

Vivos Therapeutics, Inc.

Q3 revenue miss due to transitory factors. Company remains focused on revenue generation and cost discipline. Reset price target to \$6.00 (from \$72.50). Reiterate BUY

United States
Healthcare

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COMPANY UPDATE

Rating: BUY

Ticker: VVOS

Price: \$4.02
(intraday)

Target: \$6.00
(from \$72.50)

Q3 Revenue miss: On November 14, VVOS reported its Q3 2023 (ending September) results. Revenue was \$3.3 million (-22% YOY), compared to our estimate of \$4.5 million and consensus estimates of \$3.8 million. Pro forma EPS was \$(3.08), versus our estimate of \$(2.99) and consensus estimate of \$(2.00). All figures reflect a 1:25 reverse stock split on October 27, 2023.

Expense reduction continues: Operating expenses in Q3 2023 were \$5.4 million, down 32% YOY and lower than our expectation of \$6.3 million. We believe the company has significant scope to reduce its operating expense run-rate further as it works to achieve its target of cash-flow breakeven in 2024.

Expense reduction impacted revenue in the quarter: The company indicated that lower marketing expenditures temporarily impacted sales in Q3. Going forward, Vivos believes it can get a better return on marketing spending by focusing on areas which yield a higher ROI. Examples include training dentists to 'close' sales to new customers seeking an alternative to CPAP.

The AGGA saga continued to create hesitancy in the quarter: A CBS News investigation into reports of patients hurt using a competitor product (the 'AGGA' oral appliance) revealed some people experienced significant damage to mouth and teeth. The fear and uncertainty created by this investigation impacted Vivos' sales, as many dentists stopped prescribing oral appliances altogether. Vivos' devices are FDA-approved and have been shown to not only be safe but highly effective at treating sleep apnea, migraines, TMJ, and Bruxism, among other conditions.

Management signaling revenue improvement: Despite the recent softness due to the AGGA incident, management continues to foresee an upturn in sales in the near term, citing a new distribution agreement with a large DME, Lincare, international distribution agreements, as well as new marketing initiatives, such as its 'Boost' and 'Kickoff' programs designed to help dentists close more business.

Cash-flow breakeven target unchanged. With more scope for cost-cutting and new revenue potential from new products and channels in place, Vivos management remains optimistic on the prospects for breakeven in 2024.

Lowering estimates: We are lowering our 2023 and 2024 revenue estimates to \$14.2 million and \$18.5 million from \$17.3 million and \$25.3 million, respectively. We are raising our 2023 EPS estimate to \$(11.58) from \$(13.14) and lowering our 2024 EPS estimates to \$(4.62) from \$(4.02). Consensus estimates are \$(11.63) and \$(3.88) on revenues of \$16.6 million and \$24.5 million for 2023 and 2024, respectively.

Need for financing: Vivos had \$1 million in cash exiting Q3 and subsequently raised \$3.5 million via private placement in October. Given a current quarterly burn rate of \$3 million per quarter, the company will likely need to finance again by Q1 2024.

Revenue bottoming provides stock catalyst: Despite hurdles the company has faced, we believe the multi-billion-dollar market potential and favorable product positioning present high rewards for the risks. In addition, revenues likely bottomed in Q3, providing a near-term stock catalyst.

Current valuation attractive: Stock is trading at an EV/sales ratio of only 0.2x. We are maintaining our BUY rating and resetting our 12-month price target to \$6.00, based on an NPV analysis. This represents 49% 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: | \$2.73-74.05 |
| Shares Outstanding (million): | 1.2 |
| Market cap (\$million): | \$4.6 |
| EV (\$million): | \$3.6 |
| Debt (\$million): | \$0 |
| Cash (\$million): | \$1.0 |
| Avg. Daily Trading Vol. (\$million): | \$0.79 |
| Float (million shares): | 1.0 |
| Short Interest (million shares): | 0.02 |
| Dividend, annual (yield): | NA |

Revenues (US\$ million)

| | 2023E (Cur.) | 2023E (Old.) | 2024E (Cur.) | 2024E (Old.) |
|--------|-----------------|-----------------|-----------------|-----------------|
| Q1 Mar | 3.9A | | 3.9E | 5.5E |
| Q2 Jun | 3.4A | | 4.3E | 6.3E |
| Q3 Sep | 3.3A | | 4.8E | 7.0E |
| Q4 Dec | 3.6E | 5.5E | 5.5E | 6.5E |
| Total | 14.2E | 17.3E | 18.5E | 25.3E |
| EV/Rev | (0.3)x | | (0.2)x | |

Earnings per Share (pro forma)

| | 2023E (Cur.) | 2023E (Old.) | 2024E (Cur.) | 2024E (Old.) |
|--------|-----------------|-----------------|-----------------|-----------------|
| Q1 Mar | (4.92)A | | (1.53)E | (1.77)E |
| Q2 Jun | (3.89)A | | (1.26)E | (0.94)E |
| Q3 Sep | (3.08)A | | (1.01)E | (0.55)E |
| Q4 Dec | (2.06)E | (2.19)E | (0.81)E | (0.76)E |
| Total | \$(11.48)E | \$(13.14)E | \$(4.62)E | \$(4.02)E |
| PE | NM | | NM | |

* Reflects a 1:25 reverse stock split in October 2023

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 13.

Exhibit 1: Vivos Therapeutics Inc. Sleep Apnea Technology

VIVOS[®]

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



Vivos[®]

Source: Company Documents

Exhibit 2: The Vivos Method

THE VIVOS[®] 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[®]

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, Chl DS, 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, Karasinos 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)

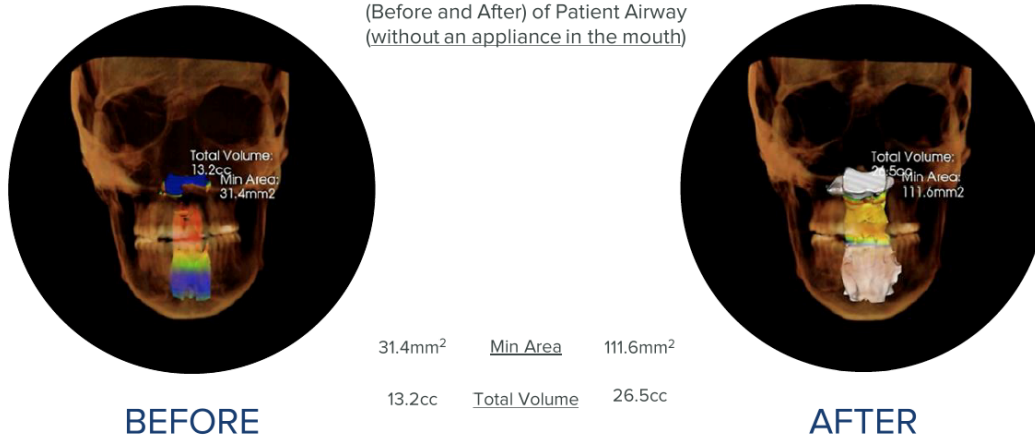


Source: Company Documents

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

30-Year-Old Male - 14 Months Treatment

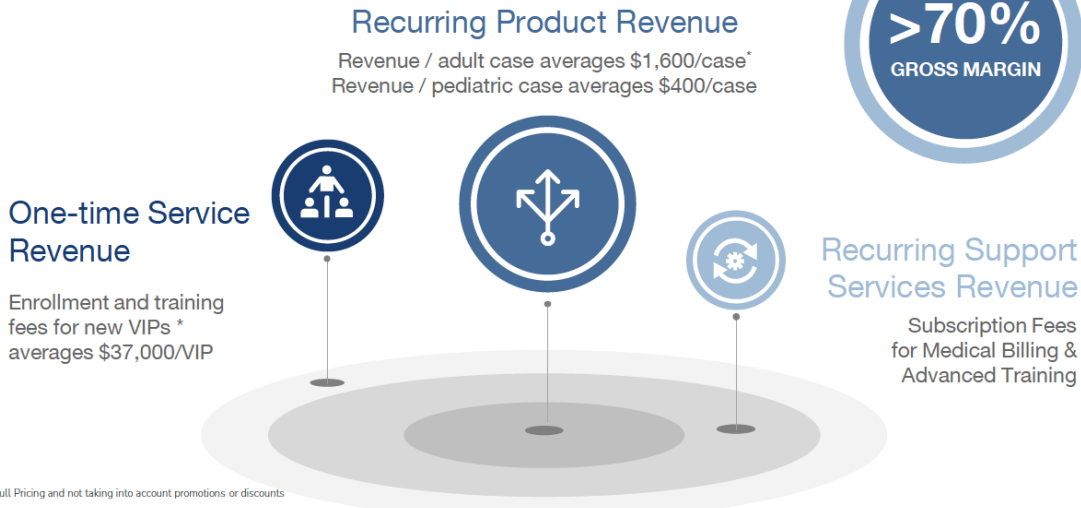
Cone-beam Computed Tomography Scans (Before and After) of Patient Airway (without an appliance in the mouth)



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 Byrnes
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 | |
|--------|-------------------|-------|--------|----------|---------|
| | 2023E | 2024E | | 2023E | 2024E |
| Q1 Mar | 3.9A | 5.5E | Q1 Mar | (4.92A) | (1.75E) |
| Q2 Jun | 3.4A | 6.3E | Q2 Jun | (3.89A) | (1.00E) |
| Q3 Sep | 3.3A | 7.0E | Q3 Sep | (1.75A) | (0.50E) |
| Q4 Dec | 5.2E | 6.5E | Q4 Dec | (1.75E) | (0.75E) |
| Total | 16.6E | 24.5E | Total | (11.63E) | (3.88E) |

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

Source: Yahoo Finance, CapitalIQ, Ascendant Capital Markets

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



* Reflects a 1:25 reverse stock split in October 2023

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 | Q1A | Q2A | Q3A | Q4E | FY-E | Q1E | Q2E | Q3E | Q4E | FY-E |
| <i>Product revenue</i> | 37% | 39% | 56% | 55% | 47% | 51% | 52% | 46% | 46% | 44% | | | | | | | |
| <i>Service revenue</i> | 63% | 61% | 44% | 45% | 53% | 49% | 48% | 54% | 54% | 56% | | | | | | | |
| Product revenue | 4.9 | 6.5 | 2.0 | 2.3 | 2.0 | 2.0 | 8.4 | 1.8 | 1.5 | 1.5 | | | | | | | |
| Service revenue | 8.2 | 10.4 | 1.6 | 1.9 | 2.2 | 1.9 | 7.6 | 2.1 | 1.8 | 1.8 | | | | | | | |
| Total revenue | 13.1 | 16.9 | 3.6 | 4.2 | 4.2 | 4.0 | 16.0 | 3.9 | 3.4 | 3.3 | 3.6 | 14.2 | 3.9 | 4.3 | 4.8 | 5.5 | 18.5 |
| Total cost of goods sold | 2.7 | 4.3 | 1.1 | 1.6 | 1.8 | 1.6 | 6.0 | 1.5 | 1.3 | 1.4 | 1.4 | 5.6 | 1.5 | 1.6 | 1.7 | 1.9 | 6.7 |
| Gross profit (loss) | 10.4 | 12.6 | 2.6 | 2.6 | 2.5 | 2.4 | 10.0 | 2.3 | 2.1 | 1.9 | 2.2 | 8.5 | 2.4 | 2.7 | 3.1 | 3.6 | 11.8 |
| Operating expenses | | | | | | | | | | | | | | | | | |
| General and administrative | 16.1 | 25.8 | 8.3 | 7.7 | 6.6 | 6.5 | 29.0 | 6.5 | 5.9 | 4.6 | 4.4 | 21.4 | 4.3 | 4.1 | 4.0 | 4.0 | 16.4 |
| Sales and marketing | 2.3 | 5.6 | 0.8 | 1.7 | 1.1 | 1.8 | 5.3 | 0.6 | 0.6 | 0.6 | 0.5 | 2.4 | 0.6 | 0.6 | 0.7 | 0.8 | 2.8 |
| Depreciation and amortization | 0.7 | 0.7 | 0.2 | 0.2 | 0.2 | 0.2 | 0.7 | 0.2 | 0.1 | 0.2 | 0.2 | 0.6 | 0.1 | 0.1 | 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 | 7.3 | 6.6 | 5.4 | 5.1 | 24.4 | 5.0 | 4.9 | 4.9 | 5.0 | 19.8 |
| Loss from operations | (12.0) | (20.4) | (6.6) | (7.0) | (5.4) | (6.0) | (25.0) | (5.0) | (4.5) | (3.5) | (2.9) | (15.9) | (2.7) | (2.2) | (1.7) | (1.4) | (8.0) |
| Other income (expense) | | | | | | | | | | | | | | | | | |
| Excess warrant fair value | | | | | | | | (6.5) | (0.9) | 1.6 | | (6.5) | | | | | 0.0 |
| Change in fair value of warrant liability, net of issuance costs of \$645K | | | | | | | | 9.6 | | | | 10.4 | | | | | 0.0 |
| Interest income (expense) | (0.0) | 0.1 | | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | | | | 0.0 | | | | | 0.0 |
| Other income (expense) (5) | 0.0 | (0.0) | 1.3 | 0.0 | (0.0) | (0.1) | 1.2 | 0.1 | (0.1) | (0.2) | | (0.2) | | | | | 0.0 |
| Income before taxes | (12.1) | (20.3) | (5.3) | (7.0) | (5.4) | (6.1) | (23.8) | (1.7) | (5.5) | (2.1) | (2.9) | (12.2) | (2.7) | (2.2) | (1.7) | (1.4) | (8.0) |
| 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 | (12.1) | (20.3) | (5.3) | (7.0) | (5.4) | (6.1) | (23.8) | (1.7) | (5.5) | (2.1) | (2.9) | (12.2) | (2.7) | (2.2) | (1.7) | (1.4) | (8.0) |
| 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) | (4.9) | (4.7) | (3.7) | (2.9) | (16.1) | (2.7) | (2.2) | (1.7) | (1.4) | (8.0) |
| EBITDA | (12.8) | (21.1) | (6.8) | (7.1) | (5.6) | (6.2) | (25.7) | (5.2) | (4.7) | (3.6) | (3.0) | (16.5) | (2.7) | (2.2) | (1.7) | (1.4) | (8.0) |
| Weighted average common shares outstanding (6) | 0.5 | 0.8 | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | 1.0 | 1.2 | 1.2 | 1.4 | 1.4 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| Shares, Diluted | 0.5 | 0.8 | 0.8 | 21.2 | 21.2 | 0.9 | 0.9 | 1.0 | 1.2 | 1.2 | 1.4 | 1.4 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| EPS Basic (pro forma) | (34.94) | (23.89) | (6.28) | (8.23) | (6.40) | (6.62) | (25.90) | (4.92) | (3.89) | (3.08) | (2.06) | (11.48) | (1.53) | (1.26) | (1.01) | (0.81) | (4.62) |
| EPS Diluted (pro forma) | (34.94) | (23.89) | (6.28) | (8.23) | (6.40) | (6.62) | (25.90) | (4.92) | (3.89) | (3.08) | (2.06) | (11.48) | (1.53) | (1.26) | (1.01) | (0.81) | (4.62) |
| 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 | | | | | | | | | | | | | | | | | |
| 6 Reverse stock-split on Oct 26, 2023, 1:25 | | | | | | | | | | | | | | | | | |
| Margins | | | | | | | | | | | | | | | | | |
| Gross margin | 80% | 75% | 70% | 62% | 59% | 60% | 63% | 61% | 62% | 57% | 61% | 61% | 61% | 63% | 65% | 65% | 61% |
| General and admin | 123% | 153% | 227% | 184% | 156% | 163% | 181% | 169% | 173% | 139% | 122% | 151% | 110% | 95% | 83% | 73% | 89% |
| Sales and marketing | 18% | 33% | 21% | 41% | 26% | 45% | 33% | 16% | 17% | 19% | 15% | 17% | 15% | 15% | 15% | 15% | 15% |
| Operating margin | -92% | -121% | -182% | -166% | -127% | -152% | -156% | -130% | -133% | -106% | -80% | -112% | -68% | -51% | -36% | -25% | -43% |
| 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% | -44% | -163% | -63% | -80% | -86% | -68% | -51% | -36% | -25% | -43% |
| Y/Y % change | | | | | | | | | | | | | | | | | |
| Revenue | 15% | 29% | 6% | -7% | -7% | -10% | -5% | 6% | -19% | -22% | -9% | -12% | 1% | 27% | 45% | 53% | 31% |
| COGS | -3% | 61% | 44% | 83% | 28% | 22% | 40% | 39% | -19% | -20% | -10% | -6% | 0% | 23% | 20% | 37% | 19% |
| Gross Profit | 20% | 21% | -5% | -29% | -22% | -23% | -21% | -8% | -19% | -24% | -8% | -15% | 2% | 29% | 64% | 63% | 38% |
| General and Admin | -1% | 60% | 64% | 26% | 2% | 2% | 2% | 2% | -24% | -31% | 2% | -26% | -34% | -30% | -13% | 2% | -23% |
| Sales and marketing | 0% | 140% | -12% | 22% | -44% | 5% | 5% | 5% | -65% | -42% | 5% | -55% | -7% | 9% | 12% | 5% | 16% |
| Total operating expenses | 17% | 47% | 51% | 24% | -9% | -20% | 6% | -20% | -31% | -32% | -39% | -30% | -31% | -26% | -10% | -2% | -19% |
| Operating Income | 14% | 69% | 95% | 71% | -2% | -19% | 23% | -25% | -35% | -35% | -52% | -36% | -47% | -52% | -50% | -52% | -50% |
| Net income | 53% | 13% | 57% | 73% | 0% | -18% | 18% | -8% | -33% | -32% | -52% | -32% | -46% | -53% | -53% | -52% | -50% |
| EPS | 47% | -32% | 35% | -93% | -96% | -24% | 8% | -22% | 1083% | 1105% | -69% | -56% | -69% | -68% | -67% | -61% | -60% |
| D&A as a % of PPE and Good will | 19% | 21% | 11% | 11% | 12% | 11% | 12% | 11% | 10% | 10% | 10% | 11% | 10% | 10% | 10% | 10% | 10% |

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 | Q1A | Q2A | Q3A | Q4E | Q1E | Q2E | Q3E | Q4E |
| Current assets | | | | | | | | | | | | | | |
| Cash | 18.2 | 24.0 | 17.8 | 12.7 | 6.7 | 3.5 | 7.0 | 3.9 | 1.0 | 1.0 | (1.7) | (4.0) | (5.8) | (7.3) |
| Accounts receivable, net | 1.4 | 1.2 | 1.0 | 0.8 | 0.9 | 0.5 | 0.3 | 0.3 | 0.2 | 0.3 | 0.4 | 0.4 | 0.5 | 0.5 |
| Current portion of note receivable - related part | 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 | 1.3 | 1.1 | 0.8 | 1.1 | 1.2 | 1.4 | 1.5 | 1.7 |
| Total current assets | 20.4 | 27.3 | 21.6 | 15.5 | 9.7 | 5.4 | 8.7 | 5.3 | 2.0 | 2.5 | (0.1) | (2.2) | (3.8) | (5.0) |
| Goodwill | 2.7 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 | 2.7 | 2.6 | 2.5 | 2.5 |
| Property and equipment, net | 0.9 | 2.8 | 2.9 | 3.1 | 3.0 | 3.1 | 3.2 | 3.3 | 3.3 | 3.4 | 3.4 | 3.5 | 3.6 | 3.7 |
| Operating lease right-of-use asset | | | 1.5 | 2.2 | 2.1 | 1.7 | 1.6 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Intangible assets, net | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| 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 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 |
| Total assets | 25.3 | 33.7 | 29.6 | 24.4 | 18.4 | 13.7 | 17.1 | 13.7 | 10.3 | 10.8 | 8.3 | 6.2 | 4.6 | 3.5 |
| Liabilities and Stockholders' Equity | | | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | | | |
| Accounts payable | 0.8 | 0.9 | 0.9 | 1.3 | 0.6 | 1.4 | 1.5 | 1.3 | 1.5 | 1.4 | 1.6 | 1.6 | 1.7 | 2.0 |
| Payable to related party for redemption of Seri | 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 |
| Warrant liability | | | | | | | 1.3 | 2.2 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| 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 | 2.6 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| 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 operating lease liability | | 0.1 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Other current liabilities | | 0.0 | 0.1 | 0.4 | 0.3 | 0.1 | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Total current liabilities | 7.8 | 7.5 | 6.9 | 6.7 | 6.0 | 6.8 | 8.0 | 8.4 | 7.2 | 7.1 | 7.2 | 7.3 | 7.4 | 7.6 |
| Contract liabilities, net of current portion | | | | | | 0.1 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Employee retention credit liability | | | | | | | | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Operating lease liability, net of current portion | | | | | | 2.0 | 1.9 | 1.8 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| 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 |
| Total liabilities | 8.4 | 8.2 | 8.7 | 9.5 | 8.5 | 8.9 | 10.1 | 11.6 | 10.3 | 10.2 | 10.3 | 10.4 | 10.5 | 10.7 |
| 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 |
| 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 | 0.0 | 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 | 88.2 | 88.8 | 88.8 | 92.3 | 92.3 | 92.3 | 92.3 | 92.3 |
| Accumulated deficit | (35.3) | (55.6) | (61.1) | (67.9) | (73.4) | (79.5) | (81.2) | (86.7) | (88.8) | (91.7) | (94.3) | (96.5) | (98.3) | (99.7) |
| Total stockholders' equity | 16.9 | 25.5 | 20.9 | 14.8 | 9.9 | 4.8 | 7.0 | 2.1 | 0.0 | 0.7 | (2.0) | (4.2) | (5.9) | (7.3) |
| Total liabilities and stockholders' equity | 25.3 | 33.7 | 29.6 | 24.4 | 18.4 | 13.7 | 17.1 | 13.7 | 10.3 | 10.8 | 8.3 | 6.2 | 4.5 | 3.4 |

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 |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Book & Cash Value (per share) | Jan-00 | Q4A | Q1A | Q2A | Q3A | Q4A | Q1A | Q2A | Q3A | Q4E | Q1E | Q2E | Q3E | Q4E |
| Book Value per Share (diluted) | 32.86 | 30.07 | 24.56 | 17.47 | 11.60 | 5.22 | 7.06 | 1.76 | 0.04 | 0.46 | (1.16) | (2.42) | (3.43) | (4.24) |
| Cash per Share (diluted) | 36.68 | 30.15 | 23.65 | 17.33 | 10.40 | 5.40 | 8.47 | 4.19 | 1.47 | 1.51 | (0.26) | (1.50) | (2.49) | (3.20) |
| Net cash per Share (diluted) | 32.86 | 26.80 | 20.99 | 14.91 | 7.91 | 3.83 | 7.11 | 3.29 | 0.83 | 0.70 | (0.97) | (2.29) | (3.37) | (4.20) |

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 | Q1A | Q2A | Q3E | Q4E | FY-E | Q1E | Q2E | Q3E | Q4E | FY-E |
| Cash flow from operating activities | | | | | | | | | | | | | | | | | |
| Net loss | (12.1) | (20.3) | (5.5) | (6.8) | (5.4) | (6.1) | (23.8) | (1.7) | (5.5) | (2.1) | (2.9) | (12.2) | (2.7) | (2.2) | (1.7) | (1.4) | (8.0) |
| 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 | 0.3 | 0.5 | 0.2 | | 1.0 | | | | | 0.0 |
| Depreciation and amortization | 0.7 | 0.7 | 0.0 | 0.3 | 0.18 | 0.2 | 0.7 | 0.2 | 0.1 | 0.1 | 0.2 | 0.6 | 0.1 | 0.1 | 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 | 0.6 | 0.2 | (0.2) | | 0.7 | | | | | 0.0 |
| Change in fair value of warrant liability, net of issuance costs of \$645K | | | | | | | | (9.6) | 0.9 | (1.6) | | (10.4) | | | | | 0.0 |
| Excess warrant fair value | | | | | | | | 6.5 | 0.0 | 0.0 | | 6.5 | | | | | 0.0 |
| Common stock issued for services and se | 0.5 | 0.0 | 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 | | | | | | | | | | 0.0 |
| Impairment on note receivable | 1.9 | 0.9 | 0.0 | 0.2 | 0.1 | (0.4) | 0.0 | | | | | | | | | | 0.0 |
| Common stock issued in litigation settle | 1.5 | 0.0 | 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) | | | | | | | | | | 0.0 |
| Loss on sale of business | 0.0 | 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 | 0.1 | (0.0) | 0.1 | (0.1) | 0.1 | (0.0) | (0.0) | (0.0) | (0.1) | (0.2) |
| Prepaid expenses and other | (0.1) | (0.9) | (0.7) | 0.2 | (0.1) | 0.7 | 0.1 | 0.1 | 0.3 | 0.3 | (0.4) | 0.3 | (0.1) | (0.1) | (0.2) | (0.2) | (0.6) |
| Deposits | (0.0) | (0.0) | 0.0 | (0.0) | (0.0) | 0.0 | (0.0) | 0.1 | 0.0 | 0.0 | (0.0) | 0.1 | | | | | 0.0 |
| Accounts payable | (0.3) | 0.1 | (0.0) | 0.4 | (0.6) | 0.8 | 0.5 | 0.1 | (0.2) | 0.2 | (0.1) | 0.0 | 0.1 | 0.1 | 0.1 | 0.3 | 0.5 |
| 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 |
| Employee retention credit liability | | | | | | | | | 1.2 | 0.0 | | 1.2 | | | | | |
| Contract liability | (0.0) | (0.5) | (0.1) | 0.3 | (0.0) | 0.5 | 0.6 | (0.1) | (0.3) | (0.0) | 0.0 | (0.4) | | | | | 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) | | (0.1) | | | | | 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 | 0.1 | | 0.1 | | | | | 0.0 |
| Net cash used in operating activities | (5.7) | (15.7) | (6.1) | (4.7) | (5.8) | (3.0) | (19.6) | (3.5) | (2.9) | (2.8) | (3.3) | (12.5) | (2.5) | (2.1) | (1.7) | (1.3) | (7.6) |
| Investing Activities | | | | | | | | | | | | | | | | | |
| Purchase of property and equipment | (0.1) | (2.4) | (0.1) | (0.5) | (0.1) | (0.2) | (0.9) | (0.2) | (0.2) | (0.2) | (0.2) | (0.8) | (0.2) | (0.2) | (0.2) | (0.2) | (0.6) |
| Payment for asset purchase | | | | | | | | (0.1) | 0.0 | 0.0 | | (0.1) | | | | | 0.0 |
| Cash acquired from acquisition | 0.0 | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | | | | 0.0 |
| Principal collections under note receivabl | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | | | | 0.0 |
| Net cash used in investing activities | (0.1) | (2.6) | (0.1) | (0.5) | (0.1) | (0.2) | (0.924) | (0.3) | (0.2) | (0.2) | (0.2) | (0.8) | (0.2) | (0.2) | (0.2) | (0.2) | (0.6) |
| Financing Activities | | | | | | | | | | | | | | | | | |
| Proceeds from sale of common stock, net | 22.3 | 27.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | 3.5 | 3.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Proceeds from placement of common stock and prefunded warrant | | | | | | | | 8.0 | 0.0 | 0.0 | | 8.0 | | | | | 0.0 |
| Series A Preferred Stock redemption pay | (2.2) | (1.5) | 0.0 | 0.0 | 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 | (0.6) | 0.0 | 0.0 | | (0.6) | | | | | 0.0 |
| Principal payments on debt | (0.1) | (0.0) | 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 | | | | | 0.0 | | | | | 0.0 |
| Proceeds from issuance of debt | 1.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | 0.0 | | | | | 0.0 |
| Net cash provided by financing activities | 23.5 | 24.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7.4 | 0.0 | 0.0 | 3.5 | 10.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash increase (decrease) | 17.7 | 5.8 | (6.2) | (5.2) | (5.9) | (3.2) | (20.5) | 3.5 | (3.1) | (3.0) | 0.0 | (2.5) | (2.7) | (2.3) | (1.9) | (1.4) | (8.3) |
| Cash balance at beginning of period | 0.5 | 18.2 | 24.0 | 17.8 | 12.7 | 6.7 | 24.0 | 3.5 | 7.0 | 3.9 | 1.0 | 3.5 | 1.0 | (1.7) | (4.0) | (5.8) | 1.0 |
| Cash balance at end of period | 18.2 | 24.0 | 17.8 | 12.7 | 6.7 | 3.519 | 3.519 | 7.0 | 3.9 | 1.0 | 1.0 | 1.0 | (1.7) | (4.0) | (5.8) | (7.3) | (7.3) |

Source: Company reports, Ascendant Capital Markets estimates

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Vivos Therapeutics, Inc.

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Total return is defined as price appreciation plus dividend yield.

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| Rating | Count | Percent | Investment Banking Services Past 12 months | |
|--------|-------|---------|---|---------|
| | | | Count | Percent |
| Buy | 51 | 98% | 19 | 37% |
| Hold | 0 | 0% | 0 | 0% |
| Sell | 1 | 2% | 0 | 0% |
| Total | 52 | 100% | 19 | 37% |

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