



# Myomo, Inc.

## Initiating Coverage with BUY and \$2.00 Target

Strong product potential for its MyoPro myoelectric upper limb orthosis for paralysis. We believe continued strong revenue growth and expected positive milestones over the next year to be positive for stock.

**Initiating with BUY:** We are initiating coverage of Myomo with a BUY rating. Myomo is a wearable medical robotics company that develops myoelectric orthotics for people with neuromuscular disorders and upper limb paralysis.

**Focused on MyoPro commercialization:** Myomo's main product, the MyoPro custom fabricated myoelectric upper limb orthosis, is like an exoskeleton for the upper body. The MyoPro helps restore the ability to complete functional tasks by supporting the affected joint and enabling individuals to self-initiate and control movement of their partially paralyzed limbs by using their own muscle signals.

**Large market potential:** Myomo estimates that the addressable market for its products is \$10 billion, which is based on 3 million existing cases of upper extremity paralysis and an estimate that 25% of those may be medically qualified candidates for a MyoPro. Myomo believes that the total worldwide market potential for its products is \$30 billion.

**Still early stage:** Myomo's recent financial performance is reflective of its early commercialization stage, but it has experienced high revenue growth rates over the past year. In its Q1 2019 report, the company reported revenue of \$0.8 million (+165% y-o-y) and net loss was \$2.6 million.

**But recent growth strong:** The company guided that 2019 revenues would "grow significantly" compared to 2018. We expect the company's recent strong revenue growth (was +57% y-o-y in 2018) to continue in 2019 and 2020. For 2019, we expect revenues of \$5.4 million (+121% y-o-y) and for 2020, we expect revenues of \$8.0 million (+48% y-o-y).

**Key catalysts expected soon:** Myomo's key catalysts expected this year include continued momentum in U.S. commercialization (particularly improved reimbursement coverage), commercialization in Europe and international, and a new MyoPro pediatric product.

**Reimbursements are key:** Because its MyoPro products are expensive (\$20,000 – 60,000), the company relies on health insurance reimbursements for almost all of its sales. Currently, its products are not covered by Medicare although the company is in process to try to gain reimbursement approval status. We believe improving reimbursement coverage will likely be a key catalyst for the stock.

**However, challenges exist:** Myomo operates in a highly competitive environment and competes against a wide range of other biopharmaceutical and medtech companies that are attempting to replicate or already have similar treatments or functions as the company's main MyoPro product.

**Positive high risks versus rewards:** Overall, concerns outweighed by growth prospects and valuation. Though we acknowledge that Myomo's recent growth has been strong, there is still a long road to successful commercialization. However, we believe the ~billion dollars market potentials presents a high reward for the risks.

**Current valuation attractive:** We calculate a 12-month price target for shares of Myomo to be \$2.00 based on a NPV analysis, representing significant upside from the current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunities.

### Company Description

Based in Cambridge, MA, Myomo is a wearable medical robotics company that develops myoelectric orthotics for people with neuromuscular disorders and upper limb paralysis.

United States  
Healthcare

July 30, 2019

Edward Woo, CFA  
(949) 259-4932  
ewoo@ascendant.com

## COVERAGE INITIATION

Rating: BUY

Ticker: MYO

Price: \$0.79

Target: \$2.00

### Stock Data

Exchange:	NYSE American
52-week Range:	\$0.66 – 2.69
Shares Outstanding (million):	17
Market cap (\$million):	\$13
EV (\$million):	\$4
Debt (\$million):	\$0
Cash (\$million):	\$9
Avg. Daily Trading Vol. (\$million):	~\$1
Float (million shares):	15
Short Interest (million shares):	0.3
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	2018A (Cur.)	2019E (Cur.)	2020E (Cur.)
Q1 Mar	0.3A	0.8A	1.5E
Q2 Jun	0.6A	1.1E	1.5E
Q3 Sep	0.6A	1.5E	2.0E
Q4 Dec	0.9A	2.0E	3.0E
Total	2.4A	5.4E	8.0E
EV/Revs	1.7x	0.7x	0.5x

### Earnings per Share (pro forma)

	2018A (Cur.)	2019E (Cur.)	2020E (Cur.)
Q1 Mar	(0.20)A	(0.17)A	(0.13)E
Q2 Jun	(0.21)A	(0.16)E	(0.13)E
Q3 Sep	(0.21)A	(0.15)E	(0.10)E
Q4 Dec	(0.22)A	(0.13)E	(0.06)E
Total	(0.84)A	(0.61)E	(0.41)E
P/E	N/A	N/A	N/A

### Important Disclosures

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

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 21.

**Exhibit 1: Myomo, Inc. (2-years since IPO in June 2017)**



Source: Nasdaq.com

**INVESTMENT THESIS**

**We are initiating coverage of Myomo with a BUY rating and a 12-month price target of \$2.00.**

Based in Cambridge, MA, Myomo is a wearable medical robotics company that develops and produces myoelectric orthotics for people with neuromuscular disorders and upper limb paralysis. Myoelectric refers to the electric properties of muscles, and a myoelectric orthotics (or brace) is a myoelectric-controlled and externally powered artificial brace that can be controlled with electrical signals generated by the muscles.

Myomo’s goal is to address the need to restore functions to individuals who have suffered upper limb partial paralysis and can no longer support or move their arm or hand despite the efforts of surgeons and rehabilitation therapists. Myomo’s main product, the MyoPro custom fabricated myoelectric upper limb orthosis, is like an exoskeleton for the upper body. The MyoPro helps restore the ability to complete functional tasks by supporting the affected joint and enabling individuals to self-initiate and control movement of their partially paralyzed limbs by using their own muscle signals.

There are two main reasons for using the MyoPro. The first is to enable users to return to work or social activities, and second is helping individuals to live safely at home. Restoring upper limb functions to these individuals may result in fewer doctor and hospital visits, increase their levels of social and physical activities, and avoid the need for institutionalization. Myomo’s myoelectric orthoses

have been clinically shown in peer reviewed published research studies to help restore the ability for patients to now be able to complete functional tasks.

---

## Exhibit 2: Myomo Investment Highlights

# Why Invest in MYO Now?

---

- **Large Unmet Medical Need: Upper Extremity Paralysis**
- **Only Commercially-Available Device to Restore Function**
  - **FDA Registered in US; CE Mark in Europe**
- **Reimbursed on Case-by-Case Basis by Commercial Payers; Approved by VA for Veterans**
  - **Awaiting Coverage Policy & Payment by Medicare for New Codes Effective January 1st**
- **National Rollout Underway in US with Direct-to-Patient Marketing**
  - **Increasing Pipeline; Higher ASP and Gross Margin**
- **Record Revenue and Gross Margin in 2018**
  - **Significant Revenue Growth Expected in 2019**

Source: Company reports.

---

There are many reasons and causes of arm paralysis, including stroke, vehicular and workplace accidents, brain and spinal cord injuries, cerebral palsy, and progressive and chronic conditions. Myomo estimates that the addressable market for its products is \$10 billion, which is based on 3 million existing cases of upper extremity paralysis and an estimate that 25% of those may be medically qualified candidates for a MyoPro. In addition, based on an estimated 350,000 new cases each year, Myomo believes this market will grow by \$1.2 billion per year. Using similar estimates for countries outside of the U.S., Myomo believes that the total worldwide market potential for its products is \$30 billion.

Myomo's milestones and key catalysts expected this year include continued momentum in U.S. commercialization (particularly improved reimbursement coverage), commercialization in Europe and international, and a new MyoPro pediatric product. Because its MyoPro products are expensive (\$20,000 – 60,000), the company relies on health insurance reimbursements for almost all of its sales. Currently, its products are not covered by Medicare although the company is in process to try to gain reimbursement approval status.

Myomo's reimbursement pipeline is growing significantly, which should drive revenue growth. The pipeline was 354 units at the end of Q1, up from 306 units at the end of Q4 2018, and up from 92 in Q2 2018. In Q1, Myomo grew the pipeline with 111 new adds, mainly due to over 100 screening days around the U.S. Over the next year, the company is planning to continue its high rate of screenings in the U.S. and to greatly expand those in international markets as well.

**Exhibit 3: Myomo's Market Opportunity**

# Large Market Opportunity\*

my own motion

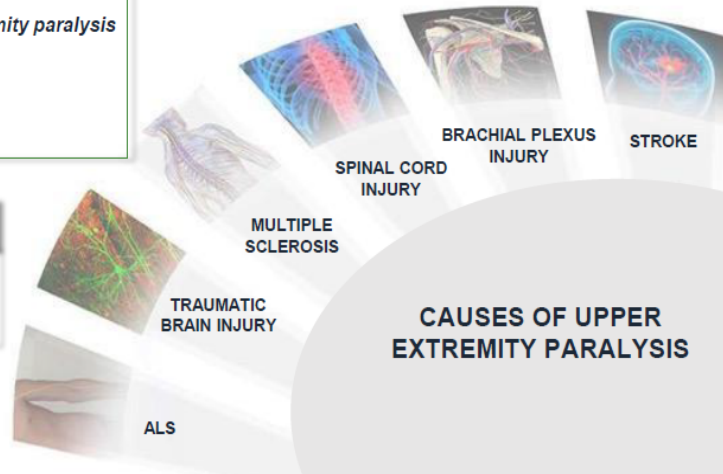
**Total US Market Potential**

**\$10 B** Total US Market Size  
*25% of 3M existing cases of upper extremity paralysis*

**+\$1.2 B** New Incidences / Year  
*25% of 350k new cases each year*

**Total Worldwide Market Potential**

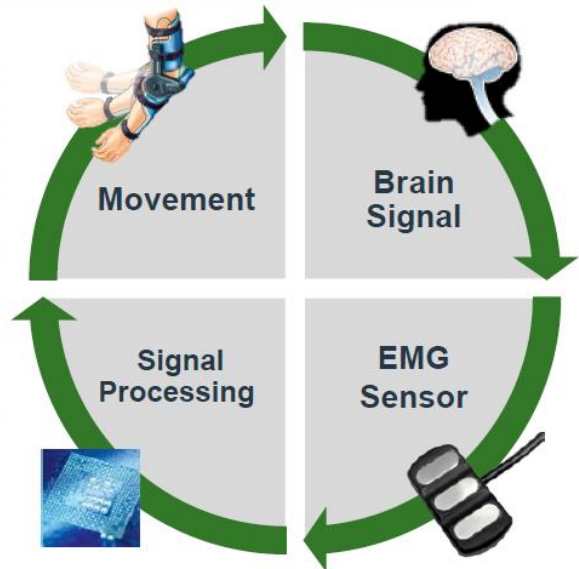
**\$30 B** Estimate Includes:  
*US + EU + ROW*



\*Source: Christopher and Dana Reeve Foundation Survey, National Stroke Association, World Health Organization, and Myomo Base Model Estimates

## MyoPro Orthosis: How it Works

my own motion



Source: Company reports.

Myomo's recent financial performance is reflective of its early commercialization stage, but it has experienced high revenue growth rates over the past year. In its Q1 2019 report, the company reported revenue of \$0.8 million (+165% y-o-y) and net loss was \$2.6 million. This follows Q4 2018's revenue growth of +63% to \$0.9 million.

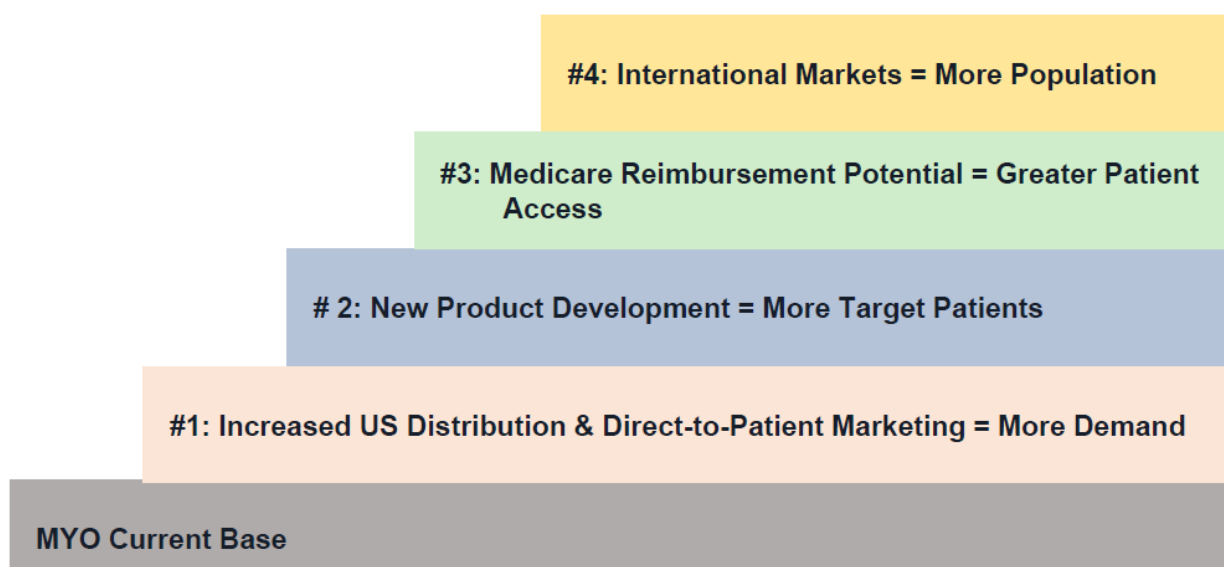
The company does not provide specific quarterly financial guidance. However, the company did guide that 2019 revenues would "grow significantly" compared to 2018, there should be operating leverage in 2019, and its cash should last through 2019. We expect the company's recent strong revenue growth (was +57% y-o-y in 2018) to continue in 2019 and 2020. For 2019, we expect revenues of \$5.4 million (+121% y-o-y) and EPS of \$(0.61). For 2020, we expect revenues of \$8.0 million (+48% y-o-y) and EPS of \$(0.41).

---

**Exhibit 4: Myomo's Investor Summary**

## **Investor Summary: Catalysts for Growth**

---



Source: Company reports.

---

The company has a relatively solid balance sheet with ~\$9 million in cash and no debt as of March 2019. We believe Myomo has enough cash to fund its operations through this year, but we estimate that it will need to raise capital next year (estimated Q2 2020).

Our investment thesis factors in an uncertain medical device development and commercialization process, a very competitive industry, and a challenging reimbursement process which is offset by the very large potential upside opportunities created from a successful device. We believe that the current valuation for Myomo has already factored in many of its risks (principally successful commercialization) but is under valuing its overall growth prospects and product portfolio, resulting in a positive risk versus reward scenario for an investment in Myomo.

**We believe the current valuation is attractive.**

Our \$2.00 price target is based on a NPV analysis. Based on our expectations and assumptions, we calculate a 12-month price target for shares of Myomo to be \$2.00, representing significant upside from current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunities. We acknowledge that Myomo is still at an early stage in its product commercialization and device development and, but we believe key milestones over the next year should be positive catalysts for the stock.

**INVESTMENT RISKS****Product Commercialization Risks**

Myomo's goal is to develop and commercialize products that become the standard of care for individuals with paralysis who cannot be successfully treated with less costly interventions such as rehabilitation therapy. Its products aim to restore functions to individuals who have suffered upper limb partial paralysis. Myomo will need to educate its target market and to demonstrate superiority (more effective and/or lower costs) of its MyoPro limb orthosis compared with existing standards of care. While the company has built out a national sales force, recruited and trained orthotics and prosthetics practices to fit patients in the top metro markets in U.S. and organized hundreds of screening days to evaluate patients for its devices, there are always significant risks to launch and commercialize its products, including manufacturing, distribution, and sales (with patient and provider acceptance and recommendations) of the product along with service, training, and maintenance.

**Insurance Reimbursement Challenge**

Because its MyoPro products are expensive (\$20,000 – 60,000), the company relies on health insurance reimbursements for almost all of its sales. If the company has difficulties with insurance coverage and reimbursements, the company's sales will be challenged. Currently, its products are not covered by Medicare although the company is in process to try to gain reimbursement approval status.

**Competition**

Myomo operates in a highly competitive environment and competes against a wide range of other biopharmaceutical and medtech companies that are attempting to replicate or already have similar treatments or functions as the company's main MyoPro product. Although there are no comparable competing products to MyoPro for upper limb orthotics (brace) currently, there are always the possibility of new entrants. Some of these competitors are much larger or have greater resources, and proprietary technology; which could result in lower projected sales for its products and higher costs, reduced margins, and lowered profitability for the company.

**Concentrated Product Pipeline**

The company is currently developing and selling just one novel technology product, the MyoPro myoelectric upper limb orthosis products. The MyoPro is designed for adults and adolescents, but it is also currently being developed for pediatrics. In addition, the company is trying to expand sales into Europe as almost all of its current sales are in the U.S. However, if Myomo were to experience difficulties with development or commercialization of MyoPro, then it would have a material negative impact on its business and financials as there are no meaningful products which can offset (particularly in the near term).

**Economic Uncertainty**

While healthcare costs tends to be less correlated with economic activity and income levels due to their nondiscretionary nature, major deterioration in economic conditions tends to result in an overall decline in consumer spending. This was demonstrated during the 2008 and 2009 Great Recession and global economic slowdown. While consumer spending levels and economic conditions have improved significantly since and are currently strong, the global macroeconomic environment can change any time. Further economic weakness may result in depressed consumer spending levels; this may have a negative impact on Myomo, insurance companies, its business partners, and consumers.

### Capital Markets Risks

We believe Myomo has enough cash to fund its operations through this year, but we estimate that it will need to raise capital next year (estimated Q2 2020). While the company has had solid growth rates in its MyoPro commercialization over the past year, its absolute sales are still low, and we believe that it will be at least a year before the company can be cash flow self-sufficient from operations. Many biopharmaceutical/medical device companies fund their operations from the sale of equity or debt capital until their products reach commercial success or until they sell off the commercial rights to other companies. Medical device companies (“medtechs”) valuations tend to fluctuate widely, and though they are reasonably strong now (due to a strong M&A market for biotech and health related companies), there is always the chance that market interests and valuations for companies in this industry decline significantly. Even though the company was able to raise \$6 million in February 2019, the share price volatility in the past year (with a stock price range of \$0.66 – 2.69) in Myomo’s share price may make capital raising much more difficult and expensive.

### VALUATION

We are initiating coverage of Myomo with a BUY rating and a 12-month price target of \$2.00, which is based on a NPV analysis. As the company is still early in product commercialization as a medical device development company, it currently generates low revenues and significant losses so traditional valuation metrics are not useful. We believe a more accurate valuation should take into consideration the potential value of its product pipeline. We do acknowledge that this valuation is complex and requires a large number of forward assumptions that we have to estimate that may be imprecise and may vary significantly from actual results. This is particularly so for a company like Myomo which is still in early product commercialization with its main product.

However, we believe our assumptions are fair and provide a reasonable basis for our valuation analysis. Our analysis considers future estimated revenue from each of its major product pipelines (based on estimated future sales, a probability rate of success, and discounted this back to a current value), though our valuation is currently only focused on its MyoPro product line. We apply a high discount rate and about average probability of success to capture the uncertainties associated generally with drugs/devices in development or early product commercialization. We then added up the values, made an assumption about future investments required and allocated the value based on current share count. Based on our NPV analysis, we arrived at our 12-month price target of \$2.00, which we believe appropriately balances out the company’s risks with its high growth prospects.

Myomo’s share price YTD has been weak (~-50% from \$1.44 on December 31, 2018), and it has been in a wide volatile range of \$0.66 – 2.69 within the past year. However, we believe that there are near term catalysts that may drive the stock (particularly for key milestones expected in 2019/2020). As the company is likely to make significant progress (and milestones) in its device development and product commercialization over the next year, we believe this will result in much improved visibility into future cash flows. We expect valuations for Myomo to improve as visibility into cash flow generation becomes clearer, resulting in significant upside to the current share price.

### Exhibit 5: Company Valuation (DCF)

Product	Estimated NPV	% of Success	Calculated NPV	Discount Rate	Estimated Annual Sales	% of Market Share	Market Potential per year
MyoPro product line	\$ 50	50%	\$ 100	50%	\$ 50	10%	\$ 500
<b>Total</b>	<b>\$ 50</b>						

Estimated additional investments required	\$ 16
Current Value for existing shareholders	\$ 34
Shares Outstanding (mils)	17
<b>Estimated Value per share</b>	<b>\$ 2.00</b>

Source: Ascendant Capital Markets estimates

### COMPANY

Based in Cambridge, MA, Myomo is a wearable medical robotics company that develops and produces myoelectric orthotics for people with neuromuscular disorders and upper limb paralysis. Myoelectric refers to the electric properties of muscles, and a myoelectric orthotics (or brace) is a myoelectric-controlled and externally powered artificial brace that can be controlled with electrical signals generated by the muscles. Its main product, the MyoPro myoelectric upper limb orthosis product, is registered with the U.S. Food and Drug Administration as a Class II medical device.

Myomo's goal is to address the need to restore functions to individuals who have suffered upper limb partial paralysis and can no longer support or move their arm or hand despite the efforts of surgeons and rehabilitation therapists. Myomo's main product, the MyoPro custom fabricated limb orthosis, is like an exoskeleton for the upper body. Myomo's myoelectric orthoses help restore the ability to complete functional tasks by supporting the affected joint and enabling individuals to self-initiate and control movement of their partially paralyzed limbs by using their own muscle signals.

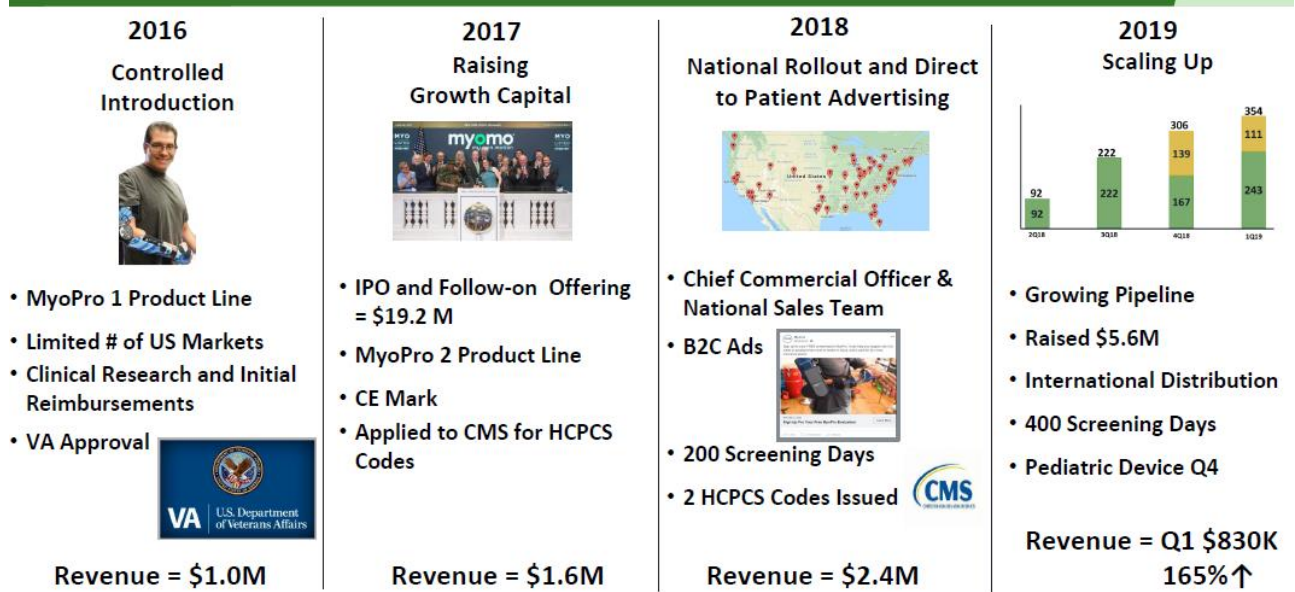
The company sells its products to orthotics and prosthetics (O&P) providers, the Veterans Health Administration (VA), rehabilitation hospitals, through distributors, and recently directly to patients (utilizing the clinical services of O&P providers and billing their insurance companies directly). Myomo currently sells almost exclusively in the United States, but has recently expanded into Europe.

Originally incorporated in September 2004, the company completed its IPO in June 2017 (raising ~\$5 million, selling 0.7 million shares at ~\$7.50/share). As of December 31, 2018, the company had 45 full time employees.



Exhibit 6: Myomo's Overview

## Myomo Commercialization + Scale-Up Timeline



Source: Company reports.

### MANAGEMENT TEAM

**Paul Gudonis, age 65, Chief Executive Officer, President, and Chairman.** Mr. Gudonis has been Chairman of the board of directors since August 2016 and CEO since July 2011. Mr. Gudonis was also appointed President in February 2017. Mr. Gudonis served as President at FIRST Robotics from October 2005 until June 2010. Mr. Gudonis was the CEO of Centra Software, Inc. from August 2003 until April 2005. Mr. Gudonis was the CEO of Genuity, Inc. from January 2000 until March 2003. He has also served as Chairman of the Massachusetts High Tech Council. Mr. Gudonis earned his degree in electrical engineering at Northwestern University's McCormick School of Engineering. He also earned his MBA degree from Harvard University.

**David Henry, age 57, Chief Financial Officer.** Mr. Henry has been Chief Financial Officer since February 2019. From August 2017 until February 2019, he was CFO of Eos Energy Storage LLC, a privately-held company that manufacture grid-scale energy systems for utilities and renewable project developers. From July 2007 through June 2017, Mr. Henry was CFO of American Semiconductor Corporation. From April 2004 to July 2007 he was CFO of AMI Semiconductor. Mr. Henry is a CPA, earned his MBA from Santa Clara University and his BS in Business Administration from the University of California, Berkeley.

### MyoPro Products

Myomo develops and markets the MyoPro product line, which is a myoelectric-controlled upper limb orthosis (or brace). The orthosis is a rigid brace used for the purpose of supporting a patient's weak or deformed arm to enable and improve functional activities of daily living (ADLs), in the home, at work, and in the community. Myomo products are designed to help restore function in individuals with neuromuscular conditions due to brachial plexus injury, stroke, traumatic brain injury, spinal cord injury and other neurological disorders.

Myomo is part of the medical robotics systems industry that includes: surgical robots, non-invasive radiosurgery robotic systems, prosthetics and exoskeletons, assistive and rehabilitation robots, non-medical robotics in hospitals, and emergency response robotics systems.

From 2006 and 2012, Myomo's earlier product lines (e100 and mPower models) were primarily sold as capital equipment to rehabilitation facilities to provide short term access to myoelectric braces to patients receiving rehabilitation therapy.

In 2012, Myomo introduced the MyoPro, an orthosis for the upper limb that is individually custom fabricated for each patient. With the MyoPro, the primary business focus shifted from devices designed for rehabilitation therapy and sold to hospitals to providing an assistive device through O&P providers to patients for use at home, work, and in the community to facilitate ADLs.

Since inception through March 31, 2019, Myomo has shipped over 900 units for use by patients at home and at clinical facilities. The MyoPro, introduced in fall 2012, has shipped ~550 units to date (including 92 sold in 2018).

## Exhibit 7: Myomo's Target Markets

# Current Upper Extremity Treatment Options

### Rehabilitation

- Occupational Therapy
- Static Bracing
- Saebo
- Electrical Stimulation (Bioness)
- Stationary Robotics



### Medical

- Botox
- Baclofen



Source: Company reports.

Partial paralysis is a severe muscle weakness or loss of voluntary movement in one or more parts of the body. The MyoPro is registered with the FDA as a Class II device (powered limb orthosis with biofeedback). Myomo believes it is the only device currently able to help neuromuscular-impaired people restore functions in weak arms and hands using their own muscle signals. The device consists of a portable arm brace made of a lightweight aerospace metal, and includes advanced signal processing software, non-invasive sensors, and a lightweight battery unit. The product is worn to support the dysfunctional joint and as a functional aid for reaching and grasping, but has also been proven to have therapeutic benefits for some users to increase motor control.

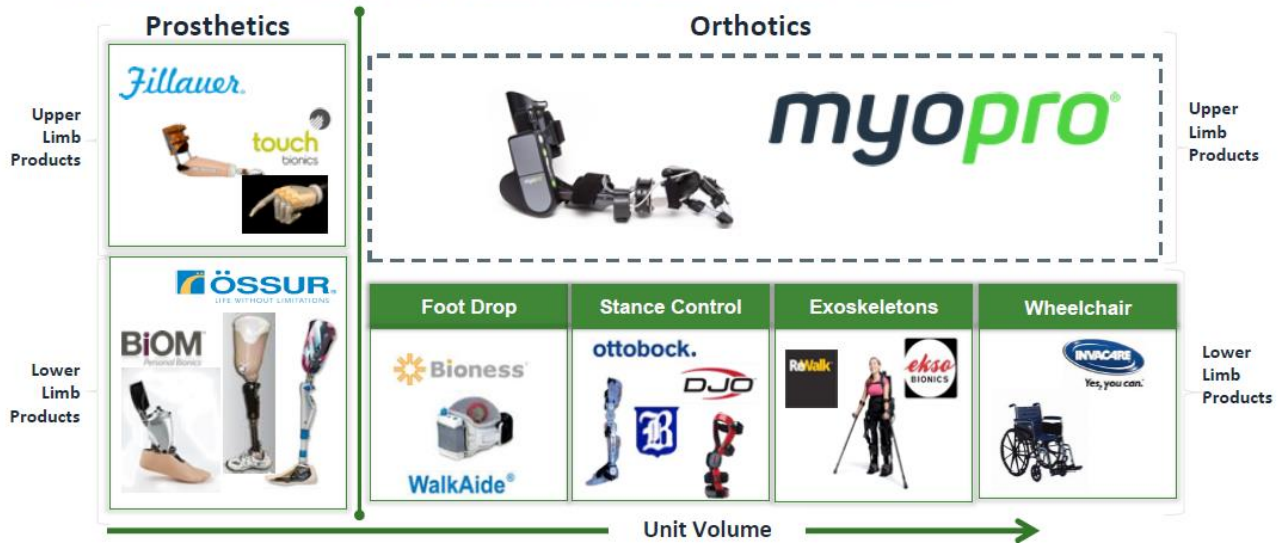
Myomo’s myoelectric orthoses have been clinically shown in peer reviewed published research studies to help patients restore the ability to complete functional tasks. Myomo’s technology was originally developed at MIT in collaboration with medical experts affiliated with Harvard Medical School. Myomo completed licensing of its technology from MIT in 2006.

Exhibit 8: MyoPro Competitive Landscape

# Competitive Landscape of O&P and Robotics

my own motion

Only Commercially Available Upper Limb Product Line to Restore Function



Source: Company reports.

The MyoPro is custom fabricated individually for each patient. These devices are provided and prescribed by physicians and medical professionals trained and certified to custom fabricate and fit these devices. Fabrication typically takes 2 - 4 weeks and is done by external suppliers.

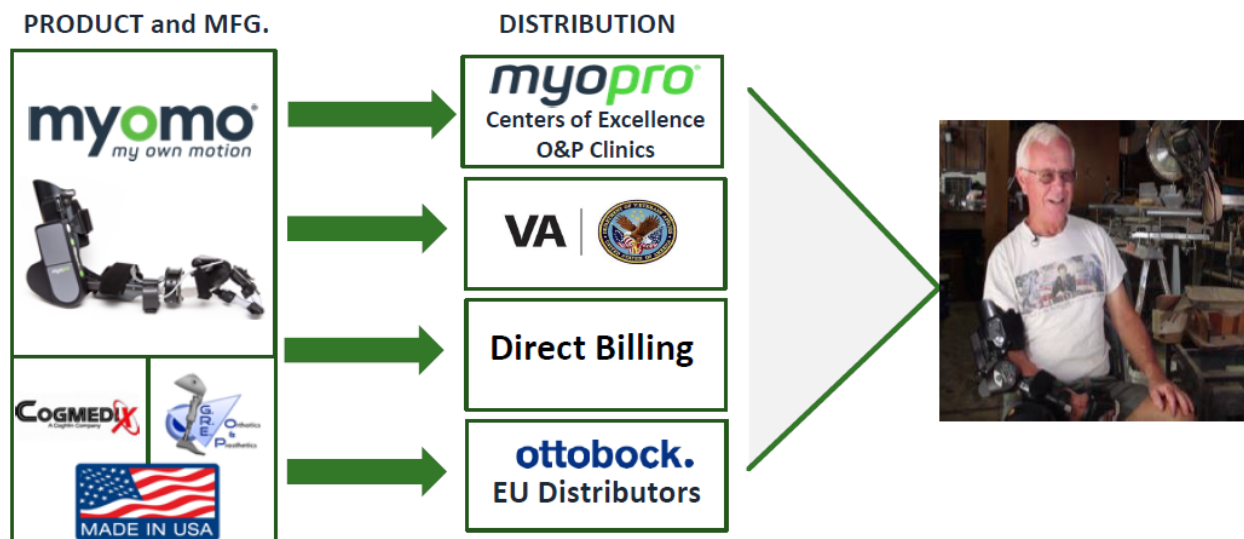
The MyoPro control technology utilizes an advanced non-invasive human-machine interface based on patented electromyography (EMG), control technology that continuously monitors and senses, but does not stimulate, the affected muscles. The patient self-initiates movement through his or her weakened muscle signals that indicate the intention to move.

When the user tries to move, sensors detect the weak muscle signal, which activates the motor to move the limb in the desired direction. The user is in control of their own limb; the brace amplifies their weak muscle signal to restore function to the affected joint. With the orthosis, a paralyzed individual can perform ADLs including feeding, reaching and lifting.

Exhibit 9: MyoPro Distribution Chain

# Manufacturing and Distribution

my own motion



Source: Company reports.

There are many reasons and causes of arm paralysis, including stroke, vehicular and workplace accidents, brain and spinal cord injuries, cerebral palsy, and progressive and chronic conditions. Myomo estimates that the addressable market for its products is \$10 billion, which is based on 3 million existing cases of upper extremity paralysis and an estimate that 25% of those may be medically qualified candidates for a MyoPro. In addition, based on an estimated 350,000 new cases each year, Myomo believes this market will grow by \$1.2 billion per year. Using similar estimates for countries outside of the U.S., Myomo believes that the total worldwide market potential for its products is \$30 billion.

There are two main reasons for using the MyoPro. The first is to enable users to return to work or social activities, and second is helping individuals to live safely at home. Restoring upper limb functions to these individuals may result in fewer doctor and hospital visits, increase their levels of social and physical activities, and avoid the need for institutionalization.

Exhibit 10: Myomo Reimbursement Payers

## Reimbursement by Various Payers

■ my own motion

### Commercial Payers



**Approvals on Case by Case Basis**

**Billed by O&P Provider**

**New Direct Billing**

### Military



**Approved for Vets**

**40+ VAMC's**

### Medicare



**Issued New HCPCS Codes**

**Pending Coverage and Payment Amt.**

Source: Company reports.

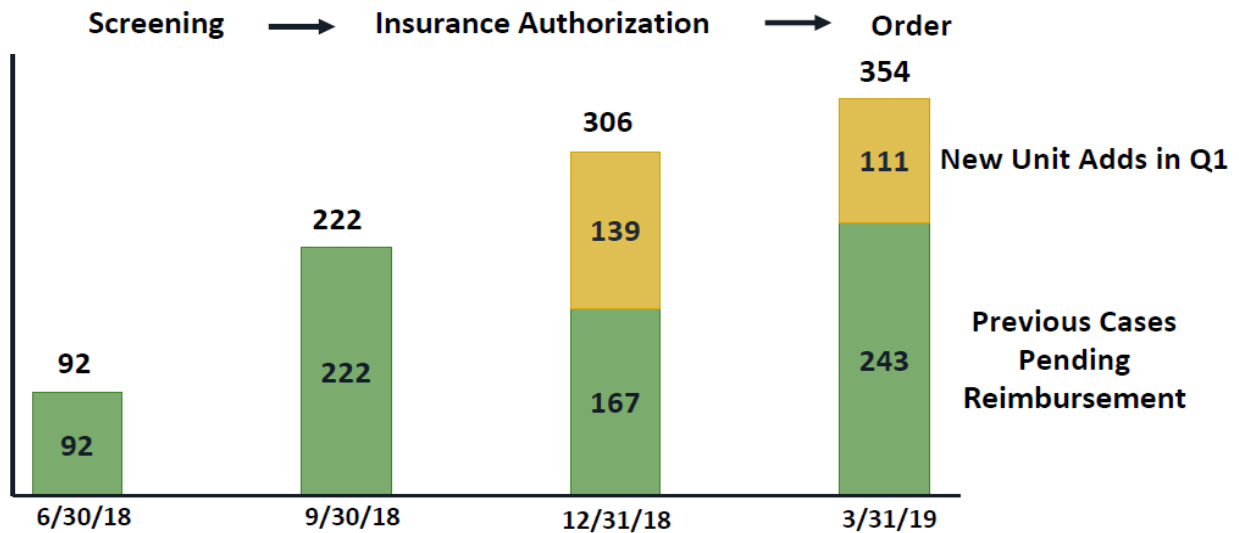
Because its MyoPro products are expensive (\$20,000 – 60,000), the company relies on health insurance reimbursements for almost all of its sales. Currently, its products are not covered by Medicare although the company is in process to try to gain reimbursement approval status. The selling price of its MyoPro devices to its channel partners range from \$10,000 - 25,000 per unit depending on the MyoPro model.

After a patient candidate passes the in-person evaluation and wishes to proceed to obtain a MyoPro, Myomo consider this a new add to the reimbursement pipeline. Myomo then works with the patient and the O&P practitioner and physician to obtain his or her medical history, so that a pre-authorization request is sent to the patient's insurance company. When a patient's pre-authorization is received, the patient's custom fabricated MyoPro is then delivered to them, and Myomo proceeds to bill for the product.

In November, the Centers for Medicare and Medicaid Services (CMS), issued two new codes for the MyoPro, L8701 and L8702, and Myomo expects decisions relating to coverage policy determination and reimbursement amounts for its MyoPro products from CMS in 2019. This may offer much greater access to the MyoPro for Medicare beneficiaries if the reimbursement policy is approved under favorable terms for the company.

Exhibit 11: MyoPro Growing Reimbursement Pipeline

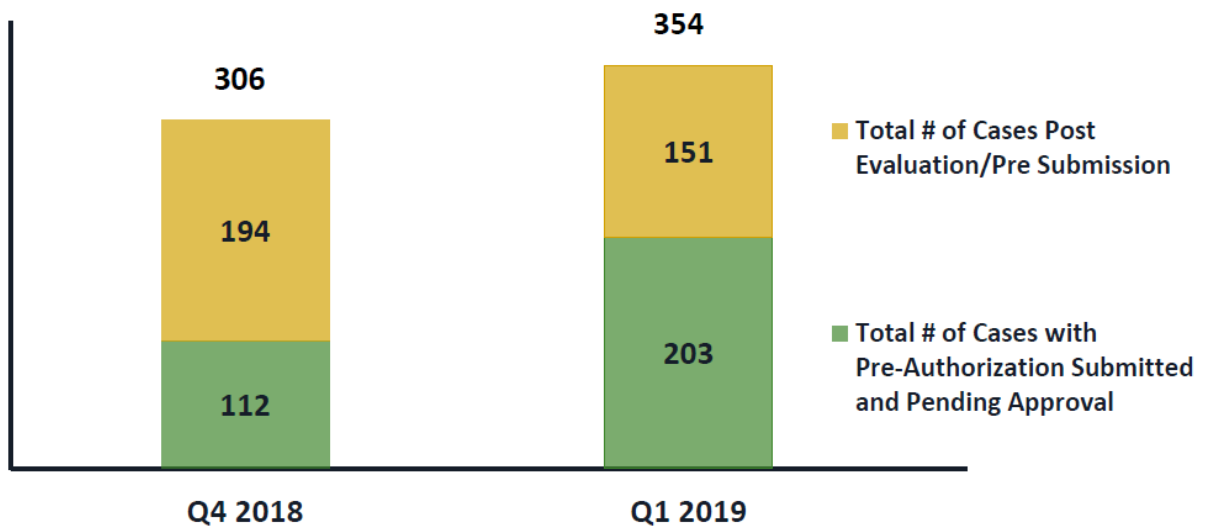
## Growing # MyoPro Units in Reimbursement Process



Source: Mayo Foundation for Medical Education and Research (MFMER).

Exhibit 12: Myomo Patient Reimbursement Pipeline

## More Patient Cases Progressing through the Reimbursement Process



Source: Company reports.

Exhibit 13: Myomo Product Development

## Product Development to Expand Market



ADULTS (MyoPro2 JUNE 2017)



ADOLESCENTS (JUNE 2018)



PEDIATRICS (2019E)



Source: Company reports.

The company's strategy is to be the market leader in myoelectric limb orthotics, and to build a set of products, software applications, and value-added services based upon its patented technology platform. While the company currently focuses on upper limb orthotics, its future products may include devices for the shoulder, leg, knee, and ankle, for both adults and children, along with non-medical applications for industrial and military markets.

Myomo's goal is to develop and commercialize products that become the standard of care for individuals with paralysis who cannot be successfully treated with less costly interventions such as rehabilitation therapy. Myomo plans to expand into international markets via local and global partnerships and distribution arrangements to meet the large global need that exists for individuals with paralysis.

### FINANCIALS

Myomo's fiscal year ends on December 31. We expect its next earnings report (for Q2 (ending June) 2019) to be in mid-August. Because the company is still early in product commercialization as a medical device development company, it currently generates low revenues (but fast growing) and significant losses (though should be improving as revenue grows).

#### Exhibit 14: Myomo's Historical Financials

FYE Dec 31					
(in millions except EPS)	2016A	2017A	2018A	2019E	2020E
<b>Total Revenue</b>	<b>1.1</b>	<b>1.6</b>	<b>2.4</b>	<b>5.4</b>	<b>8.0</b>
Growth % (y/y)		41%	57%	121%	48%
<b>Operating income (loss)</b>	<b>(3.3)</b>	<b>(6.5)</b>	<b>(10.5)</b>	<b>(10.3)</b>	<b>(7.3)</b>
<b>Net income</b>	<b>(3.6)</b>	<b>(12.7)</b>	<b>(10.3)</b>	<b>(10.2)</b>	<b>(7.3)</b>
<b>EPS</b>	<b>\$ (4.13)</b>	<b>\$ (2.93)</b>	<b>\$ (0.84)</b>	<b>\$ (0.61)</b>	<b>\$ (0.41)</b>
<b>Cashflow from operating activities</b>	<b>(3.2)</b>	<b>(6.2)</b>	<b>(9.6)</b>	<b>(9.5)</b>	<b>(5.9)</b>

Source: Company reports and Ascendant Capital Markets estimates.

#### Recent Results (fiscal Q1 ending March 2019)

Myomo's recent financial performance is reflective of its early commercialization stage. In its Q1 2019 report (on May 13, 2019), the company reported revenue of \$0.8 million (+165% y-o-y). Operating expenses were \$3.3 million, mainly due to sales, general and administrative expenses. Q1 net loss was \$2.6 million and EPS was \$(0.17).

Myomo sold 35 units in Q1. The reimbursement pipeline was 354 units at the end of Q1, up from 306 units at the end of Q4 2018. In Q1, Myomo grew the pipeline with 111 new adds, mainly due to over 100 screening days around the U.S., and 28 units exited the pipeline for various reasons.

The company does not provide specific quarterly financial guidance. However, it did guide that 2019 revenues would "grow significantly" compared to 2018, there should be operating leverage in 2019, and its cash should last through 2019. We believe Q1's operating expenses of ~\$3.5 million is a reasonable near term quarterly rate, so continued rapid revenue increases should drive operating leverage and improving margins.

We expect the company's recent strong revenue growth (was +57% y-o-y in 2018) to continue in 2019 and 2020. For 2019, we expect revenues of \$5.4 million (+121% y-o-y) and EPS of \$(0.61). For 2020, we expect revenues of \$8.0 million (+48% y-o-y) and EPS of \$(0.41).

We believe that the biggest potential variable and challenge to our financial model is the ability of the company to successfully commercialize its products. Because its MyoPro products are expensive (\$20,000 – 60,000), the company relies on health insurance reimbursements for almost all of its sales. If the company has difficulties with insurance coverage and reimbursements, the company's sales will be challenged. Currently, its products are not covered by Medicare although the company is in process to try to gain reimbursement approval status.

If the company can make significant progress towards these goals, then revenue and earnings will likely be able to grow significantly (though likely still several years away before reaching sustained profitability). However, if the company has difficulties in making progress towards commercialization, then revenue and earnings will likely grow at a more moderate rate or even not at all. Investors



will be focused on the key milestones expected this year, including continued momentum in U.S. commercialization (particularly improved reimbursement coverage), commercialization in Europe and international, and a new MyoPro pediatric product.

The company's balance sheet had ~\$9 million in cash and no debt as of March 2019. We believe Myomo has enough cash to fund its operations through this year, but we estimate that it will need to raise capital next year (estimated Q2 2020). In February 2019, the company raised ~\$6 million (~4.5 million common stock at \$1.40 per share).

#### Exhibit 15: Myomo's Key Financial Metrics

Recent Share Price (7/30/19)	\$ 0.79
52-Weeks Share Price (Low - High)	\$0.66 - 2.69
Shares Outstanding	17 million
Market Capitalization	\$13 million
Enterprise Value	\$4 million
Cash (3/31/19)	\$9 million
Debt (3/31/19)	\$0 million
2018A Net loss	\$10 million
2018A EPS	\$ (0.84)
2019E Net loss	\$10 million
2019E EPS	\$ (0.61)

Source: Company reports and Ascendant Capital Markets estimates.

#### Exhibit 16: Consensus Expectations

	Revenue (mil)			EPS	
	<u>2019E</u>	<u>2020E</u>		<u>2019E</u>	<u>2020E</u>
Q1 Mar	\$0.8A		Q1 Mar	\$(0.17)A	
Q2 Jun	\$1.3E		Q2 Jun	\$(0.15)E	
Q3 Sep	\$1.8E		Q3 Sep	\$(0.13)E	
Q4 Dec			Q4 Dec		
Total	\$6.1E	\$12.1E	Total	\$(0.58)E	\$(0.35)E

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

Source: Company report, Thomson Reuters, and Ascendant Capital Markets estimates

## FINANCIAL MODEL

### Myomo, Inc.

Income Statement (\$ mils)	Mar-17	Jun-17	Sep-17	Dec-17	2017	Mar-18	Jun-18	Sep-18	Dec-18	2018	Mar-19	Jun-19	Sep-19	Dec-19	2019	Mar-20	Jun-20	Sep-20	Dec-20	2020
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Total Revenue</b>	<b>0.216</b>	<b>0.307</b>	<b>0.489</b>	<b>0.547412</b>	<b>1.559</b>	<b>0.313</b>	<b>0.632</b>	<b>0.609</b>	<b>0.890</b>	<b>2.444</b>	<b>0.830</b>	<b>1.100</b>	<b>1.500</b>	<b>1.970</b>	<b>5.400</b>	<b>1.500</b>	<b>1.500</b>	<b>2.000</b>	<b>3.000</b>	<b>8.000</b>
Cost of Revenues	0.079	0.099	0.124	0.203972	0.505	0.108	0.200	0.194	0.226	0.728	0.176	0.330	0.450	0.591	1.547	0.315	0.315	0.420	0.630	1.680
Gross Profit	0.138	0.208	0.364	0.343	1.054	0.205	0.432	0.415	0.663	1.716	0.654	0.770	1.050	1.379	3.853	1.185	1.185	1.580	2.370	6.320
Research and development	0.357	0.709	0.329	0.356867	1.752	0.372	0.487	0.450	0.530	1.839	0.535	0.600	0.600	0.600	2.335	0.600	0.600	0.600	0.600	2.400
Sales, general and administrative	1.144	1.433	1.470	1.802583	5.850	2.236	2.627	2.674	2.869	10.406	2.801	3.000	3.000	3.000	11.801	2.800	2.800	2.800	2.800	11.200
Restructuring and other					0.000					0.000					0.000					0.000
Total operating expenses	1.501	2.141	1.799	2.159	7.602	2.608	3.114	3.124	3.398	12.244	3.337	3.600	3.600	3.600	14.137	3.400	3.400	3.400	3.400	13.600
<b>Operating income (loss)</b>	<b>(1.364)</b>	<b>(1.933)</b>	<b>(1.435)</b>	<b>(1.816)</b>	<b>(6.548)</b>	<b>(2.403)</b>	<b>(2.682)</b>	<b>(2.708)</b>	<b>(2.735)</b>	<b>(10.528)</b>	<b>(2.683)</b>	<b>(2.830)</b>	<b>(2.550)</b>	<b>(2.221)</b>	<b>(10.284)</b>	<b>(2.215)</b>	<b>(2.215)</b>	<b>(1.820)</b>	<b>(1.030)</b>	<b>(7.280)</b>
Interest income (expense)	(0.357)	(0.519)	(0.043)	0.56034	(0.359)	0.015	0.050	0.045	0.065	0.175	0.043	0.012	0.009	0.006	0.069	0.004	0.001	(0.001)	(0.003)	0.000
Other income (expense)	(0.025)	(5.302)	0.219	(0.64461)	(5.752)	0.042	0.003	0.013	(0.022)	0.036	0.042	0.000	0.000	0.000	0.042	0.000	0.000	0.000	0.000	0.000
Income before income taxes	(1.745)	(7.755)	(1.259)	(1.900)	(12.659)	(2.345)	(2.630)	(2.650)	(2.692)	(10.317)	(2.598)	(2.818)	(2.541)	(2.215)	(10.173)	(2.211)	(2.214)	(1.821)	(1.033)	(7.280)
Income taxes					0.000					0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net income (loss)	(1.745)	(7.755)	(1.259)	(1.900)	(12.659)	(2.345)	(2.630)	(2.650)	(2.692)	(10.317)	(2.598)	(2.818)	(2.541)	(2.215)	(10.173)	(2.211)	(2.214)	(1.821)	(1.033)	(7.280)
Nonrecurring/noncash adjustments					0.000					0.000					0.000					0.000
<b>Net income (pro forma)</b>	<b>(1.745)</b>	<b>(7.755)</b>	<b>(1.259)</b>	<b>(1.900)</b>	<b>(12.659)</b>	<b>(2.345)</b>	<b>(2.630)</b>	<b>(2.650)</b>	<b>(2.692)</b>	<b>(10.317)</b>	<b>(2.598)</b>	<b>(2.818)</b>	<b>(2.541)</b>	<b>(2.215)</b>	<b>(10.173)</b>	<b>(2.211)</b>	<b>(2.214)</b>	<b>(1.821)</b>	<b>(1.033)</b>	<b>(7.280)</b>
EBITDA				(1.770)	(6.257)	(2.052)			(2.542)	(9.644)	(2.454)	(2.601)	(2.321)	(1.992)	(9.367)	(1.986)	(1.986)	(1.591)	(0.801)	(6.363)
Shares, Basic	1.125	2.313	6.081	7.559	4.318	11.899	12.408	12.415	12.436	12.292	14.942	17.100	17.200	17.300	16.635	17.400	17.500	17.600	17.700	17.550
Shares, Diluted	1.125	2.313	6.081	7.559	4.318	11.899	12.408	12.415	12.436	12.292	14.942	17.100	17.200	17.300	16.635	17.400	17.500	17.600	17.700	17.550
EPS Basic (Pro forma)	(\$1.55)	(\$3.35)	(\$0.21)	(\$0.25)	(\$2.93)	(\$0.20)	(\$0.21)	(\$0.21)	(\$0.22)	(\$0.84)	(\$0.17)	(\$0.16)	(\$0.15)	(\$0.13)	(\$0.61)	(\$0.13)	(\$0.13)	(\$0.10)	(\$0.06)	(\$0.41)
EPS Diluted (Pro forma)	(\$1.55)	(\$3.35)	(\$0.21)	(\$0.25)	(\$2.93)	(\$0.20)	(\$0.21)	(\$0.21)	(\$0.22)	(\$0.84)	(\$0.17)	(\$0.16)	(\$0.15)	(\$0.13)	(\$0.61)	(\$0.13)	(\$0.13)	(\$0.10)	(\$0.06)	(\$0.41)
<b>Margins</b>																				
Gross margin	64%	68%	75%	63%	68%	65%	68%	68%	75%	70%	79%	70%	70%	70%	71%	79%	79%	79%	79%	79%
Research and development	165%	231%	67%	65%	112%	119%	77%	74%	60%	75%	64%	55%	40%	30%	43%	40%	40%	30%	20%	30%
Sales, general and administrative	529%	467%	301%	329%	375%	714%	415%	439%	322%	426%	337%	273%	200%	152%	219%	187%	187%	140%	93%	140%
Operating margin	-631%	-630%	-294%	-332%	-420%	-767%	-424%	-445%	-307%	-431%	-323%	-257%	-170%	-113%	-190%	-148%	-148%	-91%	-34%	-91%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-807%	-2529%	-258%	-347%	-812%	-749%	-416%	-435%	-303%	-422%	-313%	-256%	-169%	-112%	-188%	-147%	-148%	-91%	-34%	-91%
<b>Y/Y % change</b>																				
Total Revenue						45%	106%	25%	63%	57%	165%	74%	146%	121%	121%	81%	36%	33%	52%	48%
Gross margin						49%	108%	14%	93%	63%	219%	78%	153%	108%	125%	81%	54%	50%	72%	64%
Research and development						4%	-31%	37%	48%	5%	44%	23%	33%	13%	27%	12%	0%	0%	0%	3%
Sales, general and administrative						95%	83%	82%	59%	78%	25%	14%	12%	5%	13%	0%	-7%	-7%	-7%	-5%
Operating income (loss)						76%	39%	89%	51%	61%	12%	6%	-6%	-19%	-2%	-17%	-22%	-29%	-54%	-29%
Net income (loss)						34%	-66%	110%	42%	-19%	11%	7%	-4%	-18%	-1%	-15%	-21%	-28%	-53%	-28%
EPS Diluted (Pro forma)						-87%	-94%	3%	-14%	-71%	-12%	-22%	-31%	-41%	-27%	-27%	-23%	-30%	-54%	-32%

Source: Company reports and Ascendant Capital Markets estimates.

**Myomo, Inc.**

Balance Sheet (\$ mils)	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>																
Cash and cash equivalents	1.404	7.110	4.958	12.959	14.116	11.684	9.093	6.541	9.234	7.039	4.769	2.837	0.906	(1.093)	(2.583)	(3.168)
Short term investments										0.000	0.000	0.000	0.000	0.000	0.000	0.000
Accounts receivable, net	0.048	0.254	0.226	0.297	0.151	0.385	0.353	0.382	0.400	0.611	0.833	1.094	0.833	0.833	1.111	1.667
Inventory	0.097	0.123	0.123	0.201	0.238	0.248	0.273	0.256	0.301	0.330	0.450	0.591	0.315	0.315	0.420	0.630
Deferred income taxes										0.000	0.000	0.000	0.000	0.000	0.000	0.000
Prepaid expenses and other	0.172	0.274	0.466	0.388	0.373	0.463	0.721	0.695	0.785	0.990	1.350	1.773	1.350	1.350	1.800	2.700
<b>Total current assets</b>	<b>1.722</b>	<b>7.761</b>	<b>5.773</b>	<b>13.846</b>	<b>14.879</b>	<b>12.779</b>	<b>10.440</b>	<b>7.874</b>	<b>10.719</b>	<b>8.970</b>	<b>7.403</b>	<b>6.295</b>	<b>3.405</b>	<b>1.405</b>	<b>0.748</b>	<b>1.829</b>
Property and equipment, net	0.024	0.022	0.022	0.077	0.155	0.164	0.199	0.188	0.173	0.166	0.160	0.153	0.147	0.140	0.133	0.127
Intangibles, net										0.000	0.000	0.000	0.000	0.000	0.000	0.000
Deferred offering costs	0.562		0.112			0.049	0.117	0.145	0.132	0.132	0.132	0.132	0.132	0.132	0.132	0.132
Deferred income tax										0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	0.052	0.052	0.052	0.052	0.052	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075
<b>Total assets</b>	<b>2.359</b>	<b>7.835</b>	<b>5.959</b>	<b>13.975</b>	<b>15.086</b>	<b>13.067</b>	<b>10.831</b>	<b>8.282</b>	<b>11.100</b>	<b>9.343</b>	<b>7.770</b>	<b>6.655</b>	<b>3.758</b>	<b>1.752</b>	<b>1.088</b>	<b>2.163</b>
<b>Liabilities and stockholders' equity</b>																
Accounts payable	1.106	1.308	1.130	1.277	0.950	1.399	1.691	1.743	1.310	1.925	2.625	3.448	2.625	2.625	3.500	5.250
Accrued expenses	0.144	0.005	0.005							0.165	0.225	0.296	0.225	0.225	0.300	0.450
Derivative liabilities			0.092	0.040	0.025	0.022	0.009	0.004	0.158	0.158	0.158	0.158	0.158	0.158	0.158	0.158
Deferred revenue	0.033	0.082	0.069	0.168	0.142	0.149	0.183	0.109	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Deferred income tax										0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other										0.000	0.000	0.000	0.000	0.000	0.000	0.000
Short term debt	2.070	0.587	0.597							0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total current liabilities</b>	<b>3.353</b>	<b>1.982</b>	<b>1.893</b>	<b>1.485</b>	<b>1.117</b>	<b>1.570</b>	<b>1.882</b>	<b>1.856</b>	<b>1.578</b>	<b>2.358</b>	<b>3.118</b>	<b>4.011</b>	<b>3.118</b>	<b>3.118</b>	<b>4.068</b>	<b>5.968</b>
Deferred income taxes										0.000	0.000	0.000	0.000	0.000	0.000	0.000
Warrant liabilities	0.025	0.312								0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other long term liabilities	0.216		0.192	0.044	0.045	0.045	0.000			0.000	0.000	0.000	0.000	0.000	0.000	0.000
Long term debt	5.156	1.619	1.298							0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total other liabilities</b>	<b>5.397</b>	<b>1.931</b>	<b>1.490</b>	<b>0.044</b>	<b>0.045</b>	<b>0.045</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Preferred stock	12.699									0.000	0.000	0.000	0.000	0.000	0.000	0.000
Common stock	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.002	0.209	0.417	0.625	0.832	1.040	1.247	1.455
Additional paid-in capital	5.347	35.742	35.654	47.424	51.247	51.404	51.552	51.721	57.537	57.537	57.537	57.537	57.537	57.537	57.537	57.537
Retained earnings	(24.432)	(31.814)	(33.073)	(34.973)	(37.318)	(39.948)	(42.598)	(45.290)	(48.011)	(50.829)	(53.371)	(55.586)	(57.797)	(60.011)	(61.832)	(62.866)
Accumulated other comprehensive income										0.075	0.075	0.075	0.075	0.075	0.075	0.075
Other	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
<b>Total stockholders' equity</b>	<b>(6.392)</b>	<b>3.923</b>	<b>2.575</b>	<b>12.446</b>	<b>13.924</b>	<b>11.451</b>	<b>8.949</b>	<b>6.426</b>	<b>9.521</b>	<b>6.985</b>	<b>4.652</b>	<b>2.644</b>	<b>0.640</b>	<b>(1.366)</b>	<b>(2.980)</b>	<b>(3.805)</b>
<b>Total stockholders' equity and liabil</b>	<b>2.359</b>	<b>7.835</b>	<b>5.959</b>	<b>13.975</b>	<b>15.086</b>	<b>13.067</b>	<b>10.831</b>	<b>8.282</b>	<b>11.100</b>	<b>9.343</b>	<b>7.770</b>	<b>6.655</b>	<b>3.758</b>	<b>1.752</b>	<b>1.088</b>	<b>2.163</b>

**Balance Sheet Drivers**

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	80%	89%	95%	71%	119%	73%	118%	78%	95%	90%	90%	90%	90%	90%	90%	90%
Accounts payable as % of total rev	512%	427%	231%	233%	303%	221%	278%	196%	158%	175%	175%	175%	175%	175%	175%	175%
Inventories as % of cost of rev	124%	125%	99%	99%	220%	124%	141%	113%	171%	100%	100%	100%	100%	100%	100%	100%
Accrued expenses as % of total rev	66%	2%	1%	0%	0%	0%	0%	0%	0%	15%	15%	15%	15%	15%	15%	15%
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	20	75	42	49	44	55	52	39	43	50	50	50	50	50	50	50
Inventory Turnover	8.9x	10.0x	15.8x	10.9x	1.8x	3.2x	2.8x	3.5x	2.3x	4.0x	4.0x	4.0x	4.0x	4.0x	4.0x	4.0x
A/P Days Payable	460	384	208	210	791	628	786	694	669	525	525	525	750	750	750	750
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	-\$5.68	\$1.70	\$0.42	\$1.65	\$1.17	\$0.92	\$0.72	\$0.52	\$0.64	\$0.41	\$0.27	\$0.15	\$0.04	-\$0.08	-\$0.17	-\$0.21
Cash per Share (diluted)	\$1.25	\$3.07	\$0.82	\$1.71	\$1.19	\$0.94	\$0.73	\$0.53	\$0.62	\$0.41	\$0.28	\$0.16	\$0.05	-\$0.06	-\$0.15	-\$0.18
Net cash per Share (diluted)	\$1.25	\$3.07	\$0.82	\$1.71	\$1.19	\$0.94	\$0.73	\$0.53	\$0.62	\$0.41	\$0.28	\$0.16	\$0.05	-\$0.06	-\$0.15	-\$0.18

Source: Company reports and Ascendant Capital Markets estimates

**Myomo, Inc.**

Cash Flow Statement (\$ mils)	Mar-17	Jun-17	Sep-17	Dec-17	2017	Mar-18	Jun-18	Sep-18	Dec-18	2018	Mar-19	Jun-19	Sep-19	Dec-19	2019	Mar-20	Jun-20	Sep-20	Dec-20	2020
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Cash flow from operating activities</b>																				
Net income	(1,556)	(7,382)	(1,259)	(1,900)	(12,097)	(2,345)	(2,630)	(2,650)	(2,692)	(10,317)	(2,598)	(2,818)	(2,541)	(2,215)	(10,173)	(2,211)	(2,214)	(1,821)	(1,033)	(7,280)
Depreciation	0.002	0.002	0.002	0.004	0.011	0.015	0.014	0.020	0.021	0.070	0.022	0.022	0.022	0.022	0.087	0.022	0.022	0.022	0.022	0.087
Amortization					0.000					0.000					0.000					0.000
Debt related amortization expen	0.002	5.188	0.000	0.000	5.190					0.000					0.000					0.000
Stock comp	0.020	0.305	(0,057)	0.043	0.311	0.336	0.156	0.151	0.172	0.815	0.208	0.208	0.208	0.208	0.830	0.208	0.208	0.208	0.208	0.830
Bad debt expense			0.030	(0,030)	0.000			(0,016)	0.033	0.016	0.016				0.016					0.016
Inventory reserve	0.029	0.008	(0,005)	0.011	0.042	(0,001)	0.030	(0,002)	0.006	0.033					0.000					0.000
Deferred income taxes					0.000					0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Change in fair value of warrant l	0.025	0.130	(0,219)	(0,052)	(0,117)	(0,015)	(0,003)	(0,013)	(0,005)	(0,036)	(0,042)				(0,042)					0.000
Writedowns and impairments					0.000					0.000					0.000					0.000
Other gains/losses					0.000					0.000	0.000				0.000					0.000
Other					0.000					0.000					0.000					0.000
<b>Changes in operating assets and liabilities:</b>																				
Accounts receivable	0.066	(0,206)	(0,002)	(0,041)	(0,183)	0.146	(0,234)	0.048	(0,062)	(0,101)	(0,034)	(0,211)	(0,222)	(0,261)	(0,728)	0.261	0.000	(0,278)	(0,556)	(0,572)
Inventory	(0,043)	(0,033)	0.005	(0,089)	(0,161)	(0,064)	(0,046)	(0,042)	0.011	(0,141)	(0,132)	(0,029)	(0,120)	(0,141)	(0,422)	0.276	0.000	(0,105)	(0,210)	(0,039)
Prepaid expenses & other curre	(0,021)	(0,101)	(0,192)	0.078	(0,236)	0.015	(0,090)	(0,258)	0.026	(0,307)	(0,128)	(0,205)	(0,360)	(0,423)	(1,117)	0.423	0.000	(0,450)	(0,900)	(0,927)
Income tax					0.000					0.000					0.000					0.000
Other assets	(0,098)	0.098	0.000		0.000					0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Accounts payable	0.367	0.227	(0,178)	0.147	0.563	(0,327)	0.449	0.291	0.053	0.466	(0,433)	0.615	0.700	0.823	1.704	(0,823)	0.000	0.875	1.750	1.803
Accrued expenses	0.079	0.131	0.024	0.144	0.378					0.000	0.165	0.060	0.071	0.296	(0,071)	0.000	0.075	0.150	0.155	0.155
Deferred revenue	(0,034)	0.048	(0,013)	0.036	0.038	(0,024)	0.007	(0,012)	(0,074)	(0,103)	0.024			0.024	0.024					0.000
Other liabilities				0.107	0.107				(0,000)	(0,000)	(0,022)	0.000	0.000	0.000	(0,022)	0.000	0.000	0.000	0.000	0.000
<b>Net cash (used in) provided by</b>	<b>(1,162)</b>	<b>(1,585)</b>	<b>(1,864)</b>	<b>(1,542)</b>	<b>(6,153)</b>	<b>(2,265)</b>	<b>(2,345)</b>	<b>(2,483)</b>	<b>(2,513)</b>	<b>(9,606)</b>	<b>(3,120)</b>	<b>(2,255)</b>	<b>(2,254)</b>	<b>(1,918)</b>	<b>(9,547)</b>	<b>(1,915)</b>	<b>(1,985)</b>	<b>(1,475)</b>	<b>(0,570)</b>	<b>(5,944)</b>
<b>Cash flow from investing activities</b>																				
Purchases of property and equi	(0,004)	(0,001)	(0,002)	(0,060)	(0,067)	(0,065)	(0,017)	(0,036)	(0,009)	(0,127)	(0,005)	(0,015)	(0,015)	(0,015)	(0,050)	(0,015)	(0,015)	(0,015)	(0,015)	(0,060)
Purchases of short-term investments					0.000					0.000					0.000					0.000
Acquisitions					0.000					0.000					0.000					0.000
Other					0.000					0.000					0.000					0.000
<b>Net cash used in investing acti</b>	<b>(0,004)</b>	<b>(0,001)</b>	<b>(0,002)</b>	<b>(0,060)</b>	<b>(0,067)</b>	<b>(0,065)</b>	<b>(0,017)</b>	<b>(0,036)</b>	<b>(0,009)</b>	<b>(0,127)</b>	<b>(0,005)</b>	<b>(0,015)</b>	<b>(0,015)</b>	<b>(0,015)</b>	<b>(0,050)</b>	<b>(0,015)</b>	<b>(0,015)</b>	<b>(0,015)</b>	<b>(0,015)</b>	<b>(0,060)</b>
<b>Cash flow from financing activities</b>																				
Issuance of debt		1.770			1.770					0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Repayment of debt		(0,054)	(0,255)	(0,907)	(1,216)			(0,117)	(0,027)	(0,145)					0.000					0.000
Issuance of stock		7.346	(0,055)	10.510	17.802	3.550	(0,043)	0.049	0.000	3.556	5.662	0.000	0.000	0.000	5.662	0.000	0.000	0.000	0.000	0.000
Proceeds from stock option exe	0.003	0.000	0.024		0.027	(0,063)	(0,005)	(0,003)	(0,003)	(0,074)	0.157				0.157					0.000
Other					0.000					0.000					0.000					0.000
Dividends and distributions					0.000					0.000					0.000					0.000
<b>Cash provided by (used in) fina</b>	<b>1.773</b>	<b>7.292</b>	<b>(0,286)</b>	<b>9.603</b>	<b>18.383</b>	<b>3.487</b>	<b>(0,048)</b>	<b>(0,071)</b>	<b>(0,030)</b>	<b>3.338</b>	<b>5.818</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>5.818</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Effect of exchange rate on cash					0.000					0.000					0.000					0.000
<b>Net increase (decrease) in cash</b>	<b>0.607</b>	<b>5.706</b>	<b>(2,152)</b>	<b>8.001</b>	<b>12.162</b>	<b>1.157</b>	<b>(2,410)</b>	<b>(2,590)</b>	<b>(2,553)</b>	<b>(6,396)</b>	<b>2.693</b>	<b>(2,270)</b>	<b>(2,269)</b>	<b>(1,933)</b>	<b>(3,779)</b>	<b>(1,930)</b>	<b>(2,000)</b>	<b>(1,490)</b>	<b>(0,585)</b>	<b>(6,004)</b>
<b>Beginning cash and equivalents:</b>	<b>0.849</b>	<b>1.456</b>	<b>7.162</b>	<b>5.010</b>	<b>0.849</b>	<b>13.011</b>	<b>14.168</b>	<b>11.759</b>	<b>9.168</b>	<b>13.011</b>	<b>6.616</b>	<b>9.309</b>	<b>7.039</b>	<b>4.769</b>	<b>6.616</b>	<b>2.837</b>	<b>0.906</b>	<b>(1,093)</b>	<b>(2,583)</b>	<b>2.837</b>
<b>Ending cash and equivalents</b>	<b>1.456</b>	<b>7.162</b>	<b>5.010</b>	<b>13.011</b>	<b>13.011</b>	<b>14.168</b>	<b>11.759</b>	<b>9.168</b>	<b>6.616</b>	<b>6.616</b>	<b>9.309</b>	<b>7.039</b>	<b>4.769</b>	<b>2.837</b>	<b>2.837</b>	<b>0.906</b>	<b>(1,093)</b>	<b>(2,583)</b>	<b>(3.168)</b>	<b>(3.168)</b>

Source: Company reports and Ascendant Capital Markets estimates

## ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst's personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

## **MYO: Myomo, Inc.**

- Ascendant Capital Markets, LLC has not received compensation for advisory or investment banking services from the company in the past 12 months.

## IMPORTANT DISCLOSURES

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright 2019 Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

### **Risks & Considerations**

Risks to attainment of our share price target include balance sheet/liquidity risks, failure of product candidates to demonstrate safety and efficacy in clinical trials/studies, failure to gain/maintain regulatory approvals, ability to commercialize product, failure to obtain suitable reimbursement, competition, changing macroeconomic factors, investor sentiment for investing in biotech/medtech stocks, and changes in consumer or government priorities for healthcare.

### **Ascendant Capital Markets, LLC Rating System**

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

**HOLD:** We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

**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 Rating System

*Prior to January 31, 2014, ASCM used the following rating system:*

**Strong Buy:** We expect the stock to provide a total return of 30% or more within a 12-month period.

**Buy:** We expect the stock to provide a total return of between 10% and 30% within a 12-month period.

**Neutral:** We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

**Sell:** We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

**Speculative Buy:** This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

### Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of July 16, 2019)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	37	93%	11	30%
Hold	3	8%	1	33%
Sell	0	0%	0	0%
Total	40	100%	12	30%

### Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

### Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ and FactSet. Please contact your investment advisor or institutional salesperson for more information.

### General Disclaimer

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets,



LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

#### **Additional Disclosures**

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.