Zacks Small-Cap Research
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electroCore, Inc. (ECOR: NASDAQ)

ECOR: Adding Reliefband to the Portfolio

Our valuation is generated using a 20x multiple of 2026 earnings and discounting that value to the present year at a 20% rate.

Current Price (7/14/2023)	$4.56
Valuation	**$30.00**

OUTLOOK

electroCore is a commercial company marketing its gammaCore vagus nerve stimulation device in multiple migraine and cluster headache indications. The device non-invasively stimulates the vagus nerve which treats headache. It delivers an electrical pulse to activate the vagus nerve in the neck. Numerous clinical trials have been conducted supporting the efficacy and safety of gammaCore. Additional trials are underway for indications in stroke, PTSD, TBI and PT headache.

Sales are advancing in multiple areas: VA in the US, NHS in the UK, commercial, cash pay & distributors. Low penetration at the VA, expansions of the NHS program and continued efforts with commercial payors support topline advancement. Numerous distribution agreements signed around the globe will also layer on additional sales opportunities most recently with Joerns Healthcare, which is a domestic distributor in a variety of care settings. Truvaga is another exciting topline driver.

Associations with the VA, NHS, CVS, Express Scripts & others combined with the strong safety and efficacy data for gammaCore support a long runway for topline growth in the US, European and Asian markets.

SUMMARY DATA

52-Week High	**10.50**
52-Week Low	**2.92**
One-Year Return (%)	**-49.7**
Beta	**1.2**
Average Daily Volume (sh)	**24,670**
Shares Outstanding (mil)	**4.75**
Market Capitalization ($mil)	**28.5**
Short Interest Ratio (days)	**1.9**
Institutional Ownership (%)	**17.3**
Insider Ownership (%)	**17.5**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2023 Estimate	**N/A**
P/E using 2024 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Tech Devices**

ZACKS ESTIMATES

Revenue

(In millions of USD)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	$1.9 A	$2.2 A	$2.0 A	$2.6 A	$8.6 A
2023	$2.8 A	$3.6 E	$3.5 E	$3.9 E	$13.5 E
2024					$22.2 E
2025					$33.1 E

Earnings per Share

	Q1	Q2	Q3	Q4	Year
2022	-$1.18 A	-$1.13 A	-$1.15 A	-$1.22 A	-$4.69 A
2023	-$1.24 A	-$1.09 E	-$0.89 E	-$0.62 E	-$3.76 E
2024					-$2.12 E
2025					-$0.37 E

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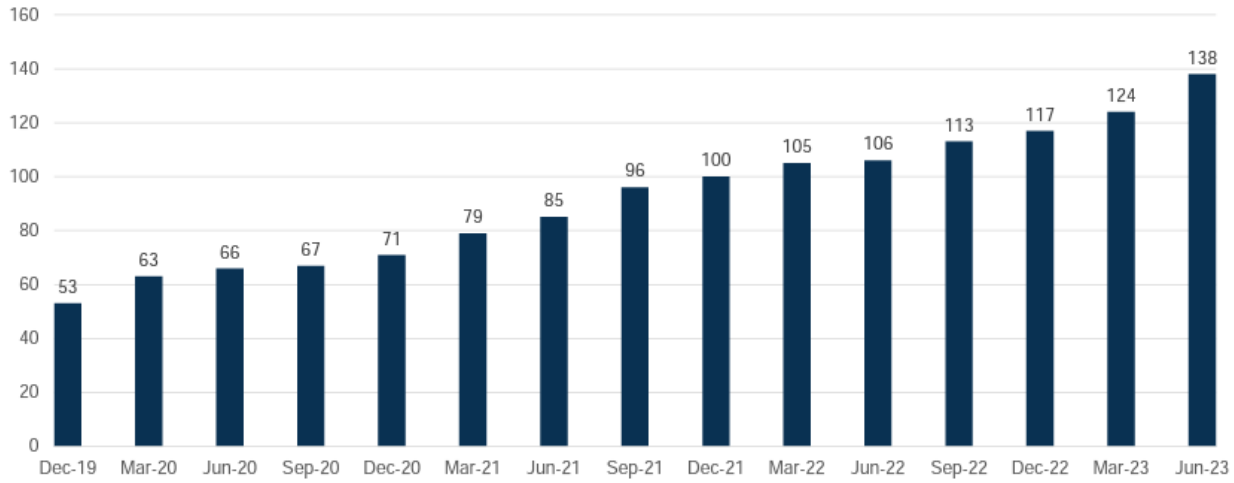
WHAT'S NEW

Since the first quarter update in early May, electroCore Inc. (NASDAQ: ECOR) has continued to expand its presence in new research efforts and build its stable of partners with a new distribution agreement. The company also announced better than expected revenues in the second quarter driven by its new initiatives in Truvaga and Tac-Stim. Other news was also promulgated including attendance at multiple conferences and the departure of founder and former CEO of electroCore, JP Errico, from the Board of Directors.

Updated 2Q:23 Revenue Guidance
Our estimates called for $3.22 million of revenues in the second quarter of 2023 while electroCore's updated guidance provided in a July 11th press release anticipates $3.55 million, which is a 65% increase over prior year levels and a sequential 16% increase. The Department of Veterans Affairs (VA) and Department of Defense (DoD) is guided to contribute $2.1 million in revenues on the addition of new treatment facilities and longer treatment duration generating a 75% increase in the company's most important segment.

By segment, cash pay revenues through gC Direct and gConcierge have increased to $430 on a greater number of prescribers producing a 32% year over year increase. Recently launched Truvaga also had an impressive growth trend, almost doubling to $291,000 sequentially. Tac-Stim, which was also recently launched, is expected to generate over $300,000 in the quarter. Ex-US sales took a breather, expected to rise a meager 2% on a year over year basis. Cash burn is forecasted at $3.5 million for the three-month period. electroCore has continued its strong trajectory and benefitted from new initiatives in the most recent quarter. Despite the stronger than expected 2Q:23 revenue numbers, electroCore conservatively maintained its full year guidance of $14 - $15 million for 2023.

Exhibit I – Growth in VA/DoD Prescribing Facilities[1]



Reliefband Technologies
electroCore announced a distribution and billing agreement with Reliefband Technologies to provide their prescription Reletex product to the DoD and other Federal Supply Schedule entities. The product is an FDA cleared non-invasive neuromodulation device for nausea and vomiting. The product has a number of applications including seasickness, morning sickness, chemotherapy related nausea, anxiety, migraines and other. While the future impact on the bottom line has not been quantified, it does provide a new product for electroCore to offer and potentially expands call points for the gammaCore product.

National Football League and National Football League Players Association Study
The National Football League (NFL) and the National Football League Players Association (NFLPL) awarded a grant to independent medical researchers to examine the benefit of non-invasive vagus nerve stimulation (nVNS) and cannabidiol (CBD) on headache. The award will fund investigations into new alternative pain treatments that could benefit NFL players and a broader audience. The primary indication is Post-Traumatic Headache which will be evaluated using gammaCore and CBD in a pilot study "Assessing Non-Invasive Treatment of Refractory Post-Concussion Headache Pain." Dr. Erika Petersen, researchers at the American Society of Pain and Neuroscience (ASPN), and Emory University have been awarded the grant.

[1] Source: electroCore Corporate Presentation July 2023

Exhibit II – Tac-Stim In Use[2]



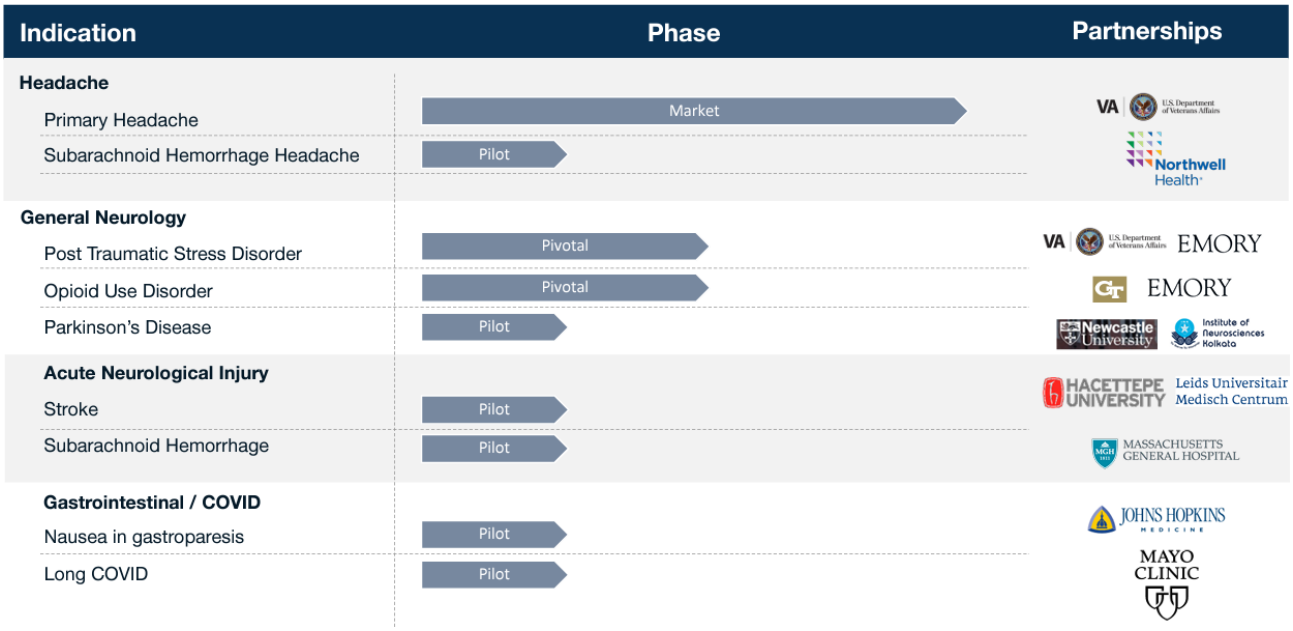
New Tac-Stim Study in Cognitive Performance
The Air Force Research Laboratories has selected the Tac-Stim device to evaluate in context of assessing and augmenting cognitive performance in extreme environments. The five-year project will be led by the Florida Institute for Human and Machine Cognition (IHMC). The goal of the program awarding the grant is to build a wearable system to sense, assess and augment cognitive performance in operational environments. Electrophysiological and biomarker sensors will assess stress and fatigue in extreme environments for servicemembers. The goal of the program is to identify devices that can improve performance in multi-day transoceanic operational and logistic flights as well as long duration remotely piloted aircraft missions. A further goal is to improve the long term-health of individuals in these environments. According to a representative from the Air Force, Tac-Stim was selected for this project based on its demonstrated ability to mitigate fatigue and improve performance in several relevant environments.

Other Highlights
electroCore participated in several scientific and investor conferences over the last few months. This included the 13th Annual LD Micro Invitational on June 6 held in Los Angeles, the Maxim Group Virtual Healthcare Conference on June 21 and the American Headache Society's (AHS) 65th Annual Scientific Meeting on June 17 in Austin, Texas. The title of the scientific poster was "SUNCT/SUNA with neurovascular conflict: consider nVNS" which observed efficacy of nVNS in three patients with rare headache diseases, SUNCT/SUNA, in the class of headache disorders known as Trigeminal Autonomic Cephalalgias (TACs). The retrospective study suggests that nVNS, as a treatment for TACs in general, and specifically for refractory SUNCT/ SUNA, should be considered before microvascular neurosurgery, particularly given the well-recognized risks and costs of such surgical procedures.

Board Member Departure
JP Errico, the founder and former CEO of electroCore announced his resignation from the Board of Directors of the company in late May. He will continue to serve as a strategic advisor focused on supporting the growth and direction of electroCore's new initiatives.

[2] Source: electroCore Corporate Presentation July 2023

Exhibit III – electroCore Pipeline & Partnerships[3]



Summary

electroCore's launch of two new brands, Tac-Stim and Truvaga have experienced a rapid sales acceleration generating a helpful bump in second quarter revenues. The VA relationship is also performing well, with additional facilities added and longer treatment prescribed as physicians become more familiar with the capabilities of gammaCore. The company adds the first new product outside of nVNS to its distribution, signing a partnership with Reliefband Technologies to offer the Reletex product at VA hospitals and other government agencies. Research into new indications continues with two studies planned with the Air Force and the NFL for augmenting cognitive performance and alleviating concussion symptoms respectively.

electroCore's share price has not moved in tandem with its prospects which have continued to improve. The company has produced impressive organic growth with its VA an DoD relationships but has also expanded into new areas including consumer-oriented products and cash pay business lines which have the potential to provide dramatic growth and better margins that the existing business outside the indications listed in the corporate pipeline.

We remain very positive on electroCore's revenue prospects and see the trend in this line item supporting substantially greater valuation. The material and bold initiatives being advanced by electroCore support continued strong topline growth and our price target of $30 per share.

[3] Source: electroCore Corporate Presentation April 2023

PROJECTED FINANCIALS

electroCore, Inc. - Income Statement

electroCore, Inc.	2022 A	Q1 A	Q2 E	Q3 E	Q4 E	2023 E	2024 E	2025 E
Total Revenues ($US '000)	**$8,592**	**$2,780**	**$3,550**	**$3,552**	**$3,992**	**$13,874**	**$22,198**	**$33,076**
YOY Growth	58%	46%	65%	80%	56%	61%	60%	49%
Cost of Goods Sold	$1,616	$458	$639	$639	$719	$2,775	$4,440	$8,269
Product Gross Margin	81%	84%	82%	82%	82%	80%	80%	75%
Research & Development	$5,520	$1,809	$1,558	$1,235	$1,001	$5,603	$5,720	$1,000
Selling, General & Administrative	$24,330	$6,710	$6,530	$5,910	$6,460	$25,610	$26,634	$26,400
Restructuring & Other	$0	$0	$0	$0	$0	$0	$0	$0
Income from operations	($22,874)	($6,197)	($5,177)	($4,232)	($4,188)	($20,114)	($14,596)	($2,593)
Operating Margin	*-266%*	*-223%*	*-146%*	*-119%*	*-105%*	*-145%*	*-66%*	*-8%*
Other Expense	($281)	($119)	$0	$0	$0	($119)	$0	
Pre-Tax Income	($22,593)	($6,078)	($5,177)	($4,232)	($4,188)	($19,995)	($14,596)	($2,593)
Provision for Income Tax	($431)	($211)	$0	$0	$0	($211)	$0	$0
Tax Rate	*1.9%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.1%*	*0.0%*	*0.0%*
Net Income	**($22,162)**	**($5,867)**	**($5,177)**	**($4,232)**	**($4,188)**	**($19,784)**	**($14,596)**	**($2,593)**
Net Margin	*-258%*	*-211%*	*-146%*	*-119%*	*-105%*	*-143%*	*-66%*	*-8%*
Reported EPS	**($4.69)**	**($1.24)**	**($1.09)**	**($0.89)**	**($0.62)**	**($3.76)**	**($2.12)**	**($0.37)**
YOY Growth	*7%*	*# DIV/0!*	*# DIV/0!*	*# DIV/0!*	*# DIV/0!*	*-20%*	*-44%*	*n/A*
Basic Shares Outstanding	4,729	4,743	4,750	4,755	6,800	5,262	6,900	7,000

Source: Company Filing // Zacks Investment Research, Inc. Estimates

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HISTORICAL STOCK PRICE

electroCore – Share Price Chart[4]



[4] Source: Zacks Research System

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