NeurAxis, Inc. (NYSE: NRXS)

Rating: Buy

Price Target: $5.50 (from $4.75)
Share Price: $2.61 (as of 6/9/25)

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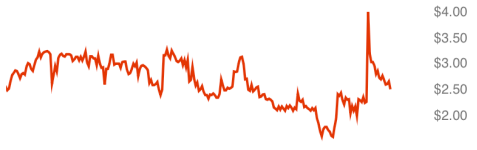
Company Data	
Avg. 3M Daily Volume (M)	1.55
52-Week Range	1.33-6.20
Shares Outstanding (M)	8.75
Market Cap (M)	23.29
Enterprise Value (M)	21.67
Total Cash (M), mrq	2.01
Total Debt (M), mrq	0.39
Total Debt to Cap	60.06%

Estimates				
FYE: Dec		2024A	2025E	2026E
EPS	Q1	(0.32)	(0.33)	
	Q2	(0.42)	(0.20)	
	Q3	(0.25)	(0.18)	
	Q4	(0.23)	(0.19)	
	FY	(1.22)	(0.88)	(0.18)
P/E		NM	NM	NM
Rev	Q1	0.647	0.896	
	Q2	0.612	0.967	
	Q3	0.667	1.200	
	Q4	0.761	1.550	
	FY	2.686	4.613	11.000
EV/Sales		8.1x	4.7x	2.0x

One-Year Performance Chart



As of June 10, 2025. Source: E*Trade.

NeurAxis Secures Key Academic Society Guidelines Recommendation for IB-Stim for Treatment of Functional Abdominal Pain

Long-Awaited Critical Milestone Expected to Accelerate Momentum for Large-Scale Insurance Coverage of IB-Stim; Reiterate Buy Rating; Raising Price Target to $5.50

Summary

NeurAxis, Inc. (NRXS), a growth-stage medical technology company developing neuromodulation therapies to address chronic and debilitating conditions in children and adults, announced the publication of clinical practice guidelines recommending percutaneous electrical nerve field stimulation (PENFS) as a treatment option for functional abdominal pain associated with irritable bowel syndrome (FAP/IBS).

NeurAxis's IB-Stim device employs PENFS technology and is the only FDA-cleared treatment recommended in the new guidelines for pediatrics. The guidelines were published in the Journal of Pediatric Gastroenterology & Nutrition by the European and North American Societies for Pediatric Gastroenterology, Hepatology, and Nutrition (ESPGHAN and NASPGHAN), the leading pediatric academic societies.

After evaluating the benefits and harms of the treatment, the Guideline Development Group noted that pain intensity reduction achieved with auricular PENFS was among the highest across all studied treatment options, leading to its inclusion as part of the standard of care for FAP/IBS. The committee evaluated a total of 25 therapies, with PENFS rated

as one of the top four with the highest levels of evidence. The guidelines followed the Grading of Recommendations, Assessment, Development, and Evaluation (GRADE) approach, which is supported by the World Health Organization. In addition to PENFS, highly-rated therapies for FAP/IBS include hypnotherapy, the lactobacillus rhamnosus probiotic, and soluble fiber.

Clinicians now have the option of using IB-Stim as first-line therapy, confirming the efficacy and safety supporting PENFS technology and backing wider market adoption of IB-Stim.

In light of the fact that several large payers require published academic society guidelines to aid their coverage determinations, we expect the new guidelines to function as a significant catalyst for broader insurance coverage, facilitating treatment access for the majority of affected children in the U.S. while accelerating revenue generation for NeurAxis. NeurAxis management expects the number of covered lives to double from the current 51 million to around 100 million by year-end.

We reiterate our Buy rating on the stock and have raised our target price to $5.50, from $4.75, based on an increase in 2026 forecast revenue from $8.0 to $11.0 million.

Company Description

NeurAxis, Inc., a Carmel, Indiana-based medical technology firm founded in 2011 under the name of Innovative Health Solutions, is a growth-stage company developing neuromodulation therapies to address chronic and debilitating gastrointestinal conditions in children and adults.

Its lead product, IB-Stim, is a non-surgical device that employs Percutaneous Electrical Nerve Field Stimulation (PENFS) technology, sending gentle electrical impulses into cranial nerve bundles located behind the ear. IB-Stim is FDA-cleared for Functional Abdominal Pain associated with Irritable Bowel Syndrome in children and adolescents aged 8-21 years.

A second product, Rectal Expulsion Device (RED), received FDA 510(k) clearance in December 2024 and is being sold as a screening tool for patients with chronic constipation and pelvic floor dysfunction.

The company converted to become a Delaware corporation in June 2022 and completed its initial public offering on August 9, 2023. Its common stock trades on the NYSE American under the symbol “NRXS.”

Valuation

As an innovator and pioneer in the neuromodulation medical device space, NeurAxis has few direct public company competitors, some of which are still at the pre-revenue stage. Given NeurAxis's recent IPO and lack of profitability, we have chosen price/sales ratio as the most appropriate valuation method, as it is frequently used for high-tech growth companies with negative earnings and is not influenced by a firm's accounting decisions, R&D expenses, or non-recurring items. Applying the 4.61x median FY24 price/sales multiple of NeurAxis’s peer group to our FY26 revenue forecast of $11.0 million and estimate

of 9.5 million NRXS shares outstanding at year-end 2026, we arrive at a target price of $5.34, which we rounded to $5.50.

NeurAxis, Inc. Income Statement 2024-2026

NeurAxis, Inc. (NRXS)	MAR 24 A	JUN 24 A	SEP 24 A	DEC 24 A	FY 24 A	MAR 25 A	JUN 25 E	SEP 25 E	DEC 25 E	FY 25 E	FY 26 E
Revenue	646,635	611,500	666,625	761,165	2,685,925	895,655	967,250	1,200,000	1,550,000	4,612,905	11,000,000
Cost of Goods Sold	75,081	73,458	97,050	116,413	362,002	139,475	149,924	186,000	240,250	715,649	1,430,000
Gross Profit	571,554	538,042	569,575	644,752	2,323,923	756,180	817,326	1,014,000	1,309,750	3,897,256	9,570,000
GM (%)	88.4%	88.0%	85.4%	84.7%	86.5%	84.4%	84.5%	84.5%	84.5%	84.5%	87.0%
Operating Expenses:											
Selling Expenses	80,030	62,274	95,430	86,974	324,708	133,954	145,088	180,000	232,500	691,542	1,320,000
Research and Development	5,570	54,312	72,422	73,803	206,107	60,556	75,000	50,000	35,000	220,556	140,000
General and Administrative	2,318,074	2,628,288	2,052,996	1,950,567	8,949,925	2,856,768	2,100,000	2,200,000	2,500,000	9,656,768	9,000,000
Total Operating Expenses	2,403,674	2,744,874	2,220,848	2,111,344	9,480,740	3,051,278	2,320,088	2,430,000	2,767,500	10,568,866	10,460,000
Operating Loss/Income	-1,832,120	-2,206,832	-1,651,273	-1,466,592	-7,156,817	-2,295,098	-1,502,761	-1,416,000	-1,457,750	-6,671,609	-890,000
Other (Expense)/Income:											
Financing Charges	-230,824	-	-	-	-230,824	-	-	-	-	-	-
Interest Expense, net	-26,560	-80,697	-64,676	-2,395	-174,328	-2,237	-	-	-	-	-
Change in Fair Value of Warrant Liability	-9,284	7,576	-6,726	7,493	-941	1,831	-	-	-	-	-
Amortization of Debt Discount and Issuance Costs	-21,683	-63,817	-40,888	1	-126,387	-	-	-	-	-	-
Other (Expense)/Income, net	-180	-573,940	8,329	13,587	-552,204	16,820	-	-	-	-	-
Total Other (Expense)/Income	-288,531	-710,878	-103,961	18,686	-1,084,684	16,414	-	-	-	-	-
Net Loss	-2,120,651	-2,917,710	-1,755,234	-1,447,906	-8,241,501	-2,278,684	-1,502,761	-1,416,000	-1,457,750	-6,671,609	-890,000
Preferred Stock Dividends	-	-	-	-211,268	-211,268	-213,543	-213,543	-213,543	-213,543	-854,172	-854,172
Net Loss Available to Common Stockholders	-2,120,651	-2,917,710	-1,755,234	-1,659,174	-8,452,769	-2,492,227	-1,716,304	-1,629,543	-1,671,293	-7,525,781	-1,744,172
Per Share Data											
Net Loss per Share, Basic and Diluted	-0.32	-0.42	-0.25	-0.23	-1.22	-0.33	-0.20	-0.18	-0.19	-0.88	-0.18
Weighted Average Shares Outstanding											
Basic and Diluted	6,550,567	6,921,004	7,172,229	7,273,000	6,918,887	7,463,578	8,754,000	8,879,000	9,004,000	8,525,145	9,500,000
All figures in thousands of U.S. Dollar except per share items.											

Sources: Capital IQ (2024 and Q1 2025 data), Kingswood estimates.

Risks to Our Price Target

- **Current products generate limited revenue**. NeurAxis's business and prospects depend on two products, IB-Stim and RED, which do not currently generate enough revenue for the company to operate at cash flow breakeven. IB-Stim remains subject to regulatory review for indications beyond pediatric functional abdominal pain. An inability to secure, or delay in obtaining FDA clearance for additional medical indications would prevent NeurAxis from achieving cash flow breakeven and profitability on its anticipated timeline.

- **Clinical studies are subject to inherent uncertainty**. Clinical studies can be delayed or take longer than anticipated to complete due to difficulties in enrolling patients. Once completed, negative or inconclusive study results may not support regulatory clearance.

- **Commercial success requires successful scaling of sales and marketing capabilities**. NeurAxis may not be able to successfully develop adequate sales and marketing capabilities to achieve its growth objectives. Because the company's current products require physician training and education, sales will be more difficult to scale, and the company's sales and marketing organization may need to grow substantially as NeurAxis expands its approved indications and markets. As a result, the growth of NeurAxis's sales and marketing expenses may outpace the revenues it may be able to generate from product sales.

- **Slower than anticipated product adoption**. Lack of visibility and market awareness may result in slower than anticipated product adoption. In addition, achieving patient acceptance could be difficult as not all patients are willing to comply with treatment protocol requirements or may forgo the company's products for financial, privacy, cosmetic, visibility, or mobility reasons.

- **Customer concentration**. NeurAxis's three largest customers accounted for 40% of net sales for the year ended December 31, 2024. The largest of the three customers accounted for 20% of total revenue. Losing one or more of these large customers would adversely affect revenue growth and NeurAxis's path to profitability.

- **Lack of insurance coverage may restrict sales growth**. Failure to secure and maintain adequate coverage and reimbursement from additional third-party payers would jeopardize broad adoption of IB-Stim. NeurAxis expects that the majority of its revenues will come from third-party payers, which may decline to cover and reimburse certain products, procedures, or services or which may challenge the prices charged. In addition, physicians are less likely to prescribe a therapy when there is no certainty that adequate reimbursement will be available for the time, effort, skill, practice expense and malpractice costs required to provide the therapy to patients.

- **Competitive products can cause technological obsolescence or limit profitability**. In a market with low barriers to entry, the rapid pace of innovation can result in technology obsolescence. Numerous pharmaceutical, biotechnology, drug delivery and medical technology companies, hospitals, research organizations, and nonprofit organizations, some with greater financial

resources than the company's, are engaged in the development of alternatives to NeurAxis's technology and may achieve greater market share than NeurAxis or force NeurAxis to lower its prices to remain competitive.

- **Contract manufacturing limits control over manufacturing process and quality assurance**. NeurAxis employs a sole contract manufacturer to assemble IB-Stim. Disruption to the manufacturer's operations or facilities would be beyond NeurAxis's control while interrupting IB-Stim product distribution. NeurAxis's product sales and operations could suffer as a result.

- **Internal control deficiencies can affect investor confidence and access to growth capital**. NeurAxis had material weaknesses in its internal controls over financial reporting during the years ended December 31, 2023 and 2024 that remain unremedied. A material weakness is a significant deficiency, or combination of significant deficiencies, in internal controls over financial reporting such that it is reasonably possible that a material misstatement of the annual or interim financial statements will not be prevented or detected. Internal control deficiencies could adversely affect the company's financial condition, results of operations, investor confidence, and access to capital.

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Hold - We believe this stock will perform in line with the average return of others in its industry over the following 12 months.

Sell - Sell-rated stocks are expected to have a negative total return of at least 15% over the following 12 months and are the least attractive stocks in the sector coverage area.

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Company-Specific Disclosures

Distribution of Ratings Kingswood Capital Partners, LLC			Investment Banking Services/Past 12 Months	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY	7	77.78	2	28.57
HOLD	1	11.11	0	0.00
SELL	0	0.00	0	0.00
NOT RATED	1	11.11	1	100.00

As of May 2025.

Kingswood Capital Partners has not received compensation from NeurAxis during the past 12 months. Kingswood is not currently engaged by NeurAxis to provide investment banking or advisory services.

NeurAxis, Inc. Rating History as of June 10, 2025

Source: E-Trade.

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