

# Zacks Small-Cap Research

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Tom Kerr  
312-265-9147  
tkerr@zacks.com

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

## Baird Medical Investment (NASDAQ: BDMD)

**BDMD: Baird Medical reports 6-month interim financial results for the period ending 6/30/26.**

Utilizing a Discounted Cash Flow process containing conservative estimates combined with other valuation methodologies, we believe BDMD could be worth **\$4.00** per share.

Current Price (09/9/26) \$1.10  
Valuation **\$4.00**

### OUTLOOK

Baird Medical (NASDAQ: BDMD) is an established medical device company whose mission is to enhance patient outcomes through minimally invasive precision technology and advanced diagnostic solutions. The company is a global leader in microwave ablation treatment for thyroid tumors. The company eventually plans to expand this treatment to cover breast nodules, liver cancer and uterine fibroids. Baird is also developing additional advanced medical technologies supporting a wide variety of ablation focused applications. Our outlook is for strong future growth, and we believe the stock to be significantly undervalued.

### SUMMARY DATA

52-Week High \$3.70  
52-Week Low \$0.75  
One-Year Return (%) -55.30  
Beta -1.18  
Average Daily Volume (sh) 92,343

Shares Outstanding (mil) 42.2  
Market Capitalization (\$mil) \$46.0  
Short Interest Ratio (days) N/A  
Institutional Ownership (%) 20  
Insider Ownership (%) 79

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 2026 Estimate 13.8  
P/E using 2027 Estimate 7.9

Risk Level High  
Type of Stock Growth  
Industry Medical Device

### ZACKS SCR ESTIMATES

#### Revenue

(in millions of \$)

|      | Q1<br>(Mar) | 1H<br>(Jun) | Q3<br>(Sep) | 2H<br>(Dec) | Year<br>(Dec) |
|------|-------------|-------------|-------------|-------------|---------------|
| 2024 |             | \$13.1 A    |             | \$24.0 A    | \$37.1 A      |
| 2025 |             | \$7.9 A     |             | \$14.6 A    | \$22.5 A      |
| 2026 |             | \$9.9 A     |             | \$17.6 E    | \$27.5 E      |
| 2027 |             |             |             |             | \$32.5 E      |

#### EPS / Loss Per Share

|      | Q1<br>(Mar) | 1H<br>(Jun) | Q3<br>(Sep) | 2H<br>(Dec) | Year<br>(Dec) |
|------|-------------|-------------|-------------|-------------|---------------|
| 2024 |             | \$0.17 A    |             | \$0.40 A    | \$0.57 A      |
| 2025 |             | -\$0.43 A   |             | -\$0.55 A   | -\$0.98 A     |
| 2026 |             | \$0.00 A    |             | \$0.08 E    | \$0.08 E      |
| 2027 |             |             |             |             | \$0.14 E      |

Quarterly estimates may not equal annual EPS due to rounding, dilution or intangibles. Est. may be non-GAAP.

## WHAT'S NEW



Source: bairdmed.com

### Interim Financial Results

On September 3, 2026, the company released financial results for the 6-month period ending June 30, 2026 which showed strong revenue growth from non-China regions.

Revenue grew 24.6% to approximately \$9.9 million in the 1st half of 2026, compared with \$8.0 million in the prior-year period. The increase was driven primarily by stronger sales outside of China, particularly in the U.S. and Hong Kong, as well as higher licensing revenue. Approximately two-thirds of total revenue came from markets outside of China. Gross profit increased 32.0% to \$8.6 million, while gross margin improved to 87.0% from 82.1%, reflecting a more favorable geographic and revenue mix.

Operating expenses declined sharply to \$7.8 million from \$17.0 million a year earlier. The reduction was primarily due to significant cuts in research and development and general and administrative expenses. This more than offset higher selling and marketing costs associated with the company's expansion in the U.S. and other international markets. As a result, the company essentially reached breakeven, reporting net income of approximately \$14,000 versus an (\$11.4) million net loss in the 1st half of 2025.

Cash level profitability also improved significantly. EBITDA increased to approximately \$1.6 million from a (\$9.7) million loss in the prior-year period, while adjusted EBITDA reached approximately \$4.0 million compared with a (\$3.3) million loss. This improvement was driven by higher gross profit, stronger international revenue, and substantial reductions in operating expenses.

### Valuation

We believe Baird Medical can generate double-digit revenue growth over the next 10 years through organic growth and a strong development pipeline. We believe gross margins will remain in the 70%-80% range, and EBITDA margins will exceed 20% as the company's U.S. market entry gains traction.

Our primary valuation tool utilizes a Discounted Cash Flow process. We maintain our price target of **\$4.00** per share. Our target price may be conservative, as it incorporates a high discount rate of 10.0% due to the unpredictability of earnings, prevailing interest rates, and the timeline for commercialization of its product pipeline.

We also use forward price/sales multiples to validate our DCF target price. The average 2027 price/sales multiple for small- to mid-cap medtech companies is approximately 3.00x. Based on our 2027 revenue estimate for BDMD, that would provide a relative valuation target of \$2.94, which supports our DCF-derived price target of \$4.00 per share for BDMD.

The current market cap of only \$46 million appears to be irrational and more reflective of the ongoing micro-cap stock malaise than of the solid company growth fundamentals going forward.

## KEY INVESTMENT POINTS



Source: bairdmed.com

- Baird Medical Investment Holdings (NASDAQ: BDMD) is one of the leading microwave ablation (“MWA”) medical device developers and providers and its primary commercial business focuses on minimally invasive treatment of thyroid tumors.
- The company has established a leading market position in China for microwave ablation treatment of thyroid tumors.
- The company has an established international business with revenues expected to exceed \$30.0 million in 2026.
- The company’s MWA device FDA 510(k) approval is for soft tissue tumors, which besides thyroid tumor, can also be used for minimally invasive tumor shrinkage of breast lumps, pulmonary nodules, varicose veins, bone tumors, uterine fibroids and other diseases.
- The company’s microwave ablation technology has competitive advantages over current ablation technologies such as radio frequency ablation (RFA).
- The global addressable market for thyroid nodule treatment is estimated at \$2.8 billion (per a company commissioned 2022 Frost & Sullivan report) with the U.S. representing approximately \$1.6 billion according to our estimates.
- The company hired seasoned medical device executive Mark Saxton to establish a U.S. operating subsidiary and lead the push into North American markets. The company has a funded, staged plan to build commercial scale in the U.S.
- Building on its proven MWA technology foundation, Baird is developing a pipeline of next-generation technologies in high-value segments to extend into new tumor types, new clinical settings, and a larger global market.
- The company has a clear path to profitability and margin improvement through U.S. commercial scale up and high margin recurring revenues.
- Cash balances and short-term marketable securities were \$0.6 million as of 12/31/25 and total debt was \$19.2 million.
- Based on discounted cash flow calculation using conservative estimates and other valuation methods, we believe BDMD stock to be worth approximately **\$4.00** per share.

Baird Medical is a leading provider of minimally invasive microwave ablation (MWA) technology, offering cutting-edge solutions for treating thyroid nodules, breast disease, uterine fibroids, and liver cancer. As a NASDAQ-listed company, Baird Medical is committed to advancing patient care with innovative treatments and is actively expanding into new markets.

Source: bairdmed.com

## OVERVIEW



Source: bairdmed.com

Founded in 2012 in Guangzhou, China, Baird Medical Investment Holdings (NASDAQ: BDMD) is a leading microwave ablation ("MWA") medical device manufacturer and provider for the minimally invasive treatment of benign and malignant tumors, including thyroid nodules, liver cancer, lung cancer, and breast lumps.

Baird Medical was the first company to obtain a Class III medical device registration certificate for MWA devices specifically indicated for thyroid nodules in China. The company ranks first among MWA medical device providers in the treatment of thyroid nodules and breast lumps in terms of sales and sales volume of microwave ablation needles, while also holding the position of the 3rd largest MWA medical device provider in China by revenue. The company is currently making a concerted effort to expand into the U.S. and other markets around the world.

Microwave ablation is a minimally invasive procedure that uses microwave energy to generate intense heat, essentially destroying tumor cells. It works on both benign and malignant tumors, and compared to traditional options like surgery, chemotherapy, or radiation, it's considered safer, easier, and comes with faster recovery and fewer complications. A key advantage is cancer prevention as some benign tumors can turn malignant over time ("cancer progression"), with thyroid nodules at a rate of 5.0% and breast lumps at a rate of 7.0%. Microwave ablation can stop that from happening, which is one of the reasons patients with benign tumors often opt for removal rather than waiting to see what happens.

Baird primarily manufactures microwave ablation equipment and needles. The current product set includes ablation devices approved for liver cancer and thyroid nodule treatment, plus both long and fine ablation needles. The company holds two Class III and one Class II medical device registration certificates in China. In 2023, the company also obtained FDA 510(k) class II clearance for MWA in soft tissue ablation.

In China, the company markets its products to hospitals through a combination of direct sales, delivery partners, and third-party distributors. By leveraging distributors' established market presence and distribution networks, the company has been able to expand its reach more efficiently while reducing the time and expense associated with building a solely direct-sales channel.

Supported by a well-developed distribution network and strong relationships with medical associations and healthcare professionals, the company's hospital customer base in China grew from approximately 430 hospitals in 2022 to 505 in 2023, 579 in 2024, and 614 as of June 30, 2025. Growth has also occurred among top-tier Grade III hospitals, with the number of customers increasing from roughly 250 in 2022 to 310 in both 2023 and 2024, before reaching 329 during the first half of 2025.

Revenues were \$37.0 million in 2024 and declined to \$22.5 million in 2025 due to sector government policy changes in China. We expect revenues to rebound to over \$30 million in 2026. Cash balances were \$0.6 million as of 12/31/25.

The company's IPO occurred in 2024 and shares began trading under the ticker symbol "BDMD" on the Nasdaq on October 2, 2024. The current market capitalization is approximately \$46 million.

The company recently relocated its official headquarters to New York City which follows the December 2025 appointment of Mark Saxton as CEO of Baird Medical's U.S. subsidiary to lead domestic operations, commercial expansion, and market development.

Commercial scale up in the U.S. is a key growth driver for the company. Baird has a funded, staged plan to build commercial scale in the U.S. The company's U.S. growth strategy focuses on capturing the existing thyroid ablation market by targeting the approximately 349 physicians identified in claims data as billing for thyroid ablation with RFA, which serves as the best available proxy for current users of thyroid ablation technology. At the same time, Baird aims to drive long-term growth by converting a portion of the much larger surgical market, with roughly 173,000 benign thyroid surgeries performed annually that could be eligible for ablation.

Our primary valuation tool utilizes a Discounted Cash Flow process which arrives at a target valuation of **\$4.00** per share. Our target price may be conservative as it incorporates a high discount rate.



Source: bairdmed.com

## PRODUCTS & SERVICES



Source: bairdmed.com

Tumor ablation therapy is a minimally invasive treatment that uses imaging such as ultrasound, CT, or MRI to guide energy or chemical techniques (including microwave ablation) to destroy tumors. By applying intense heat, it causes rapid cell death and inactivates the tumor. This approach is used for both

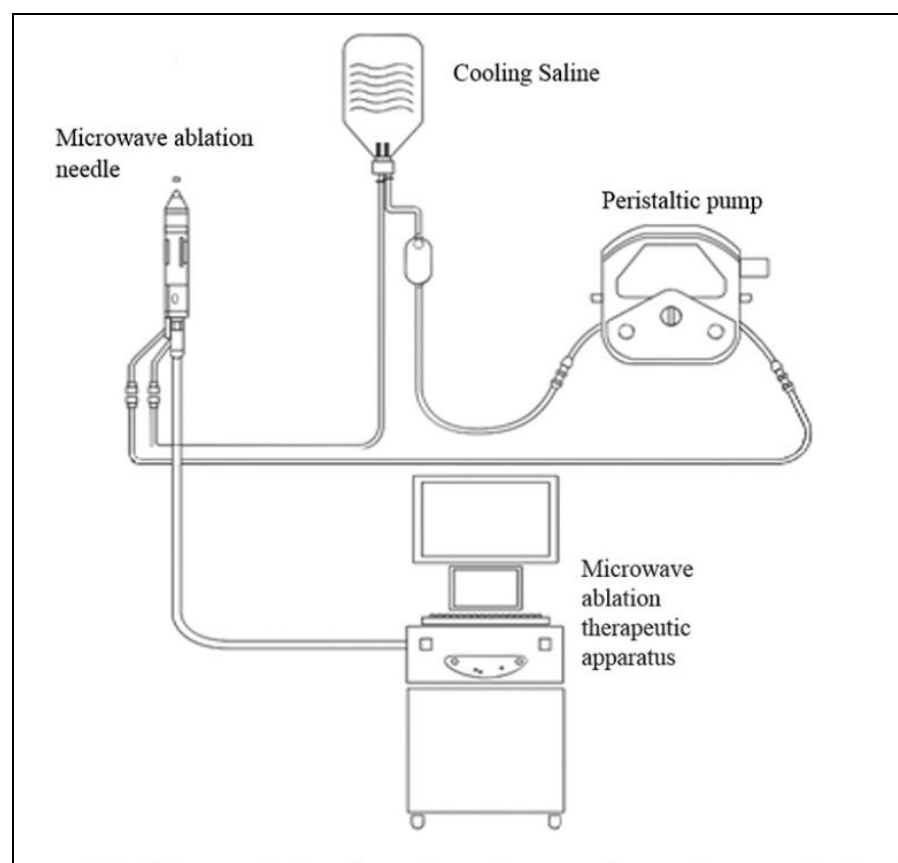
benign and malignant tumors and offers key advantages in that it's safe, relatively simple to perform, and allows for quick recovery with low complication rates. It may also help prevent cancer by stopping some benign tumors from becoming malignant, making early detection and treatment especially important.

Microwave ablation works by generating extreme heat that denatures and coagulates tumor cell proteins. It is commonly used to treat conditions such as liver cancer, thyroid nodules, lung cancer, and breast lumps.

In a typical microwave ablation procedure, patients are treated under local anesthesia. The doctor sets key parameters such as power (around 35W), treatment time (about 12–15 minutes), and mode (continuous, pulse, or pedal) based on the tumor's size and location.

A small incision is made, and a needle is precisely inserted into the tumor using imaging guidance like ultrasound or CT. For best results, the needle is positioned at the tumor's center. A cooling saline system is activated to protect surrounding tissue, while the device delivers intense heat through the needle to destroy the tumor.

Procedural monitoring is continuous as the physician tracks progress via imaging and the device's real-time display, adjusting parameters as needed to ensure effective ablation without thermal injury to adjacent structures.

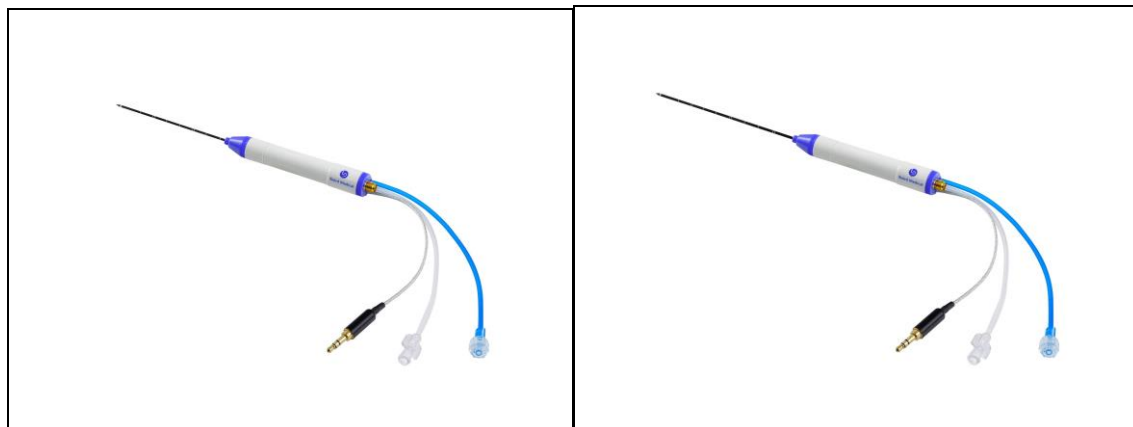


Source: bairdmed.com

### Microwave Ablation Needles

The company's proprietary microwave ablation needles are used in conjunction with its microwave ablation therapeutic apparatus and are classified into fine needles and long needles based on their length and diameter. Designed as single-use, non-reusable consumables that penetrate the body during

treatment, the needles have reached cumulative sales of approximately 100,000 units as of January 2026.



Source: bairdmed.com

The system is indicated for the ablation treatment of benign thyroid nodules, localized ablation of thyroid cancer, and secondary treatment of recurrent thyroid diseases. Safe and effective operation depends on proper sterilization of all equipment and probes to prevent infection, strict adherence to treatment protocols to avoid excessive ablation and related complications, and routine inspection of both the probe and main unit to ensure reliable performance.

#### Microwave Therapeutic Apparatus

The company produces five models of proprietary microwave ablation therapeutic apparatus. The instrument helps with adjusting the power and usage time of the needle. As of early 2026, the company has sold more than 1,300 units of microwave ablation therapeutic apparatus. The company has 28 registered software copyrights related to this device.



Source: bairdmed.com

The principal materials used in the microwave ablation therapeutic apparatus include a peristaltic pump, monitor, and various components and computer accessories. The company has obtained the Class III medical device registration certificate for this device that is specifically indicated for thyroid treatment and liver cancer.

## Sales of Other Medical Devices

The company also distributes and sells other medical devices, such as catheters, ventilators, operation tables, medical gloves, syringes, and large medical machines. These medical products are sourced from third-party suppliers and then sold to healthcare customers. The company's track record in medical device distribution allows them to establish relationships with other market players along the whole value chain such as hospitals, suppliers, distributors and deliverers to enhance brand recognition.

## THYROID TUMOR ABLATION

The initial target market for the company's MWA technology is thyroid tumor ablation.

The thyroid market represents an attractive entry point for the adoption of MWA technology due to its large procedure volume, significant unmet clinical need, and favorable economics. Compared with traditional surgical options, thyroid procedures are generally shorter, less complex, and minimally invasive, which makes them well suited for a microwave-based treatment approach that can improve patient results and recovery.

### A Clearer Patient Benefit



**Open Neck Surgery**

- Minimally invasive
- Deactivates tumor cells, which are absorbed by the body

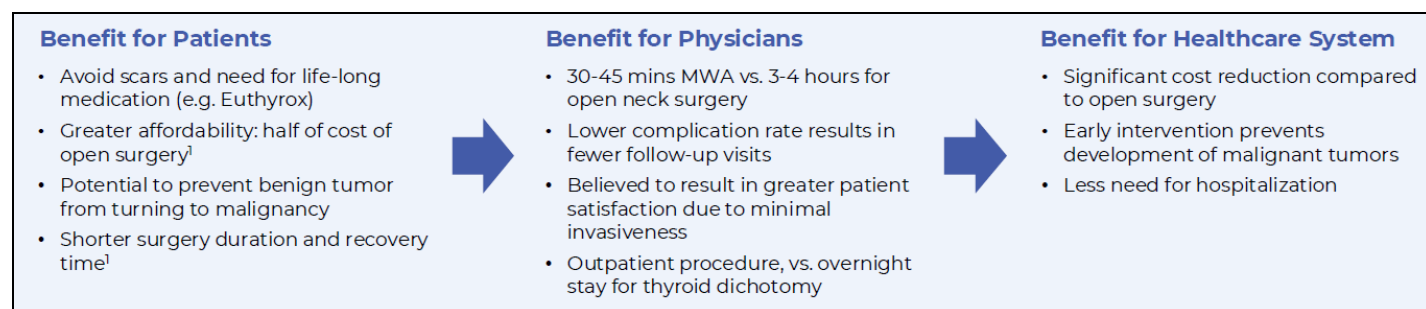


**Microwave Ablation**

- Noticeable scar on patient's neck
- Patients on medication rest of life

Source: bairdmed.com

The thyroid intervention market is experiencing strong growth, fueled by higher diagnosis rates, increasing awareness among patients and physicians, and rising demand for nonsurgical treatment alternatives. Because thyroid ablation procedures are typically performed in outpatient settings and involve lower complexity than many other complex interventional treatments, they tend to achieve physician adoption and patient acceptance more quickly, providing a faster path to commercial expansion and market penetration.

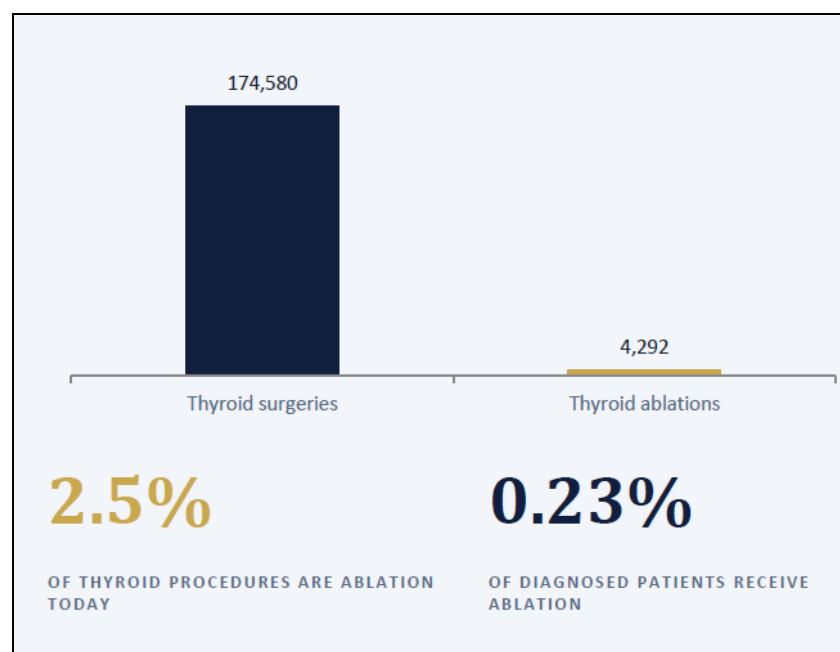


Source: bairdmed.com

## U.S. MARKET ENTRY

The company is making a focused and concerted effort to bring its successful MWA technology to the U.S. and North American markets. There is a funded, staged plan to build U.S. commercial scale.

Although the U.S. market remains relatively small and is still dominated by surgery, the company aims to expand physician adoption and shift appropriate procedures toward a minimally invasive alternative. Baird's FDA-cleared microwave ablation (MWA) system is positioned to capitalize on this transition by offering clinical advantages over traditional radiofrequency ablation (RFA), including technical advantages such as larger and faster ablation zones and reduced sensitivity to heat-sink effects near blood vessels while maintaining a comparable safety profile. Ablation remains a fraction of thyroid intervention with approximately 4,300 ablations versus 174,600 thyroid surgeries in 2025.



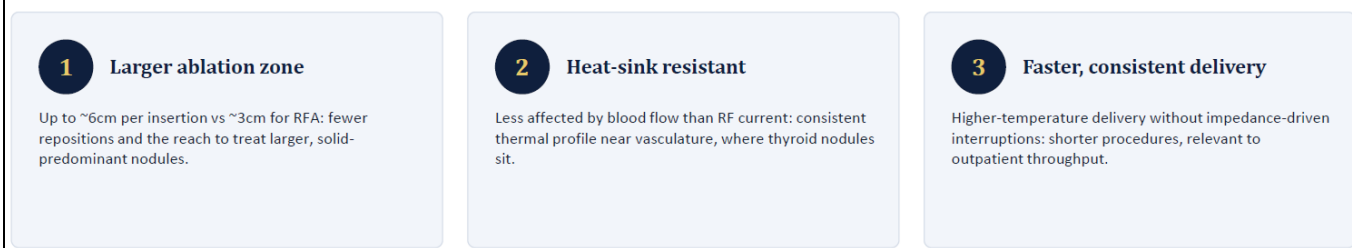
Source: bairdmed.com

The company's commercialization strategy emphasizes disciplined, milestone-based growth by expanding its sales force in stages, initially from 5 sales reps today to 10 by the end of 2026 and then expand to 25 over the next few years. Its business model is built around recurring, high-margin disposable needle sales, with each mature sales representative expected to generate approximately \$617,000 in annual revenue and about \$144,000 in contribution. Based on this approach, U.S. revenue is projected to increase from approximately \$1.0 million in 2026 to \$3.7 million in 2027, supporting a path toward profitability as commercial adoption accelerates.

This commercialization strategy is built around two parallel growth tracks.

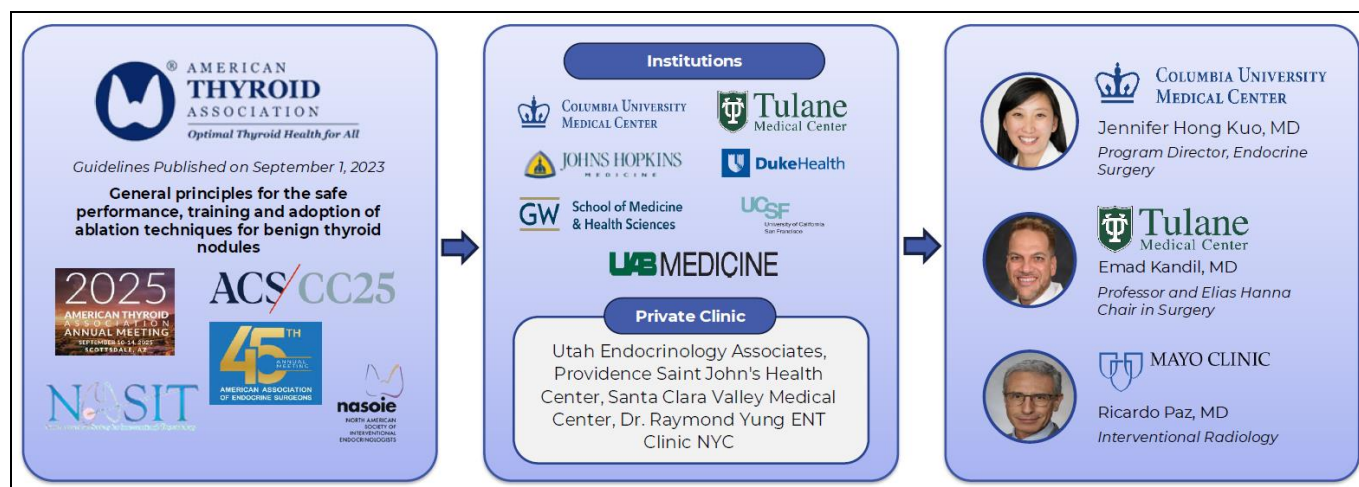
Track 1 focuses on immediate adoption within the existing radiofrequency ablation (RFA) physician base by deploying a targeted sales force in the highest-density RFA markets, including California, New York, Texas, and the Mid-Atlantic region. The initial team of five representatives is expected to expand to ten by the end of 2026 to achieve nationwide coverage. In addition to converting existing RFA users, the strategy aims to broaden MWA utilization by enabling physicians to treat patients who are often not ideal candidates for RFA, such as those with larger thyroid nodules or implanted electrophysiology (EP) devices. The case for MWA is efficiency, reach, and a modest durable advantage, not a claim of clinical superiority.

## MWA advantages at comparable safety to RFA



Source: bairdmed.com

Track 2 is designed to expand the addressable market by creating new referral and patient-demand channels. The company plans to educate surgeons on MWA as a complementary treatment option for benign thyroid tumors, helping recapture patients who may be reluctant to undergo surgery while allowing physicians and healthcare facilities to serve a previously underserved patient population. This approach is also expected to increase referrals from endocrinologists and strengthen patient awareness that a highly effective, minimally invasive alternative to surgery is available.



Source: bairdmed.com

Success will depend on physician training, patient education, and payer engagement, with revenue targets representing penetration of only about 5.6% of the eligible surgical population, highlighting that the opportunity is driven primarily by expanding the minimally invasive treatment category rather than taking market share from existing ablation providers.

U.S. revenue to date is concentrated in early reference accounts, with one health system representing a significant share. The commercial build is designed to diversify this base with new accounts already contributing 15% of 2<sup>nd</sup> quarter 2026 revenue, and quota-carrying coverage expands materially through 2026.

## COMPETITIVE ADVANTAGES

Baird ranks first in China for thyroid nodule and breast lump treatment by both sales revenue and sales volume of microwave ablation needles. The company also has first-mover advantage in the U.S. in terms of microwave ablation treatment of thyroid tumors.

The company has an established, extensive and strategically managed sales and distribution network across China. Products are distributed directly, through deliverers, distributors, and the company itself to approximately 614 hospitals across 24 provinces, municipalities and autonomous regions in China. This network enables rapid customer response and keeps the company close to clinical end users across a geographically dispersed market.

As a leading player in the microwave ablation medical device industry, the company creates value for patients, hospitals, and physicians alike. Microwave ablation offers an effective treatment option for many different types of tumors and lumps. Compared to alternatives like radiofrequency, cryoablation and laser ablation, microwave ablation delivers stronger heat with faster heating, larger ablation volumes, and shorter procedure times. Microwave ablation overcomes key limitations of radiofrequency ablation while maintaining comparable safety and clinical outcomes.

| Feature                                                                                                                                                                        | General MWA                                                                                                                                                                      | General RFA                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| <b>Mechanism</b>                                                                                                                                                               | Uses electromagnetic energy to oscillate water molecules, creating frictional heat.                                                                                              | Uses an alternating electric current to generate localized ionic friction and heat.                  |
| <b>Speed<sup>1</sup></b>                                                                                                                                                       | <b>Faster:</b> Ablations typically take 2 to 10 minutes. In studies MWA is significantly faster ( <b>~520 sec</b> ).                                                             | <b>Slower:</b> In same study speed RFA was <b>~650 sec</b> .                                         |
| <b>Ablation Zone</b>                                                                                                                                                           | <b>Larger:</b> Can ablate an area of up-to ~6cm per probe insertion.                                                                                                             | <b>Smaller:</b> Can ablate an area of up to ~3cm per probe insertion.                                |
| <b>Heat-Sink Effect</b>                                                                                                                                                        | <b>Lower:</b> Less prone to having treatment zones cooled down by flowing blood in nearby vessels.                                                                               | <b>Higher:</b> Tissues near large vessels may not reach optimal temperatures due to blood flow.      |
| <b>Patient Limitations</b>                                                                                                                                                     | <b>Broader:</b> No electrical current path and no grounding pads required — safe for patients with pacemakers, ICDs, and other EP devices, broadening the eligible patient pool. | <b>Limited:</b> Electrical current path requires grounding pads and caution with cardiac EP devices. |
| <b>Thermal Consistency</b>                                                                                                                                                     | <b>Predictable:</b> Less dependent on tissue impedance, giving a consistent thermal profile and more predictable outcomes.                                                       | <b>Variable:</b> More impedance-dependent, yielding a less predictable thermal profile.              |
| <b>Improved VRR<sup>3</sup></b>                                                                                                                                                | At 12 months MWA showed superior volume reduction (64.7%).                                                                                                                       | At 12 months RFA showed 58.7% volume reduction.                                                      |
| <b>Conclusion:</b> Both RFA and MWA are safe and effective; MWA offers faster procedures and, when patients are matched for key variables, greater long-term nodule shrinkage. |                                                                                                                                                                                  |                                                                                                      |

Source: bairdmed.com

The company has an experienced and stable management team that brings deep industry knowledge and a proven track record of success. Founder, CEO, and board chairperson Haimei Wu has over 20 years in the medical devices industry, overseeing strategic planning and business development, while director Wei Hou contributes over 28 years of pharmaceutical management and sales experience. In December 2025, the company appointed veteran medical technology executive Mark Saxton as CEO of its U.S. subsidiary. He is to lead commercial expansion and market development in the U.S. and North America. Saxton has over 25 years of experience, specializing in scaling high-growth medtech firms and advancing ablation technologies.

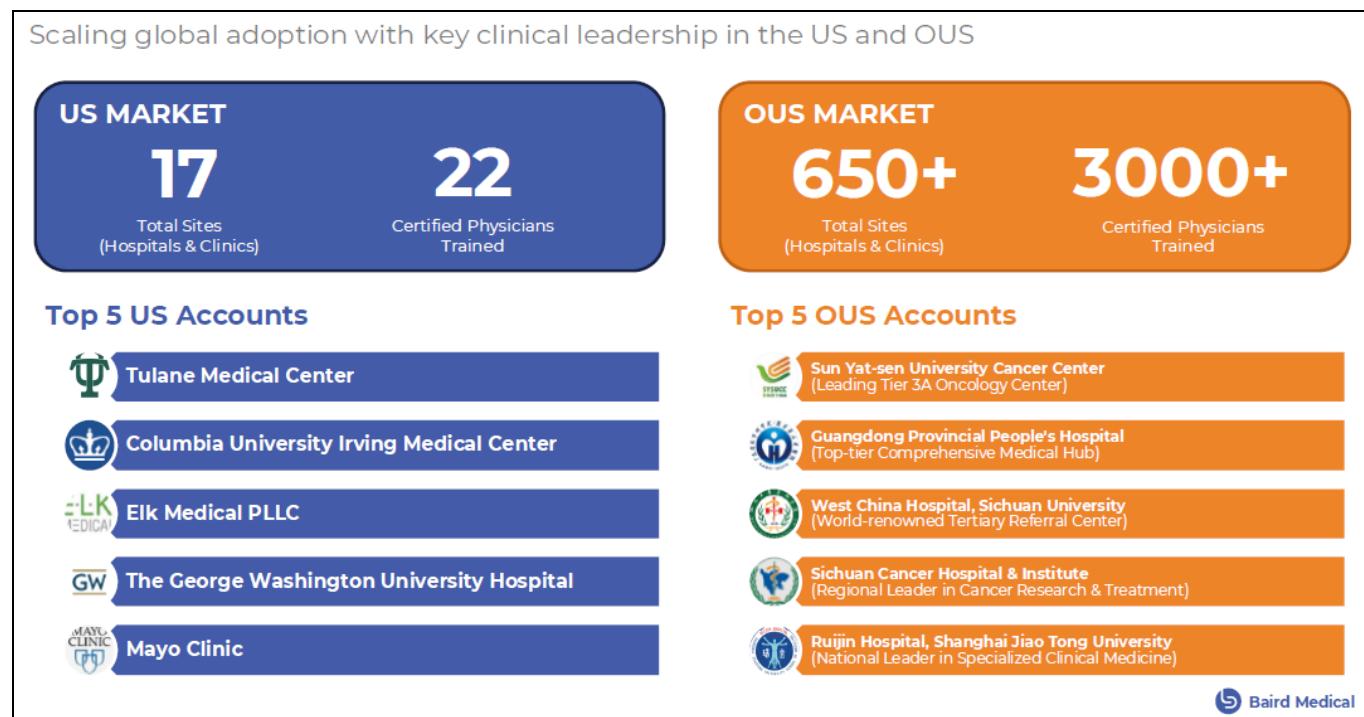
## GROWTH STRATEGIES

Baird Medical intends to broaden and deepen the product portfolio in order to strengthen its position in the microwave ablation medical device market through R&D and other collaborations. Beyond thyroid treatments, the company plans to register its medical devices for the treatment of breast lumps, pulmonary nodules, varicose veins, bone tumors, uterine fibroids and other diseases.

The company will continue to identify clinically promising technologies and collaborate with R&D partners to launch new microwave ablation products in China and the U.S. A key R&D initiative involves integrating robotics and optical surgical navigation to improve tumor targeting, reduce procedure variability, and reduce dependence on individual physician skill. The company plans to develop AI robotic surgery assistance for thyroid nodules, breast lumps, bone tumors, pulmonary nodules, prostate tumors, and heart hypertrophy. The company will invest approximately \$18.7 million in this initiative through 2027 with clinical trial completion targeted for 2027.

The company will leverage its established products and leading market position in China to expand into overseas markets such as the U.S., the EU and Southeast Asia. According to a Frost & Sullivan Report, RFA ablation was the largest segment of the tumor ablation therapy market in the U.S. and Europe, followed by microwave ablation.

Since 2024, Baird has been collaborating with key healthcare organizations and university medical research departments to promote and educate important healthcare providers and physicians on their advanced MWA treatment technology. In the U.S., the MWA treatment has been utilized at over 30 prestigious medical centers with approximately 22 physicians trained in the procedure. Outside the U.S., the procedure has been performed at over 650 locations with over 3,000 physicians trained in the procedure.



Source: bairdmed.com

## NEW PRODUCT PIPELINE

Building on its proven MWA technology foundation, Baird is developing next-generation technologies in high-value segments to extend its reach into new tumor types, new clinical settings, and a significantly larger global market. These include High-Intensity Focused Ultrasound (HIFU), Irreversible Electroporation (IRE), and AI driven Ablation Surgical Robotics.

### High-intensity Focused Ultrasound (HIFU)

This technology is a non-invasive therapeutic technology that focuses high-intensity ultrasound energy inside the body to generate heat at the focal point, rapidly coagulating and ablating target tissue. It does not require a skin incision and offers key advantages, including non-invasiveness, faster recovery, and repeatable treatment, substantially reducing patient burden.

Baird Medical's system delivers truly non-invasive treatment from outside the body, eliminating surgical trauma and infection risk. Real-time visualization enables continuous monitoring throughout the procedure. The platform integrates MRI or ultrasound image guidance for real-time monitoring and precise targeting, enhancing treatment safety, efficacy, patient comfort, and overall clinical outcomes. The technology is broadly applicable across multiple tumor types including uterine fibroids, liver tumors, kidney tumors, and bone tumors and offers significant therapeutic advantages for benign prostatic hyperplasia (BPH).

### Irreversible Electroporation (IRE)

IRE is a minimally invasive ablation technology that uses high-voltage, high-frequency pulses to create nanoscale irreversible pores in target-cell membranes which leads to apoptosis (cell death). Its unique non-thermal mechanism helps minimize injury to critical structures such as blood vessels and bile ducts, provides well-defined ablation margins, and significantly expands the range of tumor-treatment indications.

The IRE platform, developed in partnership with Alpmec, combines nanosecond and microsecond bipolar pulses using a proprietary architecture that allows each electrode to alternate between positive and negative polarity, eliminating the need for a dedicated negative electrode. Its SiC MOSFET Marx generator and HFIRE transformer design remove large-capacitor energy storage, enables continuous charging during treatment, enhances electrical safety, and improves procedural efficiency. High-speed digital switching delivers nanosecond-level polarity changes that minimize muscle contractions and potentially allowing procedures to be performed under light anesthesia while extending device longevity through a switch rated for more than 100,000 cycles. The system supports flexible and rigid electrodes for minimally invasive ablation of solid tumors in the thyroid, liver, lung, pancreas, breast, and other organs.

### Ablation Surgical Robotics

The AI driven Ablation Surgical Robot is a strategic core product and an important future direction for minimally invasive diagnosis and treatment. It integrates AI, robotics, and multiple ablation modalities to make procedures more intelligent, precise, and automated.

The platform uses AI-assisted treatment planning that integrates CT, MRI, and 3D ultrasound imaging to identify lesions, define treatment margins, account for critical anatomy, and generate personalized treatment plans. During procedures, it continuously monitors parameters such as temperature and impedance, while AI analyzes treatment effectiveness in real time and automatically adjusts energy delivery and treatment trajectories to improve precision and safety.

A high-precision robotic arm provides stable, sub-millimeter positioning accuracy, following planned treatment paths to reduce human error and minimize damage to surrounding tissue. The system also supports remote operation through advanced force-feedback technology, enabling specialists to perform

or assist procedures from a distance, expanding access to care in underserved regions and enables specialists from different fields to work together.

### Pipeline Timelines

#### **Q1 2026 – Q4 2026**

Iterate and upgrade the core system technologies, optimize algorithms, treatment accuracy, and procedural efficiency, and expand into new clinical applications. Complete product development and design verification.

#### **Q1 2027 – Q2 2027**

Complete required preclinical and product testing, including electrical safety, electromagnetic compatibility (EMC), biocompatibility, product performance, and animal studies.

#### **Q3 2027 – Q1 2028**

Conduct multicenter clinical studies to validate product safety and performance.

#### **Q1 2028 – Q4 2028**

Complete regulatory submissions and pursue market authorization in China (NMPA), the United States (FDA), and Europe (CE marking), while initiating commercial and market-development activities.

#### **Beginning Q4 2028**

Accelerate commercialization and market penetration, while expanding regulatory and market-access initiatives across additional global markets.

### Proposed AI Powered Ablation Platform

Baird Medical is developing a unified, AI-powered ablation platform that integrates multiple minimally invasive modalities including microwave ablation, radiofrequency ablation, and irreversible electroporation alongside noninvasive focused ultrasound, with AI support for automating procedures across modalities. The platform offers these differentiated capabilities:

#### ➤ **AI-Based 3D CT Reconstruction and Procedure Planning**

The platform uses CT imaging and AI to create 3D tumor models, characterize tumors, and recommend ablation configurations and treatment parameters. It simulates and optimizes treatment plans, then updates the trajectory and predicted ablation zone in real time during the procedure. Afterward, it generates a report detailing the tumor, treatment trajectory, energy delivery, predicted ablation volume, and procedural outcome.

#### ➤ **AI-Based Planning Using Dynamic 2D Imaging**

For two-dimensional imaging such as ultrasound and endoscopy, the platform uses AI to continuously analyze real-time images, detect and characterize lesions, and recommend appropriate ablation applicators and treatment parameters. It simulates and optimizes treatment strategies, then updates the treatment trajectory and predicted ablation effects in real time if the physician changes course. Afterward, it generates a structured report detailing tumor characteristics, treatment trajectory, energy delivery, predicted ablation volume, and overall outcome.

#### ➤ **AI-Guided Automated Procedure Execution**

The company is developing an integrated, image-guided ablation platform combining endoscopic imaging, IRE, microwave and radiofrequency ablation, and robotic surgery. AI identifies lesions, guides robotic applicator placement, and adjusts treatment in real time based on imaging, temperature, and tissue impedance. The goal is more precise, complete ablation while reducing healthy-tissue damage and improving safety, consistency, and efficacy.

Throughout 2026, the company will continue development and iteration of these core platform technologies, optimize algorithms, and further develop and validate the AI models. From Q4 2026 through Q2 2027, it will complete the U.S. FDA regulatory process while initiating regulatory submissions for China's NMPA approval and European CE marking. From Q3 2027 through Q1 2028, it will complete the NMPA and CE regulatory processes while initiating commercialization and market entry.

### Pipeline Market Opportunity

The **HIFU** market is an attractive and expanding segment of the minimally invasive therapy landscape, with industry forecasts projecting market growth from approximately \$1.3 billion in 2024 to \$1.8 billion by 2030. The market's growth is supported by increasing physician and patient preference for non-invasive procedures that can reduce complications, recovery times, and healthcare costs. HIFU technology is gaining traction across a broad range of clinical applications, including uterine fibroids, prostate cancer, aesthetic procedures, and neurological disorders. Continued advances in imaging integration, AI-driven treatment planning, and device portability are improving clinical utility and expanding the addressable market.

**IRE** technology is emerging as an attractive subsegment with expanding clinical utility. Recent regulatory milestones, including FDA clearance of IRE for prostate tissue ablation, highlight the potential for broader application of IRE across multiple tumor types and treatment settings. As indications expand and physician adoption increases, IRE-based platforms may capture a growing share of the rapidly expanding tumor ablation market.

**AI Surgical Robotics** is emerging as one of the most attractive growth markets in healthcare technology, driven by the convergence of artificial intelligence, robotics, imaging, and minimally invasive surgery. Frost & Sullivan forecasts the global market to grow from approximately \$2 billion in 2023 to \$15 billion by 2028, reflecting a nearly 50% annual growth rate and highlighting the significant runway for adoption across healthcare systems worldwide.

The China market presents an additional high-growth opportunity due to strong government support, continued capital investment, and increasing demand for more efficient and precise surgical procedures. As healthcare providers seek technologies that improve outcomes while reducing procedure complexity, AI-powered surgical robotics is expected to be a major driver of future growth within the medical device industry.

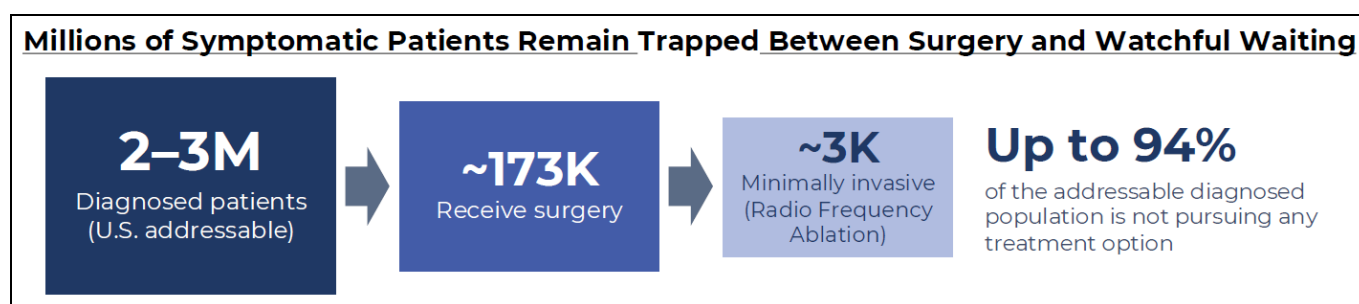
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## INDUSTRY & ADDRESSABLE MARKET

The thyroid nodule treatment market is a large and growing global untapped market opportunity.

There are approximately 307 million total thyroid nodules patients globally based on a 22% incidence rate. Of that population, approximately 258-282 million are considered to have a benign diagnosis (84%-92% benign rate). That leaves 13-28 million potential patients based on thyroid nodules larger than 2 centimeters that require treatment or intervention. Of that patient population, roughly half are expected to use microwave ablations which creates a potential \$4.0-\$10.0 billion market. Using the low end of that range, which is 6 million potential patients, less than 1.0% have been treated with microwave ablation creating a vast untapped global market.

For the U.S. on its own, there are an estimated 2-3 million diagnosed patients in which approximately 5%-8% will require surgery. 6% of those patients are expected to receive RFA ablation treatment leaving the potential opportunity for Baird's MWA treatment at 160,000-170,000 patients. Importantly, the broader population of diagnosed patients may also represent a significant opportunity, as those currently managed through "watchful waiting" could potentially opt for MWA as a less invasive alternative to traditional surgery, offering faster recovery and more effective treatment.



Source: bairdmed.com

These figures above are only taking into account the thyroid market. Treatment for breast lumps, lung cancer, varicose veins, bone tumors, and uterine fibroids could create a market many times larger.

Overall, the market for Minimally Invasive Surgical Devices is expected to show strong steady growth on a global basis. A recent Frost & Sullivan report estimates that the global minimally invasive surgical device market was approximately \$36.0 billion in 2023 and is projected to reach \$55 billion by 2028, representing a CAGR of approximately 9.0%. This growth is driven primarily by technological innovation, expansion into new indications, and rising patient acceptance of these types of procedures.

For the China market alone, minimally invasive surgical device market is experiencing rapid growth, with Frost & Sullivan estimating the 2023 market size at approximately 65 billion RMB, projected to nearly double to 120 billion RMB (approximately US\$18 billion) by 2028, reflecting a CAGR of 13%. Key growth drivers include policy support, increased healthcare investment, and broader adoption across primary-care institutions.

Narrowing down to the tumor ablation market, the global tumor-ablation market was estimated at approximately \$2.5 billion in 2023 and is projected to grow to \$4.5 billion, representing a 12.5% CAGR, according to the Frost & Sullivan report. Growth is concentrated in high-incidence tumor areas such as liver, lung, and thyroid cancer, where competing technologies, including microwave ablation, radiofrequency ablation, IRE, and focused ultrasound each offer distinct advantages. Baird Medical is positioned across these core segments and holds a favorable strategic position.

## COMPETITION

China's microwave ablation (MWA) market is highly concentrated among several companies with ECOMedical, Vison Medical, Baird Medical, and Canyon Medical accounting for approximately 88% of market sales. Baird ranks 3rd in China by revenue with an estimated 19.0% market share but has established a leading position in thyroid nodule and breast lump ablation, ranking first in both sales revenue and disposable needle volume. The company was the first to receive a Class III registration certificate in China specifically for thyroid nodule microwave ablation, a distinction that remains unmatched by competitors. This regulatory advantage has helped drive adoption and provides a foundation for future growth as Baird seeks to expand approved indications to include breast lumps, lung cancer, varicose veins, bone tumors, and uterine fibroids.

The U.S. market presents an attractive long-term opportunity as microwave ablation adoption remains in its early stages. Radiofrequency ablation (RFA) currently dominates the thyroid ablation market, accounting for approximately 63.5% of procedures in 2024. Baird received FDA clearance for its microwave ablation system in November 2023 and performed its first thyroid microwave ablation procedure in the United States in January 2024. Management estimates the total addressable U.S. market for its microwave ablation systems and disposable needles at approximately \$1.6 billion. Baird's near-term capture target is the 349 physicians already billing the ablation code. The larger prize is converting surgical volume, where no modality yet holds the account.

While established players such as Johnson & Johnson's NeuWave Medical, Medtronic's Emprint platform, and Varian's IntelliBlate compete in the broader microwave ablation market, their commercial focus remains primarily on liver, lung, and kidney tumors rather than thyroid applications. The U.S. breast ablation market is similarly underdeveloped, with relatively few commercially available microwave ablation systems cleared for breast applications. Baird's FDA-cleared platform includes indications for both thyroid nodules and breast tumors, positioning the company as an early mover in two large and underpenetrated markets.

Baird differentiates itself through thyroid-specific clinical evidence, a dedicated U.S. commercial and training organization, and manufacturer-backed physician support, against RFA incumbents defending a modality and MWA competitors selling on price.

Combined with its leadership position in China and expanding regulatory approvals in North America, Baird appears well positioned to benefit from increasing adoption of microwave ablation across multiple therapeutic indications.

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## MANAGEMENT

**Haimei Wu**  
CEO & Chairwoman of the Board

Ms. Haimei Wu co-founded Baide Suzhou in 2012 and has served as Chairwoman and director of Baird Medical since January 2021 and CEO since September 2021, overseeing corporate strategy and business operations. She holds directorships across multiple Baird Medical subsidiaries, including Baide Suzhou, Nanjing Changcheng, Henan Ruide, and Guoke Baide. With over 20 years in the medical devices industry, her prior roles include sales management at Guangdong Taihua Medical Instrument Co. (2002–2011) and Guangdong Xintianran Pharmaceutical Co. (2011), as well as executive director and general manager of Guangzhou Daokang Trading Co. She holds a specialty in anesthesia from Henan Province Xinyang Weisheng School (2000) and completed advanced studies in financial investment and capital operations at Tsinghua University's Shenzhen Graduate School (2016).

**Mark Saxton**  
Chief Executive Officer – U.S.

Mr. Saxton is a seasoned medical device executive with more than 25 years of commercial leadership experience, including a decade advancing intravascular RF ablation technologies. He will lead all U.S. operations, including sales, marketing, and market development, as Baird Medical accelerates its entry into the U.S. market. Mr. Saxton has a proven record of scaling high-growth medtech companies leading to strategic exits. At VNUS Medical Technologies, he led the U.S. commercialization of first-to-market intravascular RF ablation devices, doubling annual revenue from \$49 million to over \$100 million in just over two years preceding the company's \$512 million acquisition by Covidien (\$29.00 per share). His commercial leadership at NeuroPace supported its successful \$117 million IPO, and at Ceterix Orthopaedics, he repositioned the business for a \$105 million acquisition by Smith & Nephew.

**Jie Li**  
Acting Chief Financial Officer

Ms. Jie Li is the acting Chief Financial Officer of the Company. Ms. Li has served as the Company's reporting director since May 2024. Prior to joining the Company, Ms. Li gained extensive experience from "Big Four" PRC-based accounting firms from 2010 to 2017 and had served as an audit manager since 2015. After that, Ms. Li had more than five-year working experience in U.S. listed companies where she was in charge of the public companies' overall financial reporting and internal control over financial reporting. Ms. Li received a bachelor's degree in management accounting from Capital University of Economics and Business in 2010. Ms. Li has been a member of the Chinese Institute of Certified Public Accountants since 2019 and obtained the qualification of Association of Chartered Certified Accountants in 2015.

**Quan Qiu**  
Chief Administrative Officer

Ms. Quan Qiu has served as a director of Baird Medical since January 2021. Ms. Qiu is primarily responsible for the supervision and coordination of Baird Medical's operations. She joined Baide Suzhou in April 2013, and Ms. Qiu currently serves as assistant general manager of Baide Suzhou, an executive director and general manager of Guizhou Baiyuan, and an executive director of Hunan Baide. Ms. Qiu graduated in medicine operation and management from Guangdong Food and Drug Vocational College in the PRC in July 2013.

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**INSIDER OWNERSHIP**

Beneficial ownership of the company's shares as of April 24, 2026 on the basis of 40,979,382 ordinary shares is as follows:

| Name and Address of Beneficial Owner*                       | Ordinary Shares Beneficially Owned |                          |                         |
|-------------------------------------------------------------|------------------------------------|--------------------------|-------------------------|
|                                                             | Number of Shares                   | % of All Ordinary Shares | % of Total Voting Power |
| <b>5% shareholders:</b>                                     |                                    |                          |                         |
| Haimei Wu <sup>(1)</sup>                                    | 18,195,281                         | 43.1 %                   | 43.1 %                  |
| ExcelFin SPAC LLC                                           | 4,773,406                          | 11.3 %                   | 11.3 %                  |
| Grand Fortune Capital (H.K.) Company Limited <sup>(2)</sup> | 2,754,985                          | 6.5 %                    | 6.5 %                   |
| <b>Directors and Executive Officers</b>                     |                                    |                          |                         |
| Haimei Wu <sup>(1)</sup>                                    | 18,195,281                         | 43.1 %                   | 43.1 %                  |
| Wei Hou                                                     | *                                  | *                        | *                       |
| Quan Qiu                                                    | —                                  | —                        | —                       |
| Joseph Douglas Ragan III                                    | *                                  | *                        | *                       |
| Michael Mingzhao Xing                                       | *                                  | *                        | *                       |
| Lijian Xu                                                   | *                                  | *                        | *                       |
| Gabrielle Bilciu-Wolfson                                    | *                                  | *                        | *                       |
| Rongjian Lu                                                 | —                                  | —                        | —                       |
| Jie Li                                                      | —                                  | —                        | —                       |
| <b>All directors and executive officers as a group</b>      | <b>18,419,026</b>                  | <b>43.6 %</b>            | <b>43.6 %</b>           |

Source: bairdmed.com

## RECENT NEWS

- On August 10, 2026, the company announced the signing of a strategic cooperation agreement with Tianjin Yuanshan Medical Technology to establish a long-term partnership focused on global development and commercialization of next-generation IRE technologies.

The partnership represents an important strategic milestone for Baird Medical as the company expands beyond its market-leading microwave ablation (MWA) system for benign thyroid nodules and broadens its portfolio of minimally invasive technologies targeting key markets globally. Under the partnership, the companies will initially collaborate on irreversible electroporation (IRE), an advanced, non-thermal ablation technology that uses electrical pulses to destroy targeted tissue while preserving surrounding critical structures, such as blood vessels and nerves. The collaboration will combine Alpméd's expertise in IRE innovation with Baird Medical's regulatory and global commercialization capabilities, with the goal of advancing next-generation precision ablation solutions and exploring opportunities to expand the partnership beyond IRE.

- On June 29, 2026, the company announced the successful completion of the first procedures using its MWA technology in Vietnam and Argentina.

The company's successful introduction of its microwave ablation technology in Vietnam and Argentina highlights the company's continued focus on expanding access to minimally invasive treatment options on a global basis. The landmark procedures represent an important step in its global expansion strategy and demonstrate the potential for microwave ablation to provide highly targeted treatment through a minimally invasive approach, with little to no visible scarring and relatively short procedure and recovery times. Baird Medical plans to continue working with clinical

partners to expand access to its technology and provide patients with less invasive alternatives to traditional surgery.

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## FINANCIAL REVIEW

Baird significantly diversified its revenue base during 2025, reducing its reliance on China by expanding internationally. Global markets outside of China grew to represent approximately 40% of total revenue within a year, helping offset temporary sales weakness in China caused by policy-driven disruptions. This rapid expansion outside China highlights the strength of Baird's product portfolio and strong customer acceptance across international markets.

In calendar year 2025, total revenues declined 39.2% year-over-year, from \$37.0 million in 2024 to \$22.5 million in 2025, driven primarily by reduced demand and sales of MWA devices. Direct customer revenue fell from \$19.8 million to \$4.1 million due to lower volumes and selling prices across MWA needles and microwave therapeutic machines. Distributor revenue saw a small increase from \$17.2 million to \$18.4 million, which was driven by higher selling prices and partially offset by volume changes.

In China, near-term market headwinds were driven by a combination of factors, including a shift in clinical preference toward RFA, delays in hospital budgeting and procurement, a limited pool of trained operators, and the still-early stage of overall market development.

The company experienced large operating losses in 2025, primarily due to extraordinarily high R&D spending which totaled \$20.1 million. In addition, stock compensation was higher than normal at \$17.5 million. The calendar year net loss was (\$27.3) million, or (\$0.98) per share.

Looking ahead, Baird appears to be well positioned for renewed growth. The company secured a National Volume-Based Procurement (VBP) tender award in the first quarter of 2026, which is expected to support broader market penetration and reaccelerate sales growth in China. In addition, Baird's relocation of its global headquarters to the U.S. and the establishment of direct U.S. sales and operational capabilities provide a foundation for accelerated growth in both the U.S. and international markets.

We expect the half-year report for the period ending 6/30/26 to be released in October or November of 2026.

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## RISKS

- The company's short operating history may not be an adequate basis for evaluating business prospects and future results, including key operating data, net revenue, cash flows and operating margins. In addition, the microwave ablation medical devices industry in China and the U.S. is at an early stage of development and will continue to evolve.
- There is no guarantee that hospitals or distributors will accept the microwave ablation medical devices at a price point that is acceptable to the company. In addition, the company may not generate sufficient revenues to cover costs, which would have a negative impact on the business.
- Major aspects of company operations, including product registration, manufacturing, packaging, sales and distribution, pricing and environmental protection, are regulated by comprehensive local, regional and national regulatory authorities. For example, in China, in addition to the registration

certificates, companies engaging in manufacturing of Class II and Class III medical devices are required to obtain and maintain a Manufacture License for Medical Devices.

- Demand for, and the ability to sell products by the company is impacted by the availability of governmental and private health insurance in China and North America for treatments using its products. China has a complex medical insurance system that is currently undergoing reform. There is no guarantee that favorable policies will be maintained in the future in China and North America.
- The design, manufacture and marketing of medical devices involve certain inherent risks. The company's microwave ablation medical devices are designed to be used in surgeries, and any quality defect could result in serious clinical incidents and product liability claims. Product liability claims against its products may include allegations of defects in design and manufacturing, improper handling or transportation of products, negligence, strict liability and breach of warranties.
- Principal materials used in microwave ablation needles include metal, needles, needle connectors, plastic handles, coaxial cable and tube. The principal materials used in microwave ablation therapeutic apparatus include a peristaltic pump, monitor, and various electronic components. Any disruption in production or the ability of suppliers to produce adequate quantities to meet manufacturing needs could adversely affect the business.

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## SUMMARY

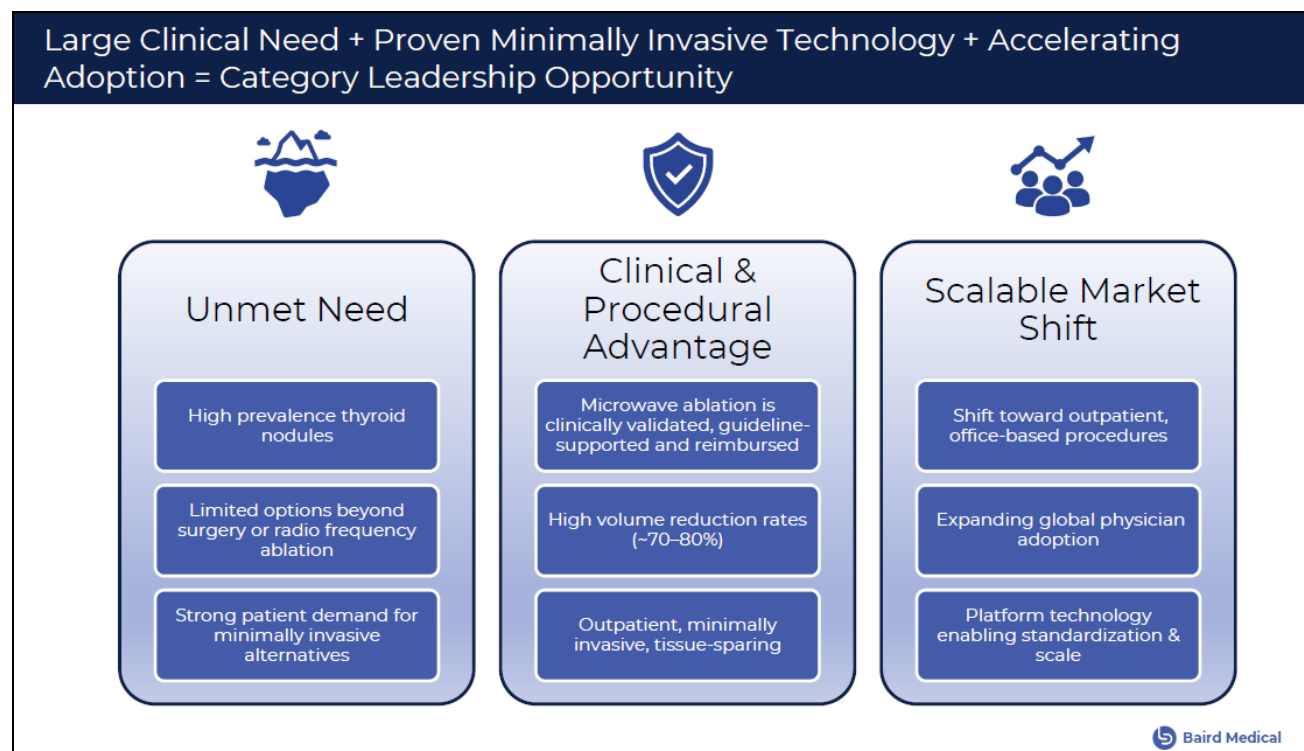
Baird Medical is a leading microwave ablation medical device company headquartered in New York City with an established growing commercial presence at over 600 hospitals across China. The company holds first-mover advantage as the only manufacturer to receive a Class III medical device registration certificate in China specifically indicated for thyroid nodule treatment and ranks first among MWA providers in both thyroid nodule and breast lump treatment by sales revenue and needle volume. With cumulative sales exceeding 100,000 ablation needles and 1,300 therapeutic apparatus units, and a distribution network spanning 24 provinces, Baird Medical has built a durable commercial foundation in one of the world's largest healthcare markets.

The company is now executing a deliberate and well-resourced expansion into the U.S. market, where it received FDA clearance in November 2023 and performed the first U.S. thyroid microwave ablation procedure in January 2024. The U.S. opportunity is large at an estimated \$1.6 billion addressable market for MWA systems and disposable needles. MWA treatment is still underpenetrated currently with RFA dominating 63.5% of the thyroid ablation market.

Baird's two-track commercialization strategy targets both conversion of existing RFA physicians and creation of new referral channels through surgeon and endocrinologist education. The December 2025 appointment of Mark Saxton as U.S. CEO, a veteran medtech executive who previously scaled RF ablation revenue from \$49 million to over \$100 million at VNUS Medical Technologies, should strongly support the U.S. commercial launch.

Beyond its core MWA platform, Baird Medical is investing in a next-generation product pipeline encompassing High-Intensity Focused Ultrasound, Irreversible Electroporation and AI-driven ablation surgical robotics, with approximately \$18.7 million committed through 2027. These technologies substantially expand the company's addressable indications beyond thyroid nodules to include breast lumps, liver tumors, pulmonary nodules, bone tumors, uterine fibroids, and prostate conditions which is a market opportunity many multiples larger than thyroid treatment alone. The global tumor ablation market is projected to grow from \$2.5 billion in 2023 to \$4.5 billion by 2028 at a 12.5% CAGR, with Baird Medical strategically positioned across its highest-growth segments.

We project revenues to be approximately \$30 million in 2026 and expect material U.S. revenue contribution beginning in 2027. Applying a DCF analysis with a 10.0% discount rate and a forward price/sales framework, we arrive at a valuation of **\$4.00** per share, representing material upside from current levels which implies the stock is significantly undervalued relative to its growth profile and market opportunity.



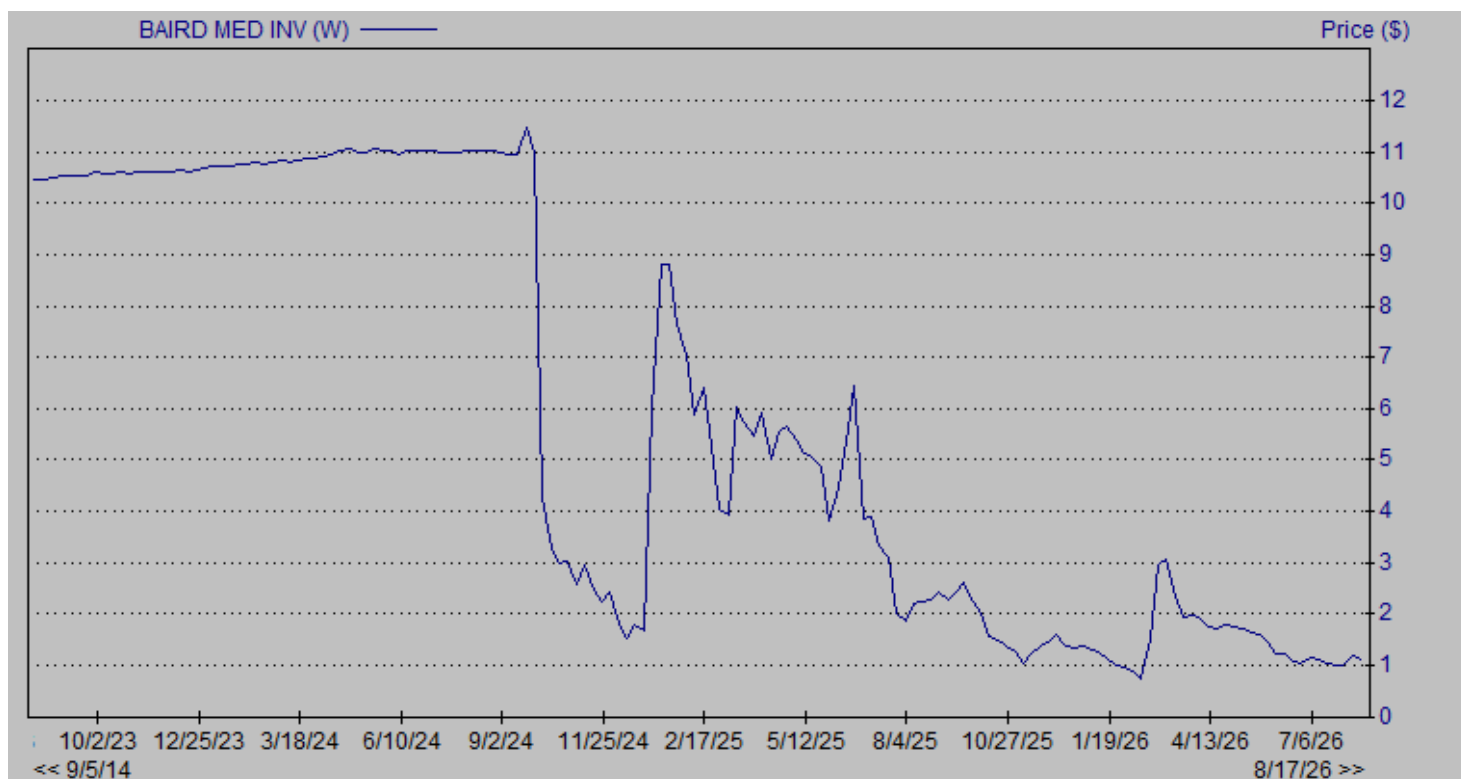
Source: bairdmed.com

## PROJECTED INCOME STATEMENT

| <u>Income Statement</u>                      | <u>Dec-23</u>     | <u>Dec-24</u>     | <u>Dec-25</u>       | <u>Dec-26</u>     | <u>Dec-27</u>     |
|----------------------------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| <b>Revenues</b>                              | <b>31,457,908</b> | <b>37,037,108</b> | <b>21,598,271</b>   | <b>27,515,764</b> | <b>32,542,232</b> |
| <i>Growth</i>                                |                   |                   |                     |                   |                   |
| <b>Cost of Goods Sold</b>                    | <b>3,213,022</b>  | <b>3,252,232</b>  | <b>2,549,194</b>    | <b>3,249,107</b>  | <b>3,842,640</b>  |
| <i>%</i>                                     | <i>10.2%</i>      | <i>8.8%</i>       | <i>11.8%</i>        | <i>11.8%</i>      | <i>11.8%</i>      |
| <b>Depreciation &amp; Amort</b>              | <b>1,014,387</b>  | <b>1,131,131</b>  | <b>1,104,084</b>    | <b>1,263,371</b>  | <b>1,326,539</b>  |
| <b>Gross Profit</b>                          | <b>28,036,851</b> | <b>27,230,499</b> | <b>32,653,745</b>   | <b>17,944,993</b> | <b>23,003,286</b> |
| <i>Margin</i>                                | <i>86.6%</i>      | <i>88.2%</i>      | <i>83.1%</i>        | <i>83.6%</i>      | <i>84.1%</i>      |
| <b>SG&amp;A Expenses</b>                     | <b>2,547,000</b>  | <b>4,061,116</b>  | <b>10,264,507</b>   | <b>6,856,179</b>  | <b>8,108,639</b>  |
| <i>% of sales</i>                            | <i>8.1%</i>       | <i>11.0%</i>      | <i>47.5%</i>        | <i>24.9%</i>      | <i>24.9%</i>      |
| <b>R&amp;D</b>                               | <b>8,546,880</b>  | <b>7,103,226</b>  | <b>14,119,024</b>   | <b>4,911,984</b>  | <b>5,841,828</b>  |
| <i>% of sales</i>                            | <i>27.2%</i>      | <i>19.2%</i>      | <i>65.4%</i>        | <i>17.9%</i>      | <i>18.0%</i>      |
| <b>Amortization</b>                          | <b>0</b>          | <b>0</b>          | <b>0</b>            | <b>0</b>          | <b>0</b>          |
| <i>% of sales</i>                            | <i>0.0%</i>       | <i>0.0%</i>       | <i>0.0%</i>         | <i>0.0%</i>       | <i>0.0%</i>       |
| <b>Operating Income</b>                      | <b>11,861,725</b> | <b>15,315,038</b> | <b>(26,569,550)</b> | <b>5,546,101</b>  | <b>7,847,345</b>  |
| <i>Margin</i>                                | <i>37.7%</i>      | <i>41.4%</i>      | <i>-123.0%</i>      | <i>20.2%</i>      | <i>24.1%</i>      |
| <b>EBITDA</b>                                | <b>12,876,112</b> | <b>16,446,169</b> | <b>(25,465,466)</b> | <b>6,809,472</b>  | <b>9,173,884</b>  |
| <i>Margin</i>                                | <i>40.9%</i>      | <i>44.4%</i>      | <i>-117.9%</i>      | <i>24.7%</i>      | <i>28.2%</i>      |
| <b>Other Expenses/(Income)</b>               | <b>(783,310)</b>  | <b>651,391</b>    | <b>6,700</b>        | <b>(62,129)</b>   | <b>0</b>          |
| <i>%</i>                                     | <i>-2.5%</i>      | <i>1.8%</i>       | <i>0.0%</i>         | <i>-0.2%</i>      | <i>0.0%</i>       |
| <b>EBIT</b>                                  | <b>12,645,035</b> | <b>14,663,647</b> | <b>(26,576,250)</b> | <b>5,608,230</b>  | <b>7,847,345</b>  |
| <i>%</i>                                     | <i>40.2%</i>      | <i>39.6%</i>      | <i>-123.0%</i>      | <i>20.4%</i>      | <i>24.1%</i>      |
| <b>Total Interest Exp (net)</b>              | <b>285,833</b>    | <b>576,359</b>    | <b>737,370</b>      | <b>669,378</b>    | <b>669,378</b>    |
| <i>%</i>                                     | <i>0.9%</i>       | <i>1.6%</i>       | <i>3.4%</i>         | <i>2.4%</i>       | <i>2.1%</i>       |
| <b>Net Profit Before Tax</b>                 | <b>12,359,202</b> | <b>14,087,288</b> | <b>(27,313,620)</b> | <b>4,938,852</b>  | <b>7,177,967</b>  |
| <i>%</i>                                     | <i>39.3%</i>      | <i>38.0%</i>      | <i>-126.5%</i>      | <i>17.9%</i>      | <i>22.1%</i>      |
| <b>Income Tax</b>                            | <b>1,701,019</b>  | <b>1,489,190</b>  | <b>1,166,148</b>    | <b>1,520,960</b>  | <b>1,435,593</b>  |
| <i>% Effective Rate</i>                      | <i>13.8%</i>      | <i>10.6%</i>      | <i>-4.3%</i>        | <i>30.8%</i>      | <i>20.0%</i>      |
| <i>% Cash Tax Rate</i>                       | <i>13.8%</i>      | <i>10.6%</i>      | <i>-4.3%</i>        | <i>30.8%</i>      | <i>20.0%</i>      |
| <b>Minority Interests or Preferred Stock</b> | <b>112,205</b>    | <b>144,729</b>    | <b>(263,119)</b>    | <b>0</b>          | <b>0</b>          |
| <b>Net Profit</b>                            | <b>10,545,978</b> | <b>12,453,369</b> | <b>(28,216,649)</b> | <b>3,417,892</b>  | <b>5,742,374</b>  |
| <i>%</i>                                     | <i>33.5%</i>      | <i>33.6%</i>      | <i>-130.6%</i>      | <i>12.4%</i>      | <i>17.6%</i>      |
| Non-recurring income (expense)               |                   |                   |                     |                   |                   |
| Average Diluted Shares Outstanding           | 20,588,236        | 21,826,549        | 27,792,704          | 40,979,832        | 40,979,832        |
| Reported FD EPS                              |                   |                   |                     |                   |                   |
| <b>Zacks EPS</b>                             | <b>0.51</b>       | <b>0.57</b>       | <b>(1.02)</b>       | <b>0.08</b>       | <b>0.14</b>       |

Source: Zacks SCR analyst

## HISTORICAL STOCK PRICE



## DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

### ANALYST DISCLOSURES

I, Tom Kerr, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

### INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

### POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover.

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