	0.0	0.0					0.0					0.0	
<b>Other income (expense) (5)</b>	<b>0.0</b>	<b>(0.0)</b>	<b>1.3</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>1.2</b>					0.0					0.0	
Income before taxes	(12.1)	(20.3)	(5.3)	(7.0)	(5.4)	(6.1)	(23.8)	(5.7)	(5.2)	(4.9)	(4.9)	(20.7)	(4.8)	(4.4)	(4.0)	(4.4)	(17.6)	
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	
<b>Net loss</b>	<b>(12.1)</b>	<b>(20.3)</b>	<b>(5.3)</b>	<b>(7.0)</b>	<b>(5.4)</b>	<b>(6.1)</b>	<b>(23.8)</b>	<b>(5.7)</b>	<b>(5.2)</b>	<b>(4.9)</b>	<b>(4.9)</b>	<b>(20.7)</b>	<b>(4.8)</b>	<b>(4.4)</b>	<b>(4.0)</b>	<b>(4.4)</b>	<b>(17.6)</b>	
Nonrecurring/noncash adjustments (1,2)	(5.9)	0.0	0.0															
Net income (pro forma)	(18.0)	(20.3)	(5.3)	(7.0)	(5.4)	(6.1)	(23.8)	(5.7)	(5.2)	(4.9)	(4.9)	(20.7)	(4.8)	(4.4)	(4.0)	(4.4)	(17.6)	
EBITDA	(12.8)	(21.1)	(6.8)	(7.1)	(5.6)	(6.2)	(25.7)	(5.9)	(5.4)	(5.1)	(5.0)	(21.4)	(4.6)	(4.2)	(3.8)	(4.2)	(16.8)	
Weighted average common shares outs	12.9	21.2	21.2	21.2	21.2	28.3	23.0	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	
Shares, Diluted	12.9	21.2	21.2	21.2	21.2	28.3	23.0	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	29.7	
EPS Basic (pro forma)	(1.40)	(0.96)	(0.25)	(0.33)	(0.26)	(0.21)	(1.04)	(0.19)	(0.18)	(0.16)	(0.16)	(0.70)	(0.16)	(0.15)	(0.14)	(0.15)	(0.59)	
EPS Diluted (pro forma)	(1.40)	(0.96)	(0.25)	(0.33)	(0.26)	(0.21)	(1.04)	(0.19)	(0.18)	(0.16)	(0.16)	(0.70)	(0.16)	(0.15)	(0.14)	(0.15)	(0.59)	
1 Preferred stock accretion (FY18-20)																		
2 Warrant beneficial conversion feature (Q4 '20)																		
3 Litigation settlement (Q4 '20 opex)																		
4 Impairment charge (Q4 '21 opex)																		
5 PPP loan forgiveness Q1 '22																		
<b>Margins</b>																		
Gross margin	80%	75%	70%	62%	59%	60%	63%	62%	64%	64%	65%	64%	67%	68%	69%	67%	68%	
General and admin	123%	153%	227%	184%	156%	163%	181%	151%	133%	118%	120%	129%	120%	110%	103%	110%	110%	
Sales and marketing	18%	33%	21%	41%	26%	45%	33%	40%	35%	30%	31%	33%	31%	28%	27%	28%	28%	
Operating margin	-92%	-121%	-182%	-166%	-127%	-152%	-156%	-133%	-107%	-87%	-89%	-102%	-87%	-73%	-63%	-74%	-74%	
Tax rate, GAAP	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Net margin	-92%	-120%	-146%	-167%	-128%	-154%	-149%	-133%	-107%	-87%	-89%	-102%	-87%	-73%	-63%	-74%	-74%	
<b>Y/Y % change</b>																		
Revenue	15%	29%	6%	-7%	-7%	-10%	-5%	18%	17%	32%	39%	27%	28%	22%	14%	9%	18%	
COGS	-3%	61%	44%	83%	28%	22%	40%	49%	11%	15%	23%	22%	11%	9%	-2%	3%	5%	
Gross Profit	20%	21%	-5%	-29%	-22%	-23%	-21%	5%	21%	44%	50%	29%	38%	30%	23%	12%	25%	
General and Admin	-1%	60%	64%	26%	2%	2%	2%	-21%	-15%	0%	2%	-10%	2%	2%	0%	2%	1%	
Sales and marketing	0%	140%	-12%	22%	-44%	5%	5%	126%	0%	54%	5%	27%	0%	0%	0%	5%	0%	
Total operating expenses	17%	47%	51%	24%	-9%	-20%	6%	-9%	-12%	7%	1%	-4%	1%	1%	0%	0%	0%	
Operating Income	14%	69%	95%	71%	-2%	-19%	23%	-14%	-25%	-10%	-19%	-17%	-16%	-16%	-17%	-9%	-15%	
Net income	53%	13%	57%	73%	0%	-18%	18%	7%	-25%	-10%	-20%	-13%	-16%	-16%	-17%	-9%	-15%	
EPS	47%	-32%	35%	69%	-2%	-38%	8%	-23%	-46%	-36%	-23%	-33%	-16%	-16%	-17%	-9%	-15%	
D&A as a % of PPE and Good will	19%	21%	11%	11%	12%	12%	12%	12%	12%	12%	12%	11%	12%	12%	12%	12%	11%	

Source: Company reports, Ascendant Capital Markets estimates

**Vivos Therapeutics, Inc.**

Balance Sheet (\$ mils)	Dec-20	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Fiscal Year End: December 31	Jan-00	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Current assets</b>														
Cash	18.2	24.0	17.8	12.7	6.7	3.5	6.0	1.4	(2.8)	(6.9)	(10.9)	(14.3)	(17.5)	(21.1)
Accounts receivable, net	1.4	1.2	1.0	0.8	0.9	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.6
Current portion of note receivable - related party	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
Deferred offering costs			0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tenant improvement allowance receivable		0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other assets	0.7	1.6	2.3	2.1	2.1	1.4	1.5	1.7	1.9	1.9	1.9	2.0	2.2	2.0
<b>Total current assets</b>	<b>20.4</b>	<b>27.3</b>	<b>21.6</b>	<b>15.5</b>	<b>9.7</b>	<b>5.4</b>	<b>7.9</b>	<b>3.6</b>	<b>(0.3)</b>	<b>(4.4)</b>	<b>(8.4)</b>	<b>(11.7)</b>	<b>(14.6)</b>	<b>(18.4)</b>
Goodwill	2.7	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Property and equipment, net	0.9	2.8	2.9	3.1	3.0	3.1	2.9	2.7	2.6	2.4	2.2	2.1	1.9	1.8
Operating lease right-of-use asset			1.5	2.2	2.1	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Intangible assets, net	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Note receivable, net - related party	0.8	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
Deposits	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.5
<b>Total assets</b>	<b>25.3</b>	<b>33.7</b>	<b>29.6</b>	<b>24.4</b>	<b>18.4</b>	<b>13.7</b>	<b>16.0</b>	<b>11.6</b>	<b>7.6</b>	<b>3.3</b>	<b>(0.8)</b>	<b>(4.2)</b>	<b>(7.3)</b>	<b>(11.2)</b>
<b>Liabilities and Stockholders' Equity</b>														
<b>Current liabilities</b>														
Accounts payable	0.8	0.9	0.9	1.3	0.6	1.4	1.3	1.4	1.6	1.6	1.5	1.5	1.6	1.6
Payable to related party for redemption of Serie	1.5	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
Accrued expenses	1.7	2.9	3.2	2.6	2.2	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Current portion of contract liabilities	2.9	2.4	2.3	2.1	2.4	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Current portion of long-term debt	0.9	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current portion of deferred rent		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
Current portion of lease incentive liability		0.1	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other current liabilities		0.0	0.1	0.4	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total current liabilities</b>	<b>7.8</b>	<b>7.5</b>	<b>6.9</b>	<b>6.7</b>	<b>6.0</b>	<b>6.8</b>	<b>6.7</b>	<b>6.8</b>	<b>7.0</b>	<b>7.0</b>	<b>6.9</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>
Contract liabilities, net of current portion						0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Operating lease liability, net of current portion						2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Long-term debt	0.4	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
Deferred rent	0.2	0.3	0.0	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease incentive liability, net of current portion		0.3	1.9	2.5	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total liabilities</b>	<b>8.4</b>	<b>8.2</b>	<b>8.7</b>	<b>9.5</b>	<b>8.5</b>	<b>8.9</b>	<b>8.8</b>	<b>8.9</b>	<b>9.1</b>	<b>9.1</b>	<b>6.9</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>
Commitments and Contingencies	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
<b>Stockholders' Equity</b>														
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	52.3	81.2	82.0	82.8	83.2	84.3	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7
Accumulated deficit	(35.3)	(55.6)	(61.1)	(67.9)	(73.4)	(79.5)	(85.2)	(90.4)	(95.3)	(100.2)	(105.0)	(109.3)	(113.4)	(117.8)
<b>Total stockholders' equity</b>	<b>16.9</b>	<b>25.5</b>	<b>20.9</b>	<b>14.8</b>	<b>9.9</b>	<b>4.8</b>	<b>6.5</b>	<b>1.3</b>	<b>(3.6)</b>	<b>(8.5)</b>	<b>(13.3)</b>	<b>(17.7)</b>	<b>(21.7)</b>	<b>(26.1)</b>
<b>Total liabilities and stockholders' equity</b>	<b>25.3</b>	<b>33.7</b>	<b>29.6</b>	<b>24.4</b>	<b>18.4</b>	<b>13.7</b>	<b>15.3</b>	<b>10.2</b>	<b>5.5</b>	<b>0.5</b>	<b>(6.4)</b>	<b>(10.7)</b>	<b>(14.7)</b>	<b>(19.1)</b>

**Balance Sheet Drivers**

	Dec-20	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	Jan-00	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Book &amp; Cash Value (per share)</b>														
Book Value per Share (diluted)	1.31	1.20	0.98	0.70	0.46	0.17	0.22	0.04	(0.12)	(0.29)	(0.45)	(0.60)	(0.73)	(0.88)
Cash per Share (diluted)	1.47	1.21	0.95	0.69	0.42	0.18	0.25	0.10	(0.03)	(0.17)	(0.30)	(0.41)	(0.52)	(0.64)
Net cash per Share (diluted)	1.31	1.07	0.84	0.60	0.32	0.12	0.20	0.05	(0.09)	(0.23)	(0.37)	(0.48)	(0.59)	(0.71)

Source: Company reports, Ascendant Capital Markets estimates

Vivos Therapeutics, Inc.

Cash Flow Statement (\$ mils)	2020	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024
Fiscal Year End: December 31	FY-A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Cash flow from operating activities</b>																	
Net loss	(12.1)	(20.3)	(5.5)	(6.8)	(5.4)	(6.1)	(23.8)	(5.7)	(5.2)	(4.9)	(4.9)	(20.7)	(4.8)	(4.4)	(4.0)	(4.4)	(17.6)
Net loss from discontinuing operations							0.0										
Adjustments:																	
Stock-based compensation expense	2.2	2.7	0.6	0.7	0.4	0.8	2.4	0.5	0.5	0.5	0.5	2.0	0.5	0.5	0.5	0.5	2.0
Depreciation and amortization	0.7	0.7	0.04	0.3	0.18	0.2	0.7	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.1	0.1	0.6
Fair value of warrants issued for services	0.0	0.2	0.2	0.1	0.1	0.3	0.7	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8
Common stock issued for services and se	0.5	0.0	0.0	0.0	0.0	0.0	0.0										
Accretion of discount on note receivable	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0										
Impairment on note receivable	1.9	0.9	0.0	0.2	0.1	(0.4)	0.0										
Common stock issued in litigation settlem	1.5	0.0	0.0	0.0	0.0	0.0	0.0										
Forgiveness of indebtedness income	0.0	0.0	(1.3)	1.3	0.0	(1.3)	(1.3)										
Loss on sale of business	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
WC changes																	
Accounts receivable	(0.6)	0.2	0.2	0.2	(0.1)	0.4	0.7	(0.0)	(0.1)	(0.1)	0.0	(0.1)	0.0	(0.1)	(0.0)	0.0	(0.1)
Prepaid expenses and other	(0.1)	(0.9)	(0.7)	0.2	(0.1)	0.7	0.1	(0.0)	(0.2)	(0.2)	0.0	(0.4)	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)	(0.1)	(0.1)	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Accounts payable	(0.3)	0.1	(0.0)	0.4	(0.6)	0.8	0.5	(0.1)	0.1	0.2	(0.1)	0.1	(0.1)	0.1	0.1	(0.0)	0.0
Accrued expenses	0.5	1.1	0.4	(0.5)	(0.5)	(0.3)	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contract liability	(0.0)	(0.5)	(0.1)	0.3	(0.0)	0.5	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred rent and lease incentive liabil	0.1	0.5	(0.0)	(1.5)	0.1	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tenant improvement allowance	0.0	(0.5)	0.0	0.5	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities							0.1					0.0					0.0
<b>Net cash used in operating activities</b>	<b>(5.7)</b>	<b>(15.7)</b>	<b>(6.1)</b>	<b>(4.7)</b>	<b>(5.8)</b>	<b>(3.0)</b>	<b>(19.6)</b>	<b>(5.0)</b>	<b>(4.6)</b>	<b>(4.2)</b>	<b>(4.0)</b>	<b>(17.8)</b>	<b>(4.0)</b>	<b>(3.5)</b>	<b>(3.2)</b>	<b>(3.5)</b>	<b>(14.2)</b>
<b>Investing Activities</b>																	
Purchase of property and equipment	(0.1)	(2.4)	(0.1)	(0.5)	(0.1)	(0.2)	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash acquired from acquisition	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0										
Principal collections under note receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
<b>Net cash used in investing activities</b>	<b>(0.1)</b>	<b>(2.6)</b>	<b>(0.1)</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.924)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Financing Activities</b>																	
Proceeds from sale of common stock, net	22.3	27.9	0.0	0.0	0.0	0.0	0.0	7.4	0.0	0.0	0.0	7.4	0.0	0.0	0.0	0.0	0.0
Series A Preferred Stock redemption pay	(2.2)	(1.5)	0.0	0.0	0.0	0.0	0.0										
Payments for issuance costs	(0.2)	(2.2)	0.0	0.0	0.0	0.0	0.0										
Principal payments on debt	(0.1)	(0.0)	0.0	0.0	0.0	0.0	0.0										
Proceeds from issuance of preferred stock	2.5	0.0	0.0	0.0	0.0	0.0	0.0										
Proceeds from issuance of debt	1.3	0.0	0.0	0.0	0.0	0.0	0.0										
<b>Net cash provided by financing activities</b>	<b>23.5</b>	<b>24.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net cash increase (decrease)</b>	<b>17.7</b>	<b>5.8</b>	<b>(6.2)</b>	<b>(5.2)</b>	<b>(5.9)</b>	<b>(3.2)</b>	<b>(20.5)</b>	<b>2.4</b>	<b>(4.6)</b>	<b>(4.2)</b>	<b>(4.0)</b>	<b>(10.4)</b>	<b>(4.0)</b>	<b>(3.5)</b>	<b>(3.2)</b>	<b>(3.5)</b>	<b>(14.2)</b>
Cash balance at beginning of period	0.5	18.2	24.0	17.8	12.7	6.7	24.0	3.5	6.0	1.4	(2.8)	3.5	(6.9)	(10.9)	(14.3)	(17.5)	(6.9)
<b>Cash balance at end of period</b>	<b>18.2</b>	<b>24.0</b>	<b>17.8</b>	<b>12.7</b>	<b>6.7</b>	<b>3.52</b>	<b>3.52</b>	<b>6.0</b>	<b>1.4</b>	<b>(2.8)</b>	<b>(6.9)</b>	<b>(6.9)</b>	<b>(10.9)</b>	<b>(14.3)</b>	<b>(17.5)</b>	<b>(21.1)</b>	<b>(21.1)</b>

Source: Company reports, Ascendant Capital Markets estimates



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## **Vivos Therapeutics, Inc.**

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**BUY:** We expect the stock to provide a total return of 15% or more within a 12-month period.

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**SELL:** We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

### Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of January 15, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
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Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	45	100%	18	40%

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