

NeurAxis, Inc. (NYSE: NRXS)

Rating: Buy

Price Target: \$4.75 (from \$5.50)

Share Price: \$2.49

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Company Data

Avg. 3M Daily Volume (M)	1.60
52-Week Range	1.33-6.20
Shares Outstanding (M)	9.86
Market Cap (M)	24.55
Enterprise Value (M)	18.97
Total Cash (M), mrq	5.99
Total Debt (M)	0.41
Total Debt to Cap	8.80%

Estimates

FYE: Dec	2024A	2025E	2026E
EPS			
Q1	(0.32)	(0.33)A	
Q2	(0.42)	(0.22)A	
Q3	(0.25)	(0.16)	
Q4	(0.23)	(0.17)	
FY	(1.22)	(0.86)	(0.16)
P/E	NM	NM	NM
Rev			
Q1	0.647	0.896	
Q2	0.612	0.894	
Q3	0.667	1.200	
Q4	0.761	1.550	
FY	2.686	4.540	11.000
EV/Sales	7.1x	4.2x	1.7x

One-Year Performance Chart



As of August 12, 2025. Source: E*Trade.

NeurAxis Reports Solid Second Quarter 2025 Results

Company Posts Double-Digit Revenue Growth for Fourth Consecutive Quarter; Reiterate Buy Rating

Summary

NeurAxis, Inc. (NRXS), a growth-stage medical technology company developing neuromodulation therapies to address chronic and debilitating conditions in children and adults, reported financial results for the second quarter ended June 30, 2025.

Revenues increased 46% year-over-year, to \$894,086, on par with the prior quarter, but missing Kingswood Capital's estimate of \$967,250 by 8.1%. EPS of (\$0.22) fell short of our estimate of (\$0.20) mainly due lower than expected gross margin and higher than expected general & administrative expenses.

In our view, NeurAxis is significantly de-risked on the product development side and has largely become a commercial execution story. Management has been building the required sales infrastructure as the team remains focused on expanding written insurance policy coverage. Simultaneously, NeurAxis is generating goodwill among patients and providers as it continues to treat all patients regardless of their financial position.

We lowered our price target from \$5.50 to \$4.75 due to higher-than-anticipated share count but remain bullish and reiterate our Buy rating on the stock.

Q2 2025 Financial Results

- Q2 2025 revenues increased 46% year-over-year to \$894,086, from \$611,500 in Q2 2024, and were essentially unchanged quarter-over-quarter, from \$895,655 in Q1 2025. IB-Stim unit sales increased by an even more impressive 58%.
- NeurAxis's gross margin was 83.6%, a contraction of 440 basis points compared to the prior year quarter, due to use of the company's financial assistance program, which offers discounted pricing of IB-Stim to patients without insurance coverage, and expired RED inventory. Management anticipates the company's gross margin to recover during 2026, as broader insurance coverage is expected to reduce the percentage of discounted sales.
- Combined R&D and SG&A expenses decreased 10% to \$2,465,301, from \$2,744,874 during Q2 2024, due to (i) certain one-time, non-recurring severance, consulting, and advisory costs incurred in 2024 and (ii) lower accounting, investor relations, and advertising costs as some of these functions were transferred from external service providers to internal new hires. These cost savings were partially offset by increased expenses to enhance the Company's internal controls. As sales continue to ramp, we expect to see greater operating expense leverage.
- Q2 2025 net loss was \$1,690,418, compared to a net loss of \$2,917,710 for the second quarter of 2024. The decrease was due to higher sales volume, better G&A expense leverage, and the absence of a one-time, non-recurring 2024 settlement of claims relating to pre-IPO Series A Preferred Stockholders.
- NeurAxis ended the quarter with \$6.0 million in cash, compared to \$3.7 million as of December 31, 2024. Cash used in operations for the six months ended June 30 was \$3.1 million. During Q2 2025, NeurAxis raised \$5.0 million in an equity financing round from both existing and new institutional investors and secured an additional \$1.0 million from the exercise of warrants. Available cash provides liquidity into at least H1 2026. The Company has no long-term debt.

Commercial Highlights

- Underscoring progress with government and commercial insurance coverage expansion, NeurAxis expanded the number of covered lives to approximately 53 million as of June 30, 2025, from 51 million on March 31, 2025. This trend can be expected to accelerate once the company's Category I CPT code takes effect on January 1, 2026. We view the Category I CPT code taking effect as a key growth driver that will validate IB-Stim as an established medical service and unlock the gate to national insurance coverage by major commercial payers including Anthem, United Healthcare, Cigna, and Aetna. NeurAxis's focus remains on expanding insurance coverage and executing large-scale IB-Stim commercialization, as well as progressing from the soft launch to the full commercial launch phase of the RED device.
- NeurAxis expects to achieve cash flow breakeven in 2026.

Upcoming Clinical Milestones

- NeurAxis expects an FDA regulatory decision on the use of IB-Stim for functional abdominal pain associated with IBS in adult by year end. An approval would expand the IBS market from the current \$3 billion (pediatric only) to an estimated \$15 billion (pediatric and adult combined) and has the potential to significantly accelerate revenue growth beginning in 2026.

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 FAP/IBS 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 in 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 10.6 million NRXS shares outstanding at year-end 2026, we arrive at a target price of \$4.78, which we have rounded to \$4.75.

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 A	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	894,086	1,200,000	1,550,000	4,539,741	11,000,000
Cost of Goods Sold	75,081	73,458	97,050	116,413	362,002	139,475	146,643	186,000	240,250	712,368	1,430,000
Gross Profit	571,554	538,042	569,575	644,752	2,323,923	756,180	747,443	1,014,000	1,309,750	3,827,373	9,570,000
GM (%)	88.4%	88.0%	85.4%	84.7%	86.5%	84.4%	83.6%	84.5%	84.5%	84.3%	87.0%
Operating Expenses:											
Selling Expenses	80,030	62,274	95,430	86,974	324,708	133,954	142,253	180,000	232,500	688,707	1,320,000
Research and Development	5,570	54,312	72,422	73,803	206,107	60,556	58,319	50,000	35,000	203,875	140,000
General and Administrative	2,318,074	2,628,288	2,052,996	1,950,567	8,949,925	2,856,768	2,264,729	2,200,000	2,500,000	9,821,497	9,000,000
Total Operating Expenses	2,403,674	2,744,874	2,220,848	2,111,344	9,480,740	3,051,278	2,465,301	2,430,000	2,767,500	10,714,079	10,460,000
Operating Loss/Income	-1,832,120	-2,206,832	-1,651,273	-1,466,592	-7,156,817	-2,295,098	-1,717,858	-1,416,000	-1,457,750	-6,886,706	-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	-13,434	-	-	-	-
Change in Fair Value of Warrant Liability	-9,284	7,576	-6,726	7,493	-941	1,831	-119	-	-	-	-
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	40,993	-	-	-	-
Total Other (Expense)/Income	-288,531	-710,878	-103,961	18,686	-1,084,684	16,414	27,440	-	-	-	-
Net Loss	-2,120,651	-2,917,710	-1,755,234	-1,447,906	-8,241,501	-2,278,684	-1,690,418	-1,416,000	-1,457,750	-6,886,706	-890,000
Preferred Stock Dividends	-	-	-	-211,268	-211,268	-213,543	-207,465	-213,543	-213,543	-848,094	-848,094
Net Loss Available to Common Stockholders	-2,120,651	-2,917,710	-1,755,234	-1,659,174	-8,452,769	-2,492,227	-1,897,883	-1,629,543	-1,671,293	-7,734,800	-1,738,094
Per Share Data											
Net Loss per Share, Basic and Diluted	-0.32	-0.42	-0.25	-0.23	-1.22	-0.33	-0.22	-0.16	-0.17	-0.86	-0.16
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	8,520,596	9,983,716	10,108,716	9,019,152	10,600,000
All figures in thousands of U.S. Dollar except per share items.											

Sources: Capital IQ (2024 and H1 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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Company-Specific Disclosures

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Kingswood Capital Partners, LLC				
Investment Banking Services/Past 12 Months				
Rating	Count	Percent	Count	Percent
BUY	9	81.81	2	22.22
HOLD	1	9.09	0	0.00
SELL	0	0.00	0	0.00
NOT RATED	1	9.09	1	100.00

As of April 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 August 12, 2025



Source: E*Trade.

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