



Myomo, Inc. (MYO)

Myomo's 3Q:21 Results Exceed Our Estimates; Estimate Expanded Reimbursement Will Fuel 30%-40% Annual Sales Growth In 2022 And 2023; Introduce 2023 Forecast; Maintain \$23 Price Target

| | 2020 | 2021E | | 2022E | | 2023E | |
|------|----------|-----------|----------|----------|-----|----------|-----|
| | | OLD | NEW | OLD | NEW | OLD | NEW |
| Mar. | (\$2.51) | (\$0.57)A | | (\$0.52) | | (\$0.38) | |
| June | (1.12) | (0.46)A | | (0.44) | | (0.27) | |
| Sep. | (0.70) | (0.56) | (0.36) | (0.41) | | (0.24) | |
| Dec. | (0.37) | (0.36) | (0.50) | (0.30) | | (0.20) | |
| EPS | (\$3.48) | (\$1.94) | (\$1.87) | (\$1.67) | | (\$1.10) | |
| P/E | | | NM | NM | | NM | |

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. 2020-2023E include annual stock-based compensation expense of \$0.90. Sum of quarterly EPS may not equal full-year total due to rounding and/or change in share count. NC = Not covered by Sidoti & Company, LLC.

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|------------|------|------|------------|-----------|-----------|-----------|----------|----------|----------|----------|
| Rev.(Mil.) | N/A | N/A | \$1.1 | \$1.6 | \$2.3 | \$3.8 | \$7.6 | \$12.8 | \$18.0 | \$25.0 |
| GAAP EPS | N/A | N/A | (\$123.97) | (\$87.96) | (\$25.18) | (\$20.79) | (\$3.48) | (\$1.87) | (\$1.76) | (\$1.10) |

Description: Myomo, Inc. (www.myomo.com) designs and distributes a motorized brace to restore motion to the upper body of patients with neuromuscular disorders; the device is based on technology developed at Massachusetts Institute of Technology. The device is prescribed for patients suffering from stroke and brachial plexus injuries. The device is reimbursed by several third-party payers and is expected to receive Medicare reimbursement in 2020. Headquarters are in Cambridge, MA.

- **Myomo reported sales in 3Q:21 grew 128% year-over-year to \$4.4 million, which was about \$1.4 million above our estimate.**
- **The company reported a \$0.36 loss per share, compared to our estimate for a \$0.56 loss per share and the \$0.70 loss per share in 3Q:20.**
- **There are now more 920 units waiting for reimbursement approval, compared to 768 units at the end of 2020.**
- **The company reported supply chain issues and an increase in denials from a large insurer during the early part of 4Q:21 will slow revenue growth in the December quarter.**
- **Accordingly, we lower our 4Q:21 revenue estimate to \$3 million (from \$4 million).**
- **We expect both issues will be resolved in early 2022 and maintain our 2022 revenue estimate of \$18 million.**
- **Accounting for the 3Q:21 results and 4Q:21 headwinds, we now expect a narrower loss per share of \$1.87 (was \$1.94) in 2021 and maintain our 2022 estimate for a \$1.76 loss per share.**
- **For 2023, we introduce our estimate for close to 40% revenue growth to \$25 million and a \$1.10 loss per share.**
- **At the end of 3Q:21, MYO had \$12.6 million of cash and no debt. The company has sufficient cash to fund operations through 2022, in our opinion.**
- **We maintain our price target of \$23. To value the stock, we estimate that Myomo can win 5% market share in ten years. We model MYO will achieve EPS of \$6.08 by 2031. We discount that EPS target back at 25% annually and apply a 35x multiple to the present value of \$0.65 to derive our price target of \$23.**

For 3Q:21, Myomo reported sales increased 128% from the year-ago period, to \$4.4 million and posted a loss per share of \$0.36. In comparison, the company reported a loss

NR

Price Target: \$23

Price: \$10.39

Risk Rating: H

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Key Statistics

| | |
|-------------------------------|----------|
| Analysts Covering | 4 |
| Market Cap (Mil) | \$60 |
| Enterprise Value | \$46 |
| 52-Week Range (NYSE) | 19-5 |
| 5-Year EPS CAGR | 25% |
| Avg. Daily Trading Volume | 87,000 |
| Shares Out (Mil) | 5.730 |
| Float Shares (Mil) | 5.137 |
| Insider Ownership | 20% |
| Institutional Holdings | 9% |
| Annualized Dividend | Nil |
| Dividend Yield | N/A |
| FCF Per Share (2023E) | (\$1.11) |
| FCF Yield (2023E) | -10.7% |
| Net Cash Per Share (2023E) | \$0.13 |
| Price to Book Value | 4.3x |
| Return on Equity (2023E) | NM |
| Total Debt to Capital | Nil |
| Interest Coverage Ratio | N/A |
| Short Interest % | 1.5% |
| Short Interest Days To Cover | 1.0 |
| Russell 2000 | 2,390 |
| Russell 2000 – Last 12 Months | 42.4% |
| MYO – Last 12 Months | 118.6% |

09-Nov-2018 to 09-Nov-2021 (Daily)



Myomo, Inc.

Source: FactSet Prices

of \$0.70 per share in 3Q:20. Over the last two years, the company has increased the number of direct billing patients, which now account for more than 75% of new orders in the United States. Myomo receives higher revenue from selling directly to patients than selling through a distributor. In 3Q:21, the average selling price increased to \$43,000 (from \$38,000 in 3Q:20) largely due to the shift to direct billing. On the quarterly conference call, management indicated that the number of units in the reimbursement pipeline was 920 at the end of September, compared to 898 at the end of June. The increase in backlog indicates to us that the steps taken to accelerate lead generation are having success. The company also reported that there is a backlog of 177 units (up from 160 units in June), which have already received reimbursement approval and that should ship in the next six months. Management also reported supply chain issues and an increase in the number of claim denials from a large insurer will slow growth in the December quarter. We expect these issues will be resolved in early 2022 and maintain our estimate for 2022 revenue to grow 38% to \$18 million. We expect orders will accelerate in 2023, as patient awareness increases and the MyoPro device wins reimbursement from more private payers. We introduce our 2023 estimates for close to 40% revenue growth to \$25 million and a \$1.10 loss per share.

We expect international sales will accelerate over the next two years. In February, the company announced that it had won reimbursement approval from another large German health insurance company and that more than 30 million Germans now have coverage for the MyoPro device on a case-by-case basis. In January, the company announced an agreement to be part of a joint venture in China that will license Myomo's technology, pending Chinese regulatory approval. Myomo will receive an upfront license fee of \$2.5 million and orders for a minimum \$10.75 million of controllers over a ten-year period.

The company has sufficient cash to fund operations through 2022, in our opinion. The company completed a follow-on offering and raised \$13.5 million in February 2020 (2.1 million shares at \$7.00 each). In 3Q:20, the company raised \$4.3 million through the sale of shares under an at-market sales facility. In 1Q:21, the company received \$7 million due to the exercise of warrants. Thus, at the end of 3Q:21, MYO had \$12.6 million of cash and no debt. Management reported the company raised an additional \$4.8 million in 4Q:21 due to the exercise of warrants. We project operating losses will result in cash outflows, \$8.8 million (\$1.58 per share) in 2021, \$8.9 million (\$1.51) in 2022, and \$6.6 million ((\$1.11) in 2023.

Exhibit 1. MYO 3Q:21 Results and Variance

| | 3Q:21 Actual | 3Q:21 Estimate | Variance | % change | 3Q:20 Actual | Variance | % change |
|---------------------|--------------|----------------|----------|----------|--------------|----------|----------|
| Revenue (thousands) | \$4,384 | \$3,000 | \$1,384 | 46.1% | \$1,927 | \$2,457 | 127.5% |
| Gross Profit | \$3,274 | \$2,040 | \$1,234 | 60.5% | \$1,071 | \$2,203 | 205.7% |
| Gross Margin | 74.7% | 68.0% | | | 55.6% | | |
| Operating Income | (\$2,030) | (\$3,210) | \$1,180 | NM | (\$2,545) | \$515 | NM |
| Operating Margin | NM | NM | | | NM | | |
| Pretax Income | (\$2,034) | (\$3,210) | \$1,176 | NM | (\$2,775) | \$741 | NM |
| Net Income | (\$2,057) | (\$3,210) | \$1,153 | NM | (\$2,777) | \$720 | NM |
| Diluted EPS | (\$0.36) | (\$0.56) | \$0.20 | NM | (\$0.70) | \$0.34 | NM |

Sources: Sidoti & Co., LLC and company reports

Valuation

We maintain our \$23 price target on MYO shares. MYO's longer-term revenue growth prospects are improving, in our view, due to the faster reimbursement cycle. In assessing valuation, we consider the large potential market size, offset by the risks associated with securing regulatory and reimbursement approvals, as well as possible dilution from future equity offerings. To value the stock, we estimate that the company can win a 5% market share in ten years and estimate EPS of \$6.08 in 2031. We discount these earnings back at 25% and arrive at a present value of \$0.65. Our \$23 price target is based on 35x this present value of \$0.65. We note the stocks of medical device companies often trade at steep premiums to projected EPS growth rates. This multiple represents Myomo's improving international prospects and is a 40% premium to our five-year EPS CAGR projection of 25%, once net results turn positive, which we forecast in about three years (circa 2024).

Key Risks

Delays in new product approvals

Delays in shipments due to COVID-19

MYOMO, INC.

Table 1. Myomo, Inc. Income Statement

| | 2019A | MarA | JuneA | SeptA | DecA | 2020A | Mar | June | Sept | Dec | 2021E | Mar | June | Sept | Dec | 2022 | 2023 |
|---|--------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Revenue | \$3,837,729 | \$1,008,145 | \$858,590 | \$1,926,660 | \$3,789,976 | \$7,583,371 | \$2,336,489 | \$3,104,294 | \$4,383,957 | \$3,000,000 | \$12,824,740 | \$3,500,000 | \$4,000,000 | \$4,500,000 | \$6,000,000 | \$18,000,000 | \$25,000,000 |
| Year-over-year growth | 57.0% | 21.5% | -2.5% | 217.6% | 149.2% | 97.6% | 131.8% | 261.6% | 127.5% | -20.8% | 69.1% | 49.8% | 28.9% | 2.6% | 100.0% | 40.4% | 38.9% |
| Cost of revenue | 1,388,238 | 318,651 | 418,862 | 855,338 | 1,007,525 | 2,600,376 | 623,152 | 901,566 | 1,110,204 | 930,000 | 3,564,922 | 1,050,000 | 1,120,000 | 1,260,000 | 1,620,000 | 5,050,000 | 6,775,000 |
| Gross profit | 2,449,491 | 689,494 | 439,728 | 1,071,322 | 2,782,451 | 4,982,995 | 1,713,337 | 2,202,728 | 3,273,753 | 2,070,000 | 9,259,818 | 2,450,000 | 2,880,000 | 3,240,000 | 4,380,000 | 12,950,000 | 18,225,000 |
| Gross margin | 63.8% | 68.4% | 51.2% | 55.6% | 73.4% | 65.7% | 73.3% | 71.0% | 74.7% | 69.0% | 72.2% | 70.0% | 72.0% | 72.0% | 73.0% | 71.9% | 72.9% |
| Research and development (as a % of revenue) | 1,711,682 | 506,953 | 397,811 | 345,666 | 418,758 | 1,669,188 | 525,967 | 600,116 | 641,228 | 900,000 | 2,667,311 | 800,000 | 800,000 | 850,000 | 950,000 | 3,400,000 | 3,400,000 |
| | 44.6% | 50.3% | 46.3% | 17.9% | 11.0% | 22.0% | 22.5% | 19.3% | 14.6% | 30.0% | 20.8% | 22.9% | 20.0% | 18.9% | 15.8% | 18.9% | 13.6% |
| Selling, general, and administrative (as a % of revenue) | 11,532,812 | 3,604,968 | 2,890,464 | 3,270,757 | 4,050,304 | 13,816,493 | 4,119,802 | 4,202,244 | 4,662,796 | 4,800,000 | 17,784,842 | 4,700,000 | 4,700,000 | 4,800,000 | 5,200,000 | 19,400,000 | 21,300,000 |
| | 300.5% | 357.6% | 336.7% | 169.8% | 106.9% | 182.2% | 176.3% | 135.4% | 106.4% | 160.0% | 138.7% | 134.3% | 117.5% | 106.7% | 86.7% | 107.8% | 85.2% |
| Total operating expenses | 13,244,494 | 4,111,921 | 3,288,275 | 3,616,423 | 4,469,062 | 15,485,681 | 4,645,769 | 4,802,360 | 5,304,024 | 4,900,000 | 19,652,153 | 5,500,000 | 5,500,000 | 5,650,000 | 6,150,000 | 22,800,000 | 24,700,000 |
| Loss from operations | (10,795,003) | (3,422,427) | (2,848,547) | (2,545,101) | (1,686,611) | (10,502,686) | (2,932,432) | (2,599,632) | (2,030,271) | (2,830,000) | (10,392,335) | (3,050,000) | (2,620,000) | (2,410,000) | (1,770,000) | (9,850,000) | (6,475,000) |
| Loss on early extinguishment of debt | | (159,202) | (348,079) | (189,155) | (12,786) | (709,222) | | | | | | | | | | | |
| Changes in fair value of derivative liabilities | 194,485 | 82,101 | 39,717 | 888 | 0 | 122,706 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt discount on convertible notes | | (166,643) | (40,025) | (12,135) | 0 | (218,803) | | | | | | | | | | | |
| Interest and other expense | (112,491) | (135,209) | (88,915) | (29,915) | (1,867) | (255,906) | (119) | (6,018) | (4,055) | 0 | (10,192) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total other expense | 81,994 | (378,953) | (437,302) | (230,317) | (14,653) | (1,061,225) | (119) | (6,018) | (4,055) | 0 | (10,192) | 0 | 0 | 0 | 0 | 0 | 0 |
| Loss before taxes | (10,713,009) | (3,801,380) | (3,285,849) | (2,775,418) | (1,701,264) | (11,563,911) | (2,932,551) | (2,605,650) | (2,034,326) | (2,830,000) | (10,402,527) | (3,050,000) | (2,620,000) | (2,410,000) | (1,770,000) | (9,850,000) | (6,475,000) |
| Income tax | | (613) | (1,085) | (1,153) | 2,851 | | 28,243 | 15,665 | 22,696 | | 66,604 | | | | | | |
| Deem dividend on repricing of warrents | (797,637) | (670,632) | | | | | | | | | | | | | | | |
| Net loss available to common stockholders | (11,510,646) | (4,472,625) | (3,286,934) | (2,776,571) | (1,698,413) | (11,563,911) | (2,960,794) | (2,621,315) | (2,057,022) | (2,830,000) | (10,469,131) | (3,050,000) | (2,620,000) | (2,410,000) | (1,770,000) | (9,850,000) | (6,475,000) |
| Net loss per share | (\$20.79) | (\$2.51) | (\$1.12) | (\$0.70) | (\$0.37) | (\$3.48) | (\$0.57) | (\$0.46) | (\$0.36) | (\$0.50) | (\$1.87) | (\$0.52) | (\$0.44) | (\$0.41) | (\$0.30) | (\$1.67) | (\$1.10) |
| Diluted Share count | 553,782 | 1,778,708 | 2,932,570 | 3,940,113 | 4,637,679 | 3,322,268 | 5,191,417 | 5,639,524 | 5,681,121 | 5,700,000 | 5,553,016 | 5,900,000 | 5,900,000 | 5,900,000 | 5,900,000 | 5,900,000 | 5,900,000 |

Sources: Company reports and Sidoti & Company, LLC estimates

MYOMO, INC.

Table 2. Myomo Inc. Cash Flow

| | 2019A | MarchA | JuneA | SeptA | DecA | 2020A | MarchE | JuneA | SeptA | DecE | 2021E | MarchA | JuneE | SeptE | DecE | 2022E | 2023E |
|---|----------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash flow from operating activities | | | | | | | | | | | | | | | | | |
| Net loss | (\$10,713,009) | (\$3,801,993) | (\$3,285,849) | (\$2,775,418) | (\$1,701,264) | (\$11,563,911) | (\$2,960,794) | (\$2,605,650) | (\$2,057,022) | (\$2,830,000) | (\$10,453,466) | (\$3,050,000) | (\$2,620,000) | (\$2,410,000) | (\$1,770,000) | (\$9,850,000) | (\$6,475,000) |
| Depreciation | 95,124 | 26,388 | 26,633 | 26,708 | 25,653 | 105,382 | 23,313 | 35,016 | 36,909 | 15,000 | 110,238 | 15,000 | 15,000 | 15,000 | 15,000 | 60,000 | 60,000 |
| Stock-based compensation | 907,993 | 123,209 | 106,281 | 181,702 | 203,110 | 614,302 | 165,971 | 363,312 | 301,763 | 300,000 | 1,131,046 | 300,000 | 300,000 | 300,000 | 300,000 | 1,200,000 | 1,200,000 |
| Bad debt expense | 0 | 24,000 | 21,839 | (16,000) | (20,000) | 9,839 | | | | | | | | | | | |
| Amortization of debt discount | 58,296 | 67,132 | 75,894 | 18,843 | 0 | 161,869 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-cash interest expense | 113,631 | 166,643 | 40,025 | 12,135 | 0 | 218,803 | | | | | | | | | | | |
| Amortization of right of use assets | | | | | 3,288 | 3,288 | 39,059 | 27,594 | 59,876 | | | | | | | | |
| Loss on extinguishment of debt | | 159,202 | 348,079 | 189,155 | 12,786 | 709,222 | | | | | | | | | | | |
| Debt discount on convertible notes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Excess and obsolete inventory reserve | (71,265) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Common stock issued for services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loss on disposal of asset | 2,481 | | 177 | 0 | 370 | 547 | 202 | 0 | 0 | | | | | | | | |
| Change in fair value of derivative liabilities | (194,485) | (82,101) | (39,717) | (888) | 0 | (122,706) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other non-cash charges | 9,423 | (3,159) | 179 | 654 | (16,120) | (18,446) | (3,139) | 4,911 | (1,309) | | | | | | | | |
| Accounts receivable | (42,028) | 101,000 | (33,069) | 17,994 | (608,869) | (522,944) | 169,642 | (364,097) | (1,087,534) | 1,315,696 | 33,707 | (500,000) | (200,000) | (200,000) | 360,000 | (540,000) | (1,560,000) |
| Inventory | (213,562) | (169,826) | (73,510) | (80,898) | 52,689 | (271,545) | (86,677) | 58,477 | 80,934 | (6,862) | 45,872 | (399,000) | (70,000) | (140,000) | 45,000 | (564,000) | (735,000) |
| Prepaid expenses and other | (163,742) | (117,016) | 16,888 | 130,148 | 218,444 | 248,464 | (426,515) | (234) | 3,868 | 0 | (422,881) | 0 | 0 | 0 | 0 | 0 | 0 |
| Other assets | (87,265) | 57,987 | 0 | 0 | 0 | 57,987 | | | | | | | | | | | |
| Accounts payable and other accrued expenses | 60,742 | 974,991 | (923,699) | 443,019 | 723,618 | 1,217,929 | 952,339 | (934,413) | 559,312 | 171,033 | 748,271 | 179,584 | 188,564 | 197,992 | 207,891 | 774,031 | 940,839 |
| Payments on lease liabilities | | | | | 1,365 | 1,365 | 21,040 | 33,943 | (106,445) | | | | | | | | |
| Accrued interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred revenue | 2,418 | 1,218 | 4,569 | (2,016) | (4,172) | (401) | (2,512) | 0 | 0 | 0 | (2,512) | 0 | 0 | 0 | 0 | 0 | 0 |
| Other current liability | (106,569) | | 77,892 | 87,997 | (47,829) | 118,060 | (4,637) | 0 | 0 | | | | | | | | |
| Customer advanced payment | | 27,300 | (27,300) | 0 | | | | | | | | | | | | | |
| Net cash used in operating activities | (10,341,817) | (2,445,025) | (3,665,773) | (1,768,018) | (1,154,080) | (9,032,896) | (2,112,708) | (3,396,806) | (2,209,648) | (1,035,133) | (8,754,295) | (3,454,416) | (2,386,436) | (2,237,008) | (842,109) | (8,919,969) | (6,569,161) |
| Cash flow from investing activities | | | | | | | | | | | | | | | | | |
| Purchases of equipment | (51,991) | (7,878) | 0 | (22,416) | (15,458) | (45,752) | (44,489) | (203,155) | (54,883) | (15,000) | (317,527) | (15,000) | (15,000) | (15,000) | (15,000) | (60,000) | (60,000) |
| Net cash used in investing activities | (51,991) | (7,878) | 0 | (22,416) | (15,458) | (45,752) | (44,489) | (203,155) | (54,883) | (15,000) | (317,527) | (15,000) | (15,000) | (15,000) | (15,000) | (60,000) | (60,000) |
| Cash flows from financing activities | | | | | | | | | | | | | | | | | |
| Payments of issuance costs | | | | | | | | | | | | | | | | | |
| Proceeds from IPO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from private placement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from FPO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from convertible promissory note | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repayment of notes payable, MLSC | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from loan | 2,788,019 | (1,703,552) | 0 | 0 | 0 | (1,703,552) | | | | | | | | | | | |
| Payment of prepayment period | | (255,533) | 0 | 0 | 0 | (255,533) | | | | | | | | | | | |
| Proceeds from secondary | 5,603,829 | 13,504,812 | 0 | 0 | 0 | 13,504,812 | | | | | | | | | | | |
| Proceeds from exercise of stock options | 15 | 0 | 3 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from exercise of warrants | 0 | 161,298 | 0 | 1 | (1) | 161,298 | 7,288,275 | 1,208 | 1,098,593 | 4,800,000 | 13,188,076 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from issuance under at-market sales facility | 0 | | 674,562 | 4,374,989 | 0 | 5,049,551 | | | | | | | | | | | |
| Proceeds from payments under grants | 6,928 | 6,928 | 0 | 0 | 18,924 | 25,852 | | | | | | | | | | | |
| Net settlements of vested restrictive stock units | (80,322) | 0 | (1,855) | 0 | 0 | (1,855) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net cash provided by financing activities | 8,318,469 | 11,713,953 | 672,710 | 4,374,990 | 18,923 | 16,780,576 | 7,288,275 | 1,208 | 1,098,593 | 4,800,000 | 13,188,076 | 0 | 0 | 0 | 0 | 0 | 0 |
| Effect of foreign exchange rates | | (23) | 0 | (394) | (705) | (1,122) | (1,122) | 0 | 232 | | | | | | | | |
| Net increase in cash | (2,075,339) | 9,261,027 | (2,993,063) | 2,584,162 | (1,151,320) | 7,700,806 | 5,129,956 | (3,598,753) | (1,165,706) | 3,749,867 | 4,115,364 | (3,469,416) | (2,401,436) | (2,252,008) | (857,109) | (8,979,969) | (6,629,161) |
| Cash at beginning of period | 6,615,794 | 4,465,455 | 13,726,482 | 10,733,419 | 13,317,581 | 4,540,455 | 12,241,261 | 17,371,217 | 13,772,464 | 12,606,758 | 12,241,261 | 16,356,625 | 12,887,209 | 10,485,773 | 8,233,764 | 16,356,625 | 7,376,656 |
| Cash at end of period | 4,465,455 | 13,726,482 | 10,733,419 | 13,317,581 | 12,166,261 | 12,241,261 | 17,371,217 | 13,772,464 | 12,606,758 | 16,356,625 | 16,356,625 | 12,887,209 | 10,485,773 | 8,233,764 | 7,376,656 | 7,376,656 | 747,495 |
| Free cash outflow | (10,341,817) | (2,445,025) | (3,665,773) | (1,768,018) | (1,154,080) | (9,032,896) | (2,112,708) | (3,396,806) | (2,209,648) | (1,035,133) | (8,754,295) | (3,454,416) | (2,386,436) | (2,237,008) | (842,109) | (8,919,969) | (6,569,161) |
| Free cash outflow /share | (\$18.67) | (\$1.37) | (\$2.23) | (\$0.74) | (\$0.25) | (\$2.72) | (\$0.41) | (\$1.58) | (\$0.39) | (\$0.18) | (\$1.58) | (\$0.59) | (\$0.40) | (\$0.38) | (\$0.14) | (\$1.51) | (\$1.11) |

Sources: Company reports and Sidoti & Company, LLC estimates

MYOMO, INC.

Table 3. Myomo, Inc. Balance Sheet

| | 2019E | MarchA | JuneA | SeptA | 2020A | MarchA | JuneA | SeptA | 2021E | MarchE | JuneE | SeptE | 2022E | 2023E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Current assets | | | | | | | | | | | | | | |
| Cash | \$4,465,455 | \$13,726,482 | \$10,733,419 | \$13,317,581 | \$12,241,261 | \$17,371,217 | \$13,772,464 | \$12,606,758 | \$16,356,625 | \$12,887,209 | \$10,485,773 | \$8,233,764 | \$7,376,656 | \$747,495 |
| Accounts receivable | 424,287 | 299,287 | 310,517 | 308,523 | 924,916 | 765,226 | 1,132,078 | 2,215,696 | 900,000 | 1,400,000 | 1,600,000 | 1,800,000 | 1,440,000 | 3,000,000 |
| Inventory | 439,533 | 602,881 | 678,906 | 759,803 | 707,114 | 793,791 | 728,638 | 644,138 | 651,000 | 1,050,000 | 1,120,000 | 1,260,000 | 1,215,000 | 1,950,000 |
| Prepaid expenses and other | 820,206 | 937,218 | 920,383 | 790,290 | 572,684 | 998,763 | 999,027 | 994,137 | 994,137 | 994,137 | 994,137 | 994,137 | 994,137 | 994,137 |
| Total current assets | 6,149,481 | 15,565,868 | 12,643,225 | 15,176,197 | 14,445,975 | 19,928,997 | 16,632,207 | 16,460,729 | 18,901,762 | 16,331,346 | 14,199,910 | 12,287,901 | 11,025,793 | 6,691,632 |
| Restricted cash | 75,000 | 75,000 | 75,000 | 75,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred offering costs | 219,240 | 131,976 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equipment, net | 154,972 | 139,205 | 109,880 | 105,589 | 95,023 | 210,296 | 320,238 | 302,110 | 302,110 | 302,110 | 302,110 | 302,110 | 302,110 | 302,110 |
| Operating lease assets with right of use | | | | | 168,784 | 783,816 | 756,221 | 696,345 | 696,345 | 696,345 | 696,345 | 696,345 | 696,345 | 696,345 |
| Total assets | 6,598,693 | 15,912,049 | 12,828,105 | 15,356,786 | 14,709,782 | 20,923,109 | 17,708,666 | 17,459,184 | 19,900,217 | 17,329,801 | 15,198,365 | 13,286,356 | 12,024,248 | 7,690,087 |
| Current Liabilities | | | | | | | | | | | | | | |
| Current portion of long-term debt | 1,763,887 | 1,427,393 | 996,841 | 78,045 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts payable and other accrued expenses | 1,738,450 | 2,628,328 | 1,688,691 | 2,122,140 | 2,848,904 | 3,892,475 | 2,899,948 | 3,420,654 | 3,591,687 | 3,771,271 | 3,959,835 | 4,157,826 | 4,365,718 | 5,306,557 |
| Current operating lease liability | | | | | 18,289 | 204,460 | 319,624 | 301,878 | 301,878 | 301,878 | 301,878 | 301,878 | 301,878 | 301,878 |
| Derivative liabilities | 378,239 | 40,605 | 888 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred revenue | 2,913 | 4,131 | 1,495 | 6,684 | 2,512 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer advance payments | 40 | 27,340 | 340 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total current liabilities | 3,883,529 | 4,127,797 | 2,688,255 | 2,206,869 | 2,869,705 | 4,096,935 | 3,219,572 | 3,722,532 | 3,893,565 | 4,073,149 | 4,261,713 | 4,459,704 | 4,667,596 | 5,608,435 |
| Accrued interest, net of current portion | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long-term debt | 888,961 | 0 | 77,892 | 1,495 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-current operating lease liability | | | | | 155,148 | 644,107 | 562,887 | 474,188 | 474,188 | 474,188 | 474,188 | 474,188 | 474,188 | 474,188 |
| Other long-term liability | | | | | 118,060 | 113,423 | 113,423 | 113,423 | 113,423 | 113,423 | 113,423 | 113,423 | 113,423 | 113,423 |
| Deferred revenue | 1,495 | 1,495 | 8,700 | 165,889 | 1,495 | 1,495 | 1,495 | 1,495 | 1,495 | 1,495 | 1,495 | 1,495 | 1,495 | 1,495 |
| Total liabilities | 4,773,985 | 4,129,292 | 2,774,847 | 2,374,253 | 3,144,408 | 4,855,960 | 3,897,377 | 4,311,638 | 4,482,671 | 4,662,255 | 4,850,819 | 5,048,810 | 5,256,702 | 6,197,541 |
| Common stock | 57 | 281 | 322 | 454 | 457 | 560 | 570 | 584 | 584 | 584 | 584 | 584 | 584 | 584 |
| Additional paid in capital | 57,957,097 | 71,716,915 | 73,274,309 | 78,980,023 | 79,273,964 | 86,728,107 | 87,091,409 | 88,492,959 | 93,592,959 | 93,892,959 | 94,192,959 | 94,492,959 | 94,792,959 | 95,992,959 |
| Accumulated other comprehensive loss | | | | | (12,690) | (4,367) | (2,224) | (10,509) | (10,509) | (10,509) | (10,509) | (10,509) | (10,509) | (10,509) |
| Accumulated deficit | (56,125,982) | (59,927,975) | (63,214,909) | (65,991,480) | (67,689,893) | (70,650,687) | (73,272,002) | (75,329,024) | (78,159,024) | (81,209,024) | (83,829,024) | (86,239,024) | (88,009,024) | (94,484,024) |
| Treasury stock | (6,464) | (6,464) | (6,464) | (6,464) | (6,464) | (6,464) | (6,464) | (6,464) | (6,464) | (6,464) | (6,464) | (6,464) | (6,464) | (6,464) |
| Total stockholders' equity | 1,824,708 | 11,782,757 | 10,053,258 | 12,982,533 | 11,565,374 | 16,067,149 | 13,811,289 | 13,147,546 | 15,417,546 | 12,667,546 | 10,347,546 | 8,237,546 | 6,767,546 | 1,492,546 |
| Total liabilities and stockholders equity | 6,598,693 | 15,912,049 | 12,828,105 | 15,356,786 | 14,709,782 | 20,923,109 | 17,708,666 | 17,459,184 | 19,900,217 | 17,329,801 | 15,198,365 | 13,286,356 | 12,024,248 | 7,690,087 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working capital | 2,715,164 | 11,784,252 | 10,139,850 | 13,149,917 | 11,840,077 | 16,826,174 | 14,489,094 | 13,736,652 | 16,006,652 | 13,256,652 | 10,936,652 | 8,826,652 | 7,356,652 | 2,081,652 |
| Current ratio | 1.1 | 3.3 | 4.0 | 6.0 | 4.3 | 4.2 | 4.3 | 3.4 | 4.2 | 3.2 | 2.5 | 1.8 | 1.6 | 0.1 |
| Inventory turns | 3.2 | 2.1 | 2.5 | 4.5 | 3.7 | 3.1 | 4.9 | 6.9 | 5.7 | 4.0 | 4.0 | 4.0 | 5.3 | 3.6 |
| DSO | 39.8 | 26.7 | 32.5 | 14.4 | 43.9 | 29.5 | 32.8 | 45.5 | 27.0 | 36.0 | 36.0 | 36.0 | 21.6 | 41.5 |
| Total debt/total capital | 59.25% | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Net cash | \$4,465,455 | \$13,726,482 | \$10,733,419 | \$13,317,581 | \$12,241,261 | \$17,371,217 | \$13,772,464 | \$12,606,758 | \$16,356,625 | \$12,887,209 | \$10,485,773 | \$8,233,764 | \$7,376,656 | \$747,495 |
| Net cash/share | \$8.06 | \$7.72 | \$3.66 | \$3.38 | \$3.68 | \$5.23 | \$2.65 | \$2.24 | \$2.88 | \$2.18 | \$1.78 | \$1.40 | \$1.25 | \$0.13 |
| Annualized return on equity | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| Annualized return on assets | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |

Sources: Company reports and Sidoti & Company, LLC estimates

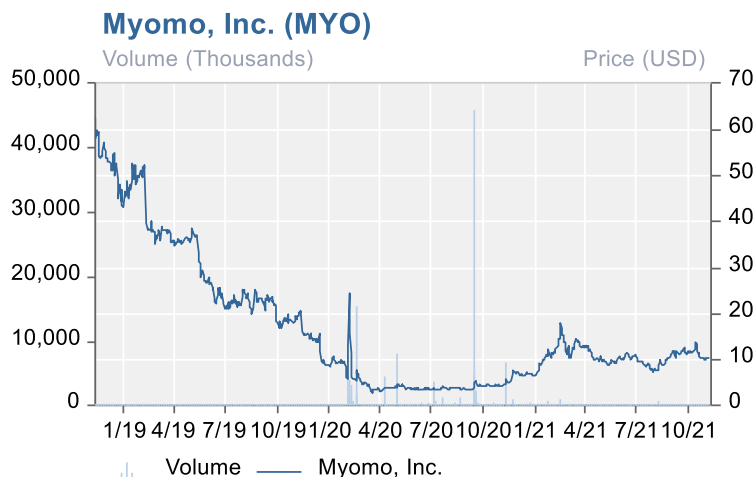
Appendix Required Disclosures

Required Disclosures

Myomo, Inc. (MYO-\$10.39) NR Price Target: \$23 Risk Rating: H

Rating and Price Target History Table

| Action | Date | Px | Rating | PT | Risk Rating |
|--------|----------|------|--------|-----|-------------|
| PT | 2/8/19 | 41.1 | | 120 | |
| PT | 1/2/20 | 9 | | 60 | |
| PT | 11/25/20 | 7.9 | | 11 | |
| PT | 1/11/21 | 8.8 | | 14 | |
| PT | 2/19/21 | 15.9 | | 23 | |
| PT | 3/11/21 | 12.9 | | 23 | |
| PT | 5/6/21 | 9.5 | | 23 | |
| PT | 8/10/21 | 7.8 | | 23 | |



Source: FactSet Prices

Valuation

We maintain our \$23 price target on MYO shares. MYO's longer-term revenue growth prospects are improving, in our view, due to the faster reimbursement cycle. In assessing valuation, we consider the large potential market size, offset by the risks associated with securing regulatory and reimbursement approvals, as well as possible dilution from future equity offerings. To value the stock, we estimate that the company can win a 5% market share in ten years and estimate EPS of \$6.08 in 2031. We discount these earnings back at 25% and arrive at a present value of \$0.65. Our \$23 price target is based on 35x this present value of \$0.65. We note the stocks of medical device companies often trade at steep premiums to projected EPS growth rates. This multiple represents Myomo's improving international prospects and is a 40% premium to our five-year EPS CAGR projection of 25%, once net results turn positive, which we forecast in about three years (circa 2024).

Key Risks

Delays in new product approvals

Delays in shipments due to COVID-19

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