

Applied UV, Inc.

Acquisitions and Organic Growth Fueling Business; BUY and Reiterate PT

AUVI (NASDAQ)

Company & Market Data

Closing Price (as of 11/18/2021):	\$4.79
Rating:	BUY
Price Target:	\$17.75
52 Week Range:	\$4.52 - \$35.78
Shares Outstanding (MM):	9.7
Market Capitalization (MM):	\$47
Cash (MM):	\$12.3
Debt (MM):	\$13.8
Fiscal Year End:	Dec

Estimates

EPS	2021E	2022E	2023E
1Q	\$(0.11)A	\$(0.17)	\$(0.09)
Prior		\$(0.08)	\$0.00
2Q	\$(0.23)A	\$(0.16)	\$(0.08)
Prior		\$(0.11)	\$(0.03)
3Q	\$(0.14)A	\$(0.15)	\$(0.07)
Prior	\$(0.13)	\$(0.08)	\$0.00
4Q	\$(0.19)	\$(0.11)	\$(0.04)
Prior	\$(0.14)	\$(0.07)	\$(0.01)
Full Year	\$(0.67)	\$(0.59)	\$(0.29)
Prior	\$(0.61)	\$(0.34)	\$(0.05)
Revenue (MM)	2021E	2022E	2023E
1Q	\$2.3A	\$4.7	\$7.8
Prior		\$5.6	\$8.8
2Q	\$1.9A	\$5.0	\$8.1
Prior		\$4.7	\$7.6
3Q	\$3.6A	\$5.6	\$8.2
Prior	\$2.9		\$8.3
4Q	\$4.7	\$6.7	\$9.1
Prior	\$4.5	\$7.0	\$9.6
Full Year	\$12.4	\$22.1	\$33.1
Prior	\$11.5	\$22.9	\$34.3

Applied UV announced Q3-2021 financial results and held a conference call to discuss.

Revenue increased 128% year-over-year and 89% sequentially to \$3.6 million. Consistent with historical trends, revenue composition was approximately 51% Disinfection (including SteriLumen and Aiocide products) most of which are the commercial units and 49% Hospitality. Recall, AUVI noted during Q2-21, various delays around shipping. As such, the company recognized pull-through during Q3-21 which is expected to continue into both Q4-21 as well as Q1-22. Topline was driven by greater installations in museums, wineries, a U.S. military facility, hospitals, and schools. We also would note additional placements OUS through the growing network of international distributors. OPEX totaled \$2.7 million comprised of \$2.3 million from Selling, General, and Administrative as well as \$0.4 million from stock-based compensation. SG&A increased as the company builds out the SteriLumen segment to support anticipated growth. Net loss was \$1.3 million and \$0.14 loss per share. At quarter's end, the company reported approximately \$11.7 million of cash on hand.

Late in Q3-21, the company announced the acquisition of KES Science & Technology, Inc. and JJS Technologies, LLC. While this acquisition not only offered greater leverage of resources, it is also anticipated to provide an entry point into other markets such as cannabis and post-harvest. Subsequent to quarter's end, the company closed on the acquisition of Scientific Air Management. Scientific Air's systems have supported major health care facilities throughout the country in meeting their increased demand for efficient and safe air purification including HAIs. When evaluating the market expansion opportunity, AUVI noted that Q4-21 will likely demonstrate strong sequential growth as a result of these acquisitions. While there will continue to be a pronounced uptick in revenue related to the delayed shipping and installations of units, a majority of the growth will be derived from the expansion of the disinfection product portfolio. Recall, AUVI previously noted both the Scientific Air and KES acquisitions were anticipated to generate approximately \$10.0 million to \$14.0 million during 2022.

More recently, AUVI announced that preliminary laboratory test results evaluating the SteriLumen Lumicide Ribbon demonstrated efficacy in killing *Candida auris*. *C. auris* is a fungal infection that can spread rapidly among hospitalized patients. This data supports the growing number of pathogens the SteriLumen products are capable of eliminating, specifically within the hospital setting, which is a key market for the company. Recall, the Lumicide Ribbon was also proven effective in independent evaluations by MRIGlobal and ResInnova Laboratories in killing SARS-Co-V-2. We believe this information will support the continued growth throughout AUVI's target markets, including the consumer market, in the coming quarters.

Overall, we believe AUVI has proven committed to inorganic growth opportunities that both drive the topline and are accretive. As such, it should be expected that the company will continue to evaluate additional M&A opportunities that both expand the addressable market and are complementary to the current product portfolio. Based on our list of Comparable Companies within the medical technology and healthcare equipment, we are applying a multiple of 6.0 times our FY-2024 revenue estimate discounted by 13.5% and 1.5 years yielding a price target of \$17.75.



Chart data: Bloomberg

Disclosures and Analyst Certifications can be found in Appendix A.

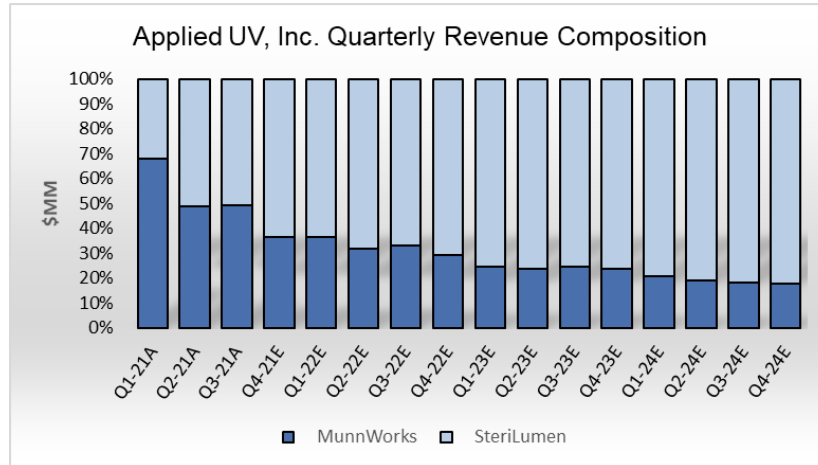
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Valuation

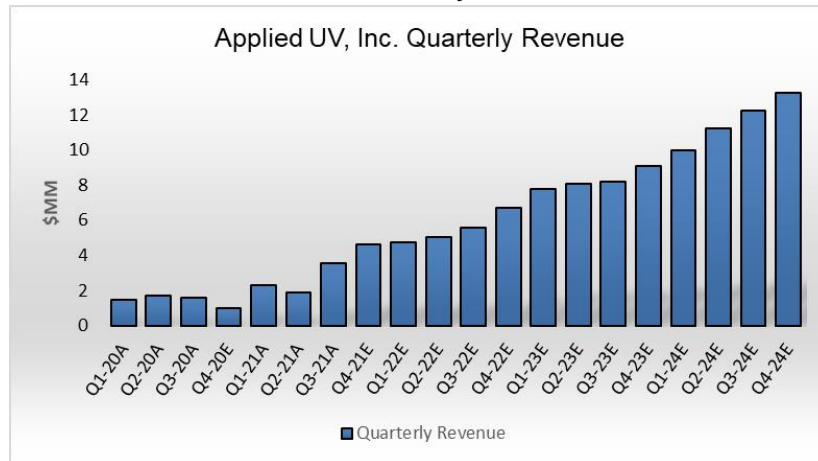
Financial Assumption and Modelling

Exhibit 1: Quarterly Revenue Composition



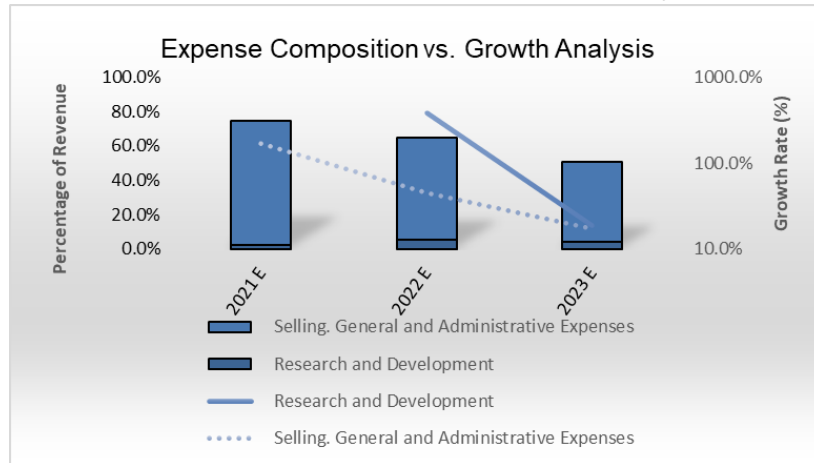
Source: Ladenburg Thalmann & Co., Inc. estimates

Exhibit 2: Quarterly Revenue



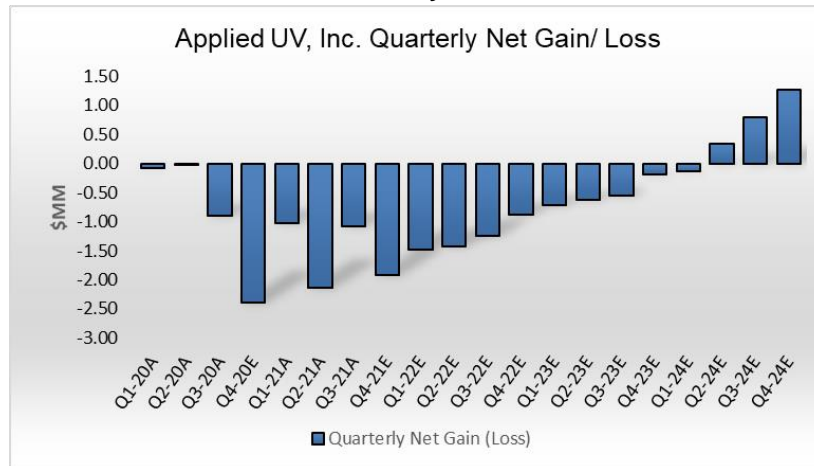
Source: Ladenburg Thalmann & Co., Inc. estimates

Exhibit 3: Expense Composition vs. Growth Analysis



Source: Ladenburg Thalmann & Co., Inc. estimates

Exhibit 4: Quarterly Net Gain/ Loss



Source: Ladenburg Thalmann & Co., Inc. estimates

We believe that Applied UV, Inc. should be valued in comparison with other innovative medical technology and healthcare equipment companies. The company should be valued more specifically on multiples to revenue at some time in the future. We have assembled a list of other comparable companies and measured their current revenue multiple valuations with our anticipated revenues out three years.

Based upon our list of Comparable Companies within the medical technology and healthcare equipment, we are applying a multiple of 6.0 times our FY-2024 revenue estimate discounted by 13.5% and 1.5 years yielding a price target of \$17.75.

Exhibit 5: Price Target

Applied UV, Inc. - EV/Revenue PT Model MM	
EV/Revenue Multiple of Comparable Companies	6.00
Total current cash & investments	\$ 11.70
Total current debt	\$ 13.80
Total outstanding shares used in calculation (MM)	12.80
Estimated Revenue for FY-2024	\$ 46.70
Enterprise Value at EV/Revenue multiple	\$ 278.10
Price target at EV/Revenue multiple	\$ 21.73
Annual discount rate	13.5%
Discounted number of years	1.5
Discounted Price Target at EV/Revenue Multiple	\$ 17.52
Source: Ladenburg Thalmann & Co. Inc., Company reports	

Exhibit 6: Comparable Company Analysis

Company Detail			Market Data			Revenue Estimates (MM)				TEV/Total Revenue Estimates			
Company Name	Ticker	Rating	Price	Shares (MM)	Market Cap (MM)	FY2021	FY2022	FY2023	FY2024	FY2021	FY2022	FY2023	FY2024
Applied UV, Inc.	NasdaqCM:AUVI	BUY	4.79	10	47	12	23	34	47	3.2	1.6	1.1	0.8
Carmat SA	ENXTPA:ALCAR	BUY	29.56	15	439	6	20	47	146	68.8	20.7	8.9	2.9
electroCore, Inc.	NasdaqGS:ECOR	BUY	0.77	71	55	6	10	16	26	3.1	1.7	1.0	0.7
Itamar Medical Ltd.	TASE:ITMR	Neutral	1.02	493	501	53	70	89	114	8.2	6.3	5.0	3.9
Apyx Medical Corporation	NasdaqGS:APYX	NR	16.78	34	576	45	60	84	125	12.3	9.1	6.5	4.4
Atrys Health, S.A.	BME:ATRY	NR	11.97	61	736	142	231	251	-	5.6	3.5	3.2	-
Aspira Women's Health Inc.	NasdaqCM:AWH	NR	2.16	112	242	7	12	-	-	28.3	16.8	-	-
Accelerate Diagnostics, Inc.	NasdaqCM:AXDX	NR	5.26	66	345	12	20	31	-	32.5	19.8	13.1	-
Biomerica, Inc.	NasdaqCM:BMRA	NR	4.76	13	60	9	7	22	-	-	7.9	2.5	-
ProShares Trust II - ProShares UltraS	NYSE:CMD	NR	-	-	-	-	-	-	-	-	-	-	-
Cytosorbents Corporation	NasdaqCM:CTSO	NR	5.65	43	246	43	54	81	119	4.7	3.7	2.4	1.7
Delcath Systems, Inc.	NasdaqCM:DCTH	NR	9.50	7	70	2	5	35	79	31.7	12.1	1.7	0.8
DarioHealth Corp.	NasdaqCM:DRIO	NR	15.97	17	265	21	40	62	113	10.1	5.4	3.5	1.9
Yourgene Health Plc	AIM:YGEN	NR	0.16	724	119	25	36	38	44	-	3.2	3.1	2.7
ImpediMed Limited	ASX:IPD	NR	0.13	1,776	232	6	14	19	36	-	16.1	11.6	6.1
iCAD, Inc.	NasdaqCM:ICAD	NR	8.49	25	213	37	49	60	72	4.8	3.7	3.0	2.5
Imricor Medical Systems, Inc.	ASX:IMR	NR	0.89	143	128	2	12	32	66	69.7	9.7	3.6	1.7
IRadimed Corporation	NasdaqCM:IRMD	NR	38.29	12	473	42	46	-	-	10.0	9.1	-	-
The Joint Corp.	NasdaqCM:JYNT	NR	95.33	14	1,374	80	104	131	-	17.1	13.2	10.5	-
Repro Med Systems, Inc.	NasdaqCM:KRMD	NR	3.38	45	151	23	26	30	-	5.5	4.8	4.2	-
Mauna Kea Technologies SA	ENXTPA:MKEA	NR	0.94	44	42	8	11	16	-	8.5	6.1	4.3	-
Median Technologies SA	ENXTPA:ALMDT	NR	17.36	15	272	23	33	45	-	10.6	7.5	5.6	-
Milestone Scientific Inc.	NYSEAM:MLSS	NR	2.65	68	180	10	11	14	-	16.7	15.0	11.9	-
NantHealth, Inc.	NasdaqGS:NH	NR	1.50	115	173	63	69	82	99	6.3	5.7	4.8	4.0
Pixium Vision SA	ENXTPA:ALPIX	NR	1.10	58	64	3	2	1	-	22.0	35.7	71.4	-
Pulse Biosciences, Inc.	NasdaqCM:PLSE	NR	20.48	30	607	1	23	58	152	-	25.1	9.9	3.8
Profound Medical Corp.	TSX:PRN	NR	11.93	21	248	10	24	46	78	18.6	7.4	3.9	2.3
PURE Bioscience, Inc.	OTCPK:PURE	NR	0.33	87	29	-	-	-	-	-	-	-	-
Sequana Medical NV	ENXTBR:SEQUA	NR	8.40	19	156	1	1	2	4	234.8	156.1	88.5	33.7
Soliton, Inc.	NasdaqCM:SOLY	NR	20.91	22	452	1	19	61	105	-	22.1	7.1	4.1
TELA Bio, Inc.	NasdaqGM:TELA	NR	12.64	15	183	29	43	61	80	5.5	3.7	2.6	2.0
VolitionRx Limited	NYSEAM:VNRX	NR	3.92	54	210	0	3	18	57	-	57.1	10.8	3.3
ViewRay, Inc.	NasdaqGM:VRAY	NR	5.51	177	975	69	98	144	151	12.9	9.1	6.2	5.9
Average			12.54	173	307	28	41	57	82	18.5	9.0	5.3	2.5
Median			5.03	44	237	17	25	36	75	10.1	7.7	3.9	2.2

Source: S&P Capital IQ

NR = Not Rated.

Pricing is as of 11/18/2021.

Mention of specific companies not covered by Ladenburg Thalmann & Co Inc. is not a recommendation to buy, hold or sell those securities mentioned.

Primary Risks

In addition to normal economic and market risk factors that impact most all equities, we believe that the primary risks to our recommendation and price target of an investment in Applied UV, Inc. shares include, but are not limited to:

Management and Board Stability

Significant loss of key personnel could prove to be damaging toward the operational efficiencies and further growth of the company. The departure of key personnel could materially affect the overall performance and strategy of the company going forward. The company is highly dependent on the services of its current management team and board.

Funding & Financing

As of Q3-2021 the company reported approximately \$12.3 million of cash and \$13.8 million of debt on hand.

Regulatory / Development Risks

Modifications or future iterations of the company's products are subject to FDA and other regulatory body requirements in the United States and similar agencies in other countries. Products under current development may require extensive testing, studies, data submission and/or clinical evaluation prior to granting of proper licenses to sell in various geographies. If the company fails to comply with applicable regulatory requirements the FDA and other regulatory bodies could deny marketing clearance or approval, withdraw approvals, or impose civil penalties, including fines, product seizures or product recalls and, in extreme cases, criminal sanctions. There can be no assurances that the product will be available for sale or that anticipated revenues coincide with our current estimates.

Commercialization

There are no assurances that the company will be able to execute a commercial strategy and generate our estimated revenues. There is the possibility that similar products will be developed or sold which could compete with AUVI's current and anticipated offerings and take market share and revenues from our currently anticipated projections.

Competition & Adoption

As is the case within the healthcare industry, there exist various innovative and highly competitive corporations. The company could be negatively impacted by current and future competitive products into the marketplace. There can be no assurances that the existing product candidates will continue to be an attractive product as compared with other potential technologies or drug therapies which exist or are developed. Potential current and future market share and market acceptance of the company's products will depend on its ability to demonstrate that its products represent an attractive alternative as compared with traditional offerings.

Intellectual Property

The company's dense portfolio of exclusively and non-exclusively licensed domestic and international patents has provided significant protection to this point. It may be possible that the company's patents be called into question or determined to infringe on their portfolio. Likewise, the company could become engaged in legal disputes among other entities. Any potential litigation could negatively impact the company with regard to their freedom to operate, product limitations and/or could result in costly and lengthy litigation. The future expiration of the existing patents could also pose as a problem for the company's technology as well as its growth strategies.

Other

The company operates through SteriLumen and Munn Works and its only material assets are its equity interests in those subsidiaries. As a result, their only current source of revenue is distributions from their subsidiaries and SteriLumen has incurred losses since its inception and the company anticipates it will continue to incur significant losses for the foreseeable future and revenue from Munn Works may not be sufficient to offset those losses.

The pandemic caused by the spread of the Coronavirus could have an adverse impact on the company's financial condition and results of operations and other aspects of their business.

The company is vulnerable to continued global economic uncertainty and volatility in financial markets.

The company has entered a non-binding letter of intent with Akida for its acquisition and cannot assure that the acquisition will be consummated or, that if such acquisition is consummated, it will be accretive to stockholder value.

Max Munn, President, and a director of the company indirectly owns or controls approximately 64.4% of the common stock and will be able to exert a controlling influence over the company's business affairs and matters submitted to stockholders for approval.

The company is considered an "emerging growth company" under the JOBS Act of 2012 and the company cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make their common stock less attractive to investors.

Financial Statements & Modelling

Exhibit 7: Income Statement

Applied UV, Inc. - Consolidated Statement of Operations (SMM)	2018 A	2019 A	2020 A	Q1-21 A	Q2-21 A	Q3-21 A	Q4-21 E	2021 E	Q1-22 E	Q2-22 E	Q3-22 E	Q4-22 E	2022 E	Q1-23 E	Q2-23 E	Q3-23 E	Q4-23 E	2023 E	Q1-24 E	Q2-24 E	Q3-24 E	Q4-24 E	2024 E
All figures are U.S. Dollars (in Millions) Blue shading denotes variables	Dec-18	Dec-19	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-24
Total Revenue	7.56	9.10	5.73	2.31	1.88	3.55	4.65	12.40	4.74	5.03	5.56	6.73	22.07	7.78	8.09	8.17	9.08	33.12	9.97	11.24	12.24	13.24	46.70
Cost of goods sold	4.89	6.01	4.72	1.39	1.35	2.50	3.02	8.26	2.84	2.92	3.17	3.77	12.71	4.12	4.21	4.17	4.54	17.04	4.88	5.40	5.75	6.09	22.13
Gross profit	2.67	3.09	1.01	0.92	0.53	1.05	1.63	4.14	1.90	2.11	2.39	2.96	9.37	3.66	3.88	4.00	4.54	16.08	5.08	5.85	6.49	7.15	24.57
Operating Expenses:																							
Research and development			0.31	0.04	0.01	0.00	0.20	0.25	0.30	0.30	0.30	0.31	1.21	0.36	0.36	0.36	0.36	1.44	0.42	0.42	0.42	0.41	1.66
Stock based compensation			0.69	0.21	0.47	0.43	0.45	1.55	0.40	0.47	0.47	0.49	1.83	0.50	0.52	0.52	0.53	2.07	0.55	0.57	0.57	0.59	2.28
Selling, General and Administrative Expenses	1.91	1.92	3.32	1.39	2.23	2.26	3.10	8.98	3.17	3.24	3.27	3.35	13.03	3.74	3.82	3.86	3.89	15.31	4.30	4.39	4.44	4.47	17.61
Total Operating expenses	1.91	1.92	4.32	1.65	2.71	2.68	3.75	10.79	3.87	4.02	4.04	4.15	16.08	4.60	4.71	4.74	4.78	18.83	5.27	5.39	5.42	5.47	21.55
Operating Income (Loss)	0.75	1.17	(3.31)	(0.72)	(2.18)	(1.63)	(2.13)	(6.65)	(1.98)	(1.90)	(1.65)	(1.18)	(6.71)	(0.95)	(0.82)	(0.74)	(0.24)	(2.74)	(0.19)	0.46	1.07	1.68	3.02
Other income (expense), net							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gain on settlement (See Note 12)		1.52					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in Fair Market Value of Warrant Liability				(0.31)	0.01	0.15	(0.15)	(0.15)															
Forgiveness of paycheck protection program loan						0.30	0.30	0.30															
Other Income	0.00	(0.02)	0.01	(0.00)	0.03	0.00	0.03	0.03					0.00					0.00					0.00
Interest Expense	(0.04)																						
Total other Expense (Income)	(0.03)	1.50	0.01	(0.31)	0.04	0.45	0.00	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gain(Loss) before income tax	0.72	2.67	(3.30)	(1.03)	(2.14)	(1.18)	(2.13)	(6.48)	(1.98)	(1.90)	(1.65)	(1.18)	(6.71)	(0.95)	(0.82)	(0.74)	(0.24)	(2.74)	(0.19)	0.46	1.07	1.68	3.02
Income taxes	0.00	0.11	0.07	0.00	0.00	(0.10)	(0.21)	(0.31)	(0.49)	(0.48)	(0.41)	(0.30)	(1.68)	(0.24)	(0.21)	(0.18)	(0.06)	(0.69)	(0.05)	0.11	0.27	0.42	0.76
Net gain (loss)	(0.72)	(2.57)	(3.37)	(1.03)	(2.14)	(1.08)	(1.91)	(6.17)	(1.48)	(1.43)	(1.24)	(0.89)	(5.03)	(0.71)	(0.62)	(0.55)	(0.18)	(2.06)	(0.14)	0.34	0.80	1.26	2.27
Net Loss attributable to common stockholders:				0.00	0.00	(0.24)	(0.30)	(0.54)	(0.30)	(0.30)	(0.30)	(0.30)	(1.20)	(0.30)	(0.30)	(0.30)	(0.30)	(1.20)	(0.30)	(0.30)	(0.30)	(0.30)	(1.20)
Dividends to preferred shareholders				(1.03)	(2.14)	(1.32)	(2.21)	(6.71)	(1.78)	(1.73)	(1.54)	(1.19)	(6.23)	(1.01)	(0.92)	(0.85)	(0.48)	(3.26)	(0.44)	0.04	0.50	0.96	1.07
Net Loss attributable to common stockholders				(1.03)	(2.14)	(1.32)	(2.21)	(6.71)	(1.78)	(1.73)	(1.54)	(1.19)	(6.23)	(1.01)	(0.92)	(0.85)	(0.48)	(3.26)	(0.44)	0.04	0.50	0.96	1.07
Net loss per share - basic	(0.14)	(0.51)	(0.59)	(0.11)	(0.23)	(0.14)	(0.19)	(0.67)	(0.17)	(0.16)	(0.15)	(0.11)	(0.58)	(0.09)	(0.08)	(0.07)	(0.04)	(0.29)	(0.04)	0.00	0.04	0.08	0.08
Shares used to compute basic net loss per share	5.00	5.00	7.95	9.40	9.41	9.42	10.12	9.59	10.40	10.50	10.60	10.70	10.55	11.00	11.20	11.40	11.60	11.30	12.50	12.60	12.70	12.80	12.65
MARGIN ANALYSIS																							
Income tax							10%	5%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Cost of goods sold		66%	82%	60%	72%	70%	65%	67%	60%	58%	57%	56%	58%	53%	52%	51%	50%	51%	49%	48%	47%	46%	47%
Gross profit		34%	18%	40%	28%	30%	35%	33%	40%	42%	43%	44%	42%	47%	48%	49%	50%	49%	51%	52%	53%	54%	53%
Expenses																							
Research and development	0.0%	0.0%	5.4%	1.9%	0.5%	0.0%	4.3%	2.1%	6.4%	6.0%	5.4%	4.6%	5.5%	4.6%	4.5%	4.4%	3.9%	4.4%	4.2%	3.7%	3.4%	3.1%	3.6%
Stock based compensation	0.0%		12.0%	9.1%	24.7%	12.0%	9.7%	12.5%	8.4%	9.4%	8.4%	7.2%	8.3%	6.4%	6.5%	6.3%	5.9%	6.3%	5.5%	5.1%	4.6%	4.4%	4.9%
Selling, General and Administrative Expenses	25.3%	21.1%	58.0%	60.1%	118.5%	63.5%	66.7%	72.5%	66.9%	64.3%	58.8%	49.8%	59.0%	48.1%	47.2%	47.3%	42.8%	46.2%	43.2%	39.1%	36.3%	33.8%	37.7%
Total Expenses (%)	25.3%	21.1%	75.4%	71.1%	143.7%	75.6%	80.7%	87.0%	81.7%	79.8%	72.7%	61.6%	72.8%	59.2%	58.2%	58.0%	52.6%	56.8%	52.9%	47.9%	44.3%	41.3%	46.1%
GROWTH ANALYSIS (Y/Y)																							
Revenues		20.4%	-37.0%	57.1%	11.1%	127.6%	362.6%	116.3%	105.0%	167.1%	56.6%	44.8%	78.0%	64.1%	60.8%	46.8%	34.8%	50.1%	28.1%	38.9%	49.9%	45.9%	41.0%
Revenues (q/q)				130.1%	-18.5%	88.5%	30.9%		2.0%	6.1%	10.6%	21.0%		15.5%	4.0%	1.0%	11.2%		9.8%	12.8%	8.9%	8.2%	
Cost of goods sold		22.9%	-21.4%	19.5%	14.4%	68.7%	236.4%	74.9%	104.9%	116.0%	26.8%	24.8%	53.8%	44.9%	44.2%	31.4%	20.4%	34.1%	18.5%	28.2%	38.1%	34.2%	29.9%
Gross profit		15.7%	-67.3%	198.3%	3.6%	1244.9%	1424.7%	309.8%	105.2%	296.4%	127.5%	82.1%	126.4%	92.8%	83.8%	67.3%	53.2%	71.7%	39.1%	50.5%	62.1%	57.5%	52.8%
Expenses																							
Research and development				0.0%	0.0%	-98.5%	80.0%	-18.1%	590.0%	3000.0%	30000.0%	55.0%	377.5%	20.0%	20.0%	20.0%	15.0%	18.7%	15.0%	15.0%	15.0%	15.0%	15.0%
Stock based compensation					358.2%	52.4%	50.0%	125.8%	90.0%	2.0%	10.0%	8.0%	17.9%	25.0%	10.0%	10.0%	10.0%	13.3%	10.0%	10.0%	10.0%	10.0%	10.0%
Selling, General and Administrative Expenses				258.3%	423.3%	259.1%	65.0%	170.3%	128.0%	45.0%	45.0%	8.0%	45.1%	18.0%	18.0%	18.0%	16.0%	17.5%	15.0%	15.0%	15.0%	15.0%	15.0%
Total Expenses (%)		0.2%	125.5%	323.8%	412.6%	175.8%	54.3%	149.7%	135.4%	48.3%	50.6%	10.5%	49.0%	18.9%	17.2%	17.2%	15.2%	17.1%	14.5%	14.4%	14.5%	14.4%	14.4%

Source: Ladenburg Thalmann & Co. Inc., Company reports

Exhibit 8: Annual Income Statement

Applied UV, Inc. - Consolidated Statement of Operations (\$MM)	2018 A	2019 A	2020 A	2021 E	2022 E	2023 E	2024 E
All figures are U.S. Dollars (in Millions) Blue shading denotes variables	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Total Revenue	7.56	9.10	5.73	12.40	22.07	33.12	46.70
Cost of goods sold	4.89	6.01	4.72	8.26	12.71	17.04	22.13
Gross profit	2.67	3.09	1.01	4.14	9.37	16.08	24.57
Operating Expenses:							
Research and development			0.31	0.25	1.21	1.44	1.66
Stock based compensation			0.69	1.55	1.83	2.07	2.28
Selling, General and Administrative Expenses	1.91	1.92	3.32	8.98	13.03	15.31	17.61
Total Operating expenses	1.91	1.92	4.32	10.79	16.08	18.83	21.55
Operating Income (Loss)	0.75	1.17	(3.31)	(6.65)	(6.71)	(2.74)	3.02
Other income (expense), net							
Gain on settlement (See Note 12)		1.52		0.00	0.00	0.00	0.00
Change in Fair Market Value of Warrant Liability				(0.15)			
Forgiveness of paycheck protection program loan				0.30			
Other Income	0.00	(0.02)	0.01	0.03	0.00	0.00	0.00
Interest Expense	(0.04)						
Total other Expense (Income)	(0.03)	1.50	0.01	0.17	0.00	0.00	0.00
Gain(Loss) before income tax	<u>0.72</u>	<u>2.67</u>	(3.30)	(6.48)	(6.71)	(2.74)	3.02
Income taxes	0.00	0.11	0.07	(0.31)	(1.68)	(0.69)	0.76
Net gain (loss)	<u>(0.72)</u>	<u>(2.57)</u>	<u>(3.37)</u>	<u>(6.17)</u>	<u>(5.03)</u>	<u>(2.06)</u>	<u>2.27</u>
Net Loss attributable to common stockholders:							
Dividends to preferred shareholders				(0.54)	(1.20)	(1.20)	(1.20)
Net Loss attributable to common stockholders				<u>(6.71)</u>	<u>(6.23)</u>	<u>(3.26)</u>	<u>1.07</u>
Net loss per share - basic	<u>(0.14)</u>	<u>(0.51)</u>	<u>(0.59)</u>	<u>(0.67)</u>	<u>(0.59)</u>	<u>(0.29)</u>	<u>0.08</u>
Shares used to compute basic net loss per share	5.00	5.00	7.95	9.59	10.55	11.30	12.65
MARGIN ANALYSIS							
Income tax				5%	25%	25%	25%
Cost of goods sold		66%	82%	67%	58%	51%	47%
Gross profit		34%	18%	33%	42%	49%	53%
Expenses							
Research and development	0.0%	0.0%	5.4%	2.1%	5.5%	4.4%	3.6%
Stock based compensation	0.0%		12.0%	12.5%	8.3%	6.3%	4.9%
Selling, General and Administrative Expenses	25.3%	21.1%	58.0%	72.5%	59.0%	46.2%	37.7%
Total Expenses (%)	25.3%	21.1%	75.4%	87.0%	72.8%	56.8%	46.1%
GROWTH ANALYSIS (Y/Y)							
Revenues		20.4%	-37.0%	116.3%	78.0%	50.1%	41.0%
Revenues (q/q)							
Cost of goods sold		22.9%	-21.4%	74.9%	53.8%	34.1%	29.9%
Gross profit		15.7%	-67.3%	309.8%	126.4%	71.7%	52.8%
Expenses							
Research and development				-18.1%	377.5%	18.7%	15.0%
Stock based compensation				125.8%	17.9%	13.3%	10.0%
Selling, General and Administrative Expenses		0.2%	73.5%	170.3%	45.1%	17.5%	15.0%
Total Expenses (%)		0.2%	125.5%	149.7%	49.0%	17.1%	14.4%
Source: Ladenburg Thalmann & Co. Inc., Company reports							

Exhibit 9: Quarterly and Annual Revenue Composition

Applied UV, Inc. - Revenue & Percentage Composition <i>All numbers in millions (\$ MM)</i>	2018A Dec-18	2019A Dec-19	2020E Dec-20	Q1-21A Mar-21	Q2-21A Jun-21	Q3-21A Sep-21	Q4-21E Dec-21	2021E Dec-21	Q1-22E Mar-22	Q2-22E Jun-22	Q3-22E Sep-22	Q4-22E Dec-22	2022E Dec-22	Q1-23E Mar-23	Q2-23E Jun-23	Q3-23E Sep-23	Q4-23E Dec-23	2023E Dec-23	Q1-24E Mar-24	Q2-24E Jun-24	Q3-24E Sep-24	Q4-24E Dec-24	2024E Dec-24	
Revenue Segments																								
MunnWorks				1.57	0.92	1.75	1.70	5.94	1.72	1.61	1.84	1.96	7.13	1.90	1.93	2.02	2.15	8.00	2.09	2.13	2.22	2.37	8.80	
SteriLumen				0.74	0.96	1.80	2.95	6.46	3.02	3.42	3.73	4.78	14.94	5.88	6.16	6.15	6.93	25.12	7.88	9.12	10.02	10.88	37.90	
Total Revenue				2.31	1.88	3.55	4.65	12.40	4.74	5.03	5.56	6.73	22.07	7.78	8.09	8.17	9.08	33.12	9.97	11.24	12.24	13.24	46.70	
Revenue Composition																								
MunnWorks				67.8%	48.8%	49.3%	36.6%	47.9%	36.4%	32.0%	33.0%	29.0%	32.3%	24.4%	23.9%	24.7%	23.7%	24.2%	20.9%	18.9%	18.2%	17.9%	18.8%	
SteriLumen				32.2%	51.2%	50.7%	63.4%	52.1%	63.6%	68.0%	67.0%	71.0%	67.7%	75.6%	76.1%	75.3%	76.3%	75.8%	79.1%	81.1%	81.8%	82.1%	81.2%	
Total				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
GROWTH ANALYSIS (Y/Y)																								
MunnWorks									20.0%	10.0%	75.0%	5.0%	15.0%	20.0%	10.0%	20.0%	10.0%	10.0%	12.3%	10.0%	10.0%	10.0%	10.0%	10.0%
SteriLumen									305.0%	255.0%	107.0%	62.0%	131.4%	95.0%	80.0%	65.0%	45.0%	68.1%	34.0%	48.0%	63.0%	57.0%	50.9%	
Total									105.0%	167.1%	56.7%	44.8%	78.0%	64.1%	60.8%	46.8%	34.8%	50.1%	28.1%	39.9%	49.9%	45.9%	41.0%	

Source: Ladenburg Thalmann & Co. Inc., Company reports

Applied UV, Inc. - Revenue & Percentage Composition <i>All numbers in millions (\$ MM)</i>	2018A Dec-18	2019A Dec-19	2020E Dec-20	2021E Dec-21	2022E Dec-22	2023E Dec-23	2024E Dec-24
Revenue Segments							
MunnWorks				5.94	7.13	8.00	8.80
SteriLumen				6.46	14.94	25.12	37.90
Total Revenue				12.40	22.07	33.12	46.70
Revenue Composition							
MunnWorks				47.9%	32.3%	24.2%	18.8%
SteriLumen				52.1%	67.7%	75.8%	81.2%
Total				100.0%	100.0%	100.0%	100.0%
GROWTH ANALYSIS (Y/Y)							
MunnWorks					20.0%	12.3%	10.0%
SteriLumen					131.4%	68.1%	50.9%
Total					78.0%	50.1%	41.0%

Source: Ladenburg Thalmann & Co. Inc., Company reports

Exhibit 10: Balance Sheet

Applied UV, Inc. - Consolidated Balance Sheet (\$MM) <i>All figures are denominated into U.S. Dollars (\$ in millions.)</i>	2018 A Dec-18	2019 A Dec-19	2020 A Dec-20	Q1-21 A Mar-21	Q2-21 A Jun-21	Q3-21 A Sep-21	2021 E Dec-21
Assets							
Current Assets:							
Cash	0.79	1.03	11.76	8.91	7.02	11.75	11.00
Restricted cash						1.21	1.21
Accounts receivable, net of allowance for doubtful accounts	1.98	2.23	0.23	0.88	0.59	0.95	1.00
Inventory	0.11	0.10	0.16	0.32	1.19	1.28	1.25
Vendor deposit	0.10	0.10	0.04	0.01	0.38	0.97	1.00
Loan to shareholder	0.10	0.00					
Note receivable, related party				0.50	0.50	0.50	0.50
Prepaid expenses and other current assets		0.03	0.16	0.96	0.24	0.37	0.40
Total Current Assets	3.08	3.50	12.35	11.57	9.93	17.02	16.36
Machinery and equipment, net of accumulated depreciation	0.03	0.03	0.11	0.27	0.20	0.22	0.11
Goodwill				2.73	2.73	3.67	2.49
Other intangible assets, net of accumulated amortization				5.07	4.94	9.37	10.23
Right of use asset		0.61	0.48	0.50	0.46	1.83	2.00
Patents, net of accumulated amortization		0.62	0.18	0.19	0.19	0.19	0.30
Total assets	3.11	4.77	13.12	20.34	18.44	32.31	31.49
Liabilities and Stockholders' Equity (Deficit)							
Current liabilities							
Accounts payable and accrued expenses	0.98	1.24	1.40	1.65	1.06	1.36	1.20
Deferred revenue	1.18	1.48	0.84	1.15	1.75	1.05	1.00
Income tax payable		0.11	0.17	0.17	0.00	0.00	0.17
Warrant liability				0.45	0.44	0.28	0.30
Capital lease obligations-current portion	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Lease liability-current		0.13	0.14	0.16	0.16	0.38	0.14
Payroll protection plan loan			0.07	0.30	0.30	0.00	0.10
Notes payable		0.04	0.07	0.07	0.07	0.07	0.07
Total Current Liabilities	2.17	3.00	2.70	3.95	3.77	3.14	2.98
Long-term operating lease liabilities							
Capital lease obligations - less current portion	0.02	0.02	0.01	0.01	0.00	0.02	0.01
Note payable-less current portion		0.12	0.09	0.09	0.09	0.09	0.09
Lease liability-less current portion		0.48	0.34	0.34	0.30	1.45	0.30
Payroll protection plan loan			0.23	0.00	0.00	0.00	0.10
Liabilities subject to compromise	2.34						
Total liabilities	4.53	3.62	3.36	4.39	4.17	4.70	3.48
Commitments and Contingencies							
Preferred stock 2021						0.00	
Series A voting preferred stock \$.0001 par value, 1,000,000 shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Common stock \$.0001 par value, 150,000,000 shares authorized	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additional paid-in capital			11.97	19.19	19.66	34.32	35.00
Retained earnings (Deficit)	-1.42	1.15	-2.22	-3.25	-5.39	-6.71	-7.00
Total Stockholders Equity	-1.42	1.15	9.75	15.94	14.27	27.61	28.00
Total Liabilities and Stockholders Equity	3.11	4.77	13.12	20.34	18.44	32.31	31.49

Source: Hancock and Jefferies Laboratories, Inc., Company reports

Exhibit 11: Cash Flow

Applied UV, Inc. - Consolidated Statement of Cash Flows (\$MM)	2018 A	2019 A	2020 A	Q1-21 A	Q2-21 A	Q3-21 A	2021 E
<i>All figures are denominated into U.S. Dollars (\$ in Millions)</i>	Dec-18	Dec-19	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Operating Activities							
Net Income (Loss)	0.72	2.57	-3.37	-1.03	-3.17	-4.25	-6.17
Adjustments to Reconcile Net Income (Loss) to Net Cash							
Provided by Operating Activities							
Stock based compensation		0.09	0.69	0.21	0.68	1.10	1.25
Bad debt expense	0.05		0.05	-0.07	-0.07	-0.07	-0.07
Change in fair market value of warrant liability				0.31	0.30	0.15	0.30
Forgiveness of paycheck protection program loan						-0.30	
Gain on settlement		-1.52			-0.02	-0.02	
Amortization of debt discount	0.02					0.54	
Depreciation and amortization	0.01	0.01	0.02	0.10	0.31	0.48	0.05
Changes in Assets and Liabilities							
Decrease (Increase) in accounts receivable	-0.86	-0.25	1.94	-0.34	0.15	0.11	0.20
(Increase) in inventories	-0.04	0.01	-0.06	0.05	-0.22	-0.31	-0.40
(Increase) Decrease in vendor deposits	-0.01	-0.01	0.06	0.01	-1.15	-0.93	-1.00
(Increase) in prepaid expenses		-0.15	-0.13	-0.49	0.20	0.08	0.10
Increase in income taxes payable		0.11	0.07		-0.17	-0.17	-
(Decrease) increase in accounts payable and accrued expenses	0.21	-0.38	0.71	-0.14	-0.64	-0.65	-0.17
(Decrease) Increase in deferred revenue	0.43	0.30	-0.64	-0.18	0.41	-0.42	-0.50
Operating lease liability						-0.54	
Total adjustments	-0.19	-1.80	2.71	-0.54	-0.23	-0.93	-1.00
Net cash and cash equivalents used in operating activities	<u>0.53</u>	<u>0.77</u>	<u>-0.66</u>	<u>-1.57</u>	<u>-3.40</u>	<u>-5.19</u>	<u>-6.41</u>
Investing Activities							
Purchase of machinery and equipment	0.00	-0.01	-0.10				
Cash paid for patent costs			-0.12	-0.01	-0.01	-0.02	
Cash paid for acquisition; net of cash acquired				-0.76	-0.76	-5.06	
Note receivable, related party				-0.50	-0.50	-0.50	
Other		0.00	0.00				-4.00
Net Cash (Used in) Provided by Investing Activities	<u>0.00</u>	<u>-0.01</u>	<u>-0.22</u>	<u>-1.27</u>	<u>-1.27</u>	<u>-5.58</u>	<u>-4.00</u>
Financing Activities							
Payments on capital leases	-0.01	-0.01	-0.01	0.00	0.00	0.00	0.00
Proceeds from warrant exercise				0.00	0.00		
Dividends to preferred shareholders						-0.24	
Increase (decrease) in liabilities subject to compromise	0.23	-0.53	0.00				0.00
Loan from (to) officer	0.10	0.10	0.00				
Payments on loans payable	-0.08	-0.08	0.00		-0.07	-0.07	0.00
Proceeds for equity raise, net			11.31			12.27	11.00
Proceeds from debt							
Proceeds from payroll protection plan loan			0.30				
Net cash and cash equivalents provided by financing activities	<u>0.25</u>	<u>-0.52</u>	<u>11.60</u>	<u>0.00</u>	<u>-0.07</u>	<u>11.96</u>	<u>11.00</u>
Net increase (decrease) in cash and cash equivalents	0.77	0.24	10.73	-2.85	-4.74	1.20	0.59
Cash and Cash equivalents - beginning of year	<u>0.24</u>	<u>0.79</u>	<u>1.03</u>	<u>11.76</u>	<u>11.76</u>	<u>11.76</u>	<u>14.47</u>
Cash and Cash equivalents - end of year	<u>1.01</u>	<u>1.03</u>	<u>11.76</u>	<u>8.91</u>	<u>7.02</u>	<u>12.95</u>	<u>15.07</u>

Source: Ladenburg Thalmann & Co. Inc., Company reports

APPENDIX A: IMPORTANT RESEARCH DISCLOSURES

ANALYST CERTIFICATION

I, Jeffrey S. Cohen, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report, provided, however, that:

The research analyst primarily responsible for the preparation of this research report has or will receive compensation based upon various factors, including the volume of trading at the firm in the subject security, as well as the firm's total revenues, a portion of which is generated by investment banking activities.

Additional information regarding the contents of this publication will be furnished upon request. Please contact Ladenburg Thalmann, Compliance Department, 640 Fifth Avenue, 4th floor, New York, New York 10019 (or call 212-409-2000) for any information regarding current disclosures, and where applicable, relevant price charts, in regard to companies that are the subject of this research report.

COMPANY BACKGROUND

Applied UV is focused on the development and acquisition of technology that address infection prevention in the healthcare, hospitality, commercial and residential markets. The products utilize disinfection technology that applies the power of UVC to destroy pathogens safely, thoroughly, and automatically. The company has two wholly owned subsidiaries; SteriLumen, Inc. and MunnWorks, LLC. SteriLumen develops disinfection devices and technology that combat health care acquired infections (HAIs). The company aims to solve and patent a product and process to neutralize pathogens providing a compelling solution for the hospitality space and a solid path to entering the healthcare market. MunnWorks manufactures fine mirrors specifically for the hospitality industry.

VALUATION METHODOLOGY

Based upon our list of Comparable Companies within the medical technology and healthcare equipment, we are applying a multiple of 6.0 times our FY-2024 revenue estimate discounted by 13.5% and 1.5 years yielding a price target of \$17.75.

RISKS

The company, like most publicly traded companies in the healthcare sector, is subject to various risks that include but are not limited to: management and board stability, funding and financing, regulatory, developmental, commercialization, competition, and intellectual property.

STOCK RATING DEFINITIONS

Buy: The stock's return is expected to exceed 12.5% over the next twelve months.

Neutral: The stock's return is expected to be plus or minus 12.5% over the next twelve months.

Sell: The stock's return is expected to be negative 12.5% or more over the next twelve months.

Investment Ratings are determined by the ranges described above at the time of initiation of coverage, a change in risk, or a change in target price. At other times, the expected returns may fall outside of these ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review.

RATINGS DISPERSION AND BANKING RELATIONSHIPS AS OF (November 19, 2021)

Rating	%	IB %
BUY	79.8	66.7
NEUTRAL	20.2	42.9
SELL	0.0	0.0

COMPANIES UNDER JEFFREY'S COVERAGE

CARMAT SA (ALCAR)	Applied UV, Inc. (AUVI)
Anavex Life Sciences Corp. (AVXL)	Bionano Genomics, Inc. (BNGO)
BrainsWay Ltd. (BWAY)	ChromaDex Corporation (CDXC)
Celsius Holdings, Inc. (CELH)	CryoLife, Inc. (CRY)
Dynatronics Corp. (DYNT)	electroCore, Inc. (ECOR)
Harrow Health, Inc. (HROW)	Helius Medical Technologies, Inc. (HSDT)
Itamar Medical Ltd. (ITMR)	Jaguar Health, Inc. (JAGX)
LumiraDx Ltd. (LMDX)	Motus GI Holdings, Inc. (MOTS)
CareCloud, Inc. (MTBC)	NovaBay Pharmaceuticals, Inc. (NBY)

Nano-X Imaging Ltd. (NNOX)
 enVveno Medical Corporation (NVNO)
 Orthofix Medical Inc. (OFIX)
 SAb Biotherapeutics, Inc. (SABS)
 STRATA Skin Sciences, Inc. (SSKN)
 Venus Concept Inc. (VERO)
 Windtree Therapeutics, Inc. (WINT)

Nuwellis, Inc. (NUWE)
 Invitae Corporation (NVTA)
 OPKO Health, Inc. (OPK)
 SeaSpine Holdings Corporation (SPNE)
 Vericel Corporation (VCEL)
 Viveve Medical, Inc. (VIVE)
 Zynex, Inc. (ZYXI)

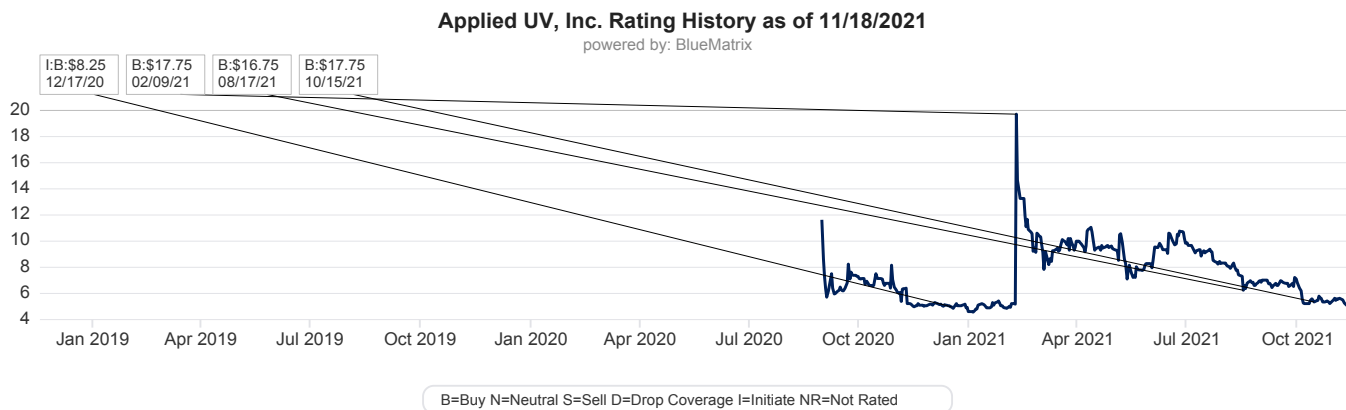
COMPANY SPECIFIC DISCLOSURES

Ladenburg Thalmann & Co. Inc. makes a market in Applied UV, Inc., electroCore, Inc. and Itamar Medical Ltd..
 Ladenburg Thalmann & Co. Inc. has managed or co-managed a public offering for Applied UV, Inc. and electroCore, Inc. within the past 12 months.
 Ladenburg Thalmann & Co. Inc. expects to receive compensation for investment banking and/or advisory services from Applied UV, Inc. within the next 3 months.
 Ladenburg Thalmann & Co. Inc. intends to seek compensation for investment banking and/or advisory services from Applied UV, Inc. within the next 3 months.
 Ladenburg Thalmann & Co. Inc received compensation for investment banking services from Applied UV, Inc., CARMAT SA and electroCore, Inc. within the past 12 months.
 Ladenburg Thalmann & Co. Inc had an investment banking relationship with Applied UV, Inc., CARMAT SA and electroCore, Inc. within the last 12 months.
 Ladenburg Thalmann & Co. Inc. acted as Placement Agent in a securities offering for the subject company in the last 12 months.
 Ladenburg Thalmann & Co Inc. acted in an advisory capacity for CARMAT SA in the last 12 months.

OTHER COMPANIES MENTIONED

CARMAT SA (ALCAR, €25.20, BUY)
 electroCore, Inc. (ECOR, \$0.77, BUY)
 Itamar Medical Ltd. (ITMR, \$30.60, NEUTRAL)

INVESTMENT RATING AND PRICE TARGET HISTORY



CARMAT SA Rating History as of 11/18/2021

powered by: BlueMatrix



B=Buy N=Neutral S=Sell D=Drop Coverage I=Initiate NR=Not Rated

electroCore, Inc. Rating History as of 11/18/2021

powered by: BlueMatrix



B=Buy N=Neutral S=Sell D=Drop Coverage I=Initiate NR=Not Rated

Itamar Medical Ltd. Rating History as of 11/18/2021

powered by: BlueMatrix



B=Buy N=Neutral S=Sell D=Drop Coverage I=Initiate NR=Not Rated

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