

INITIATING COVERAGE

Equity | Healthcare/ Technology

InnovaQor Inc.
(OTCPK:VMCS; Target Price: \$0.50)

Given its extensive variety of offerings, InnovaQor is a part of the broad healthcare IT market which is expected to reach a level of \$821.1 billion by 2026, growing at a phenomenal CAGR of 20.3% as per Markets & Markets research. The same research determines the EMR market to reach \$20.7 billion by 2025 at a CAGR of 7.8% which is the space in which Medical Mime, InnovaQor's core product operates. The market is growing due to the expanding trend of digitization in healthcare, increasing demand for preventative care solutions, the creation of numerous entrepreneurial initiatives, and expanding collaborations and funding. Besides, rising healthcare, IT spending, and changes and improvements in network connectivity and infrastructure are propelling the market's expansion. With an expanding IT infrastructure, companies like InnovaQor become particularly appealing as they are concentrating on creative product development tactics and making ongoing technological breakthroughs.

INVESTMENT THESIS

This is our first report on InnovaQor and we look to provide a detailed account of the various drivers that will be responsible for the company's growth in the coming years. InnovaQor's primary objectives are to boost sales of its existing fully developed products and services and to create a cutting-edge platform tailored specifically for the healthcare industry. Their CIO services assist all healthcare facilities, while their EHR supports the behavioral health and drug use sectors. Snowballing adoption of behavioral health software, government initiatives to foster EHR adoption in behavioral health organizations, the availability of government funding, assuring behavioral health alterations, and the high demand for mental health services due to a shortage of providers are some of the key factors driving the expansion of this market. Today, mental health is a huge concern and the public's growing social awareness is one of the main drivers of the behavioral health market's expansion. It is likely that the sales of its EHR products to the behavioral health industry account for most of its revenues. However, the social media platform and other offerings also have a lot of potential. To sum up, InnovaQor appears to be a ripe investment opportunity, priced at barely \$0.004 and could yield excellent returns for small-cap investors in the years to come. Baptista Research looks to evaluate the different factors that could influence InnovaQor' price in the near future and attempts to carry out an independent valuation of the company using a Discounted Cash Flow (DCF) methodology to determine a suitable price for the company's stock.

COMPANY OVERVIEW

InnovaQor Inc. is an emerging company that serves healthcare and laboratory customers in the US with information technology solutions and services. Its core offerings include Medical Mime, is an electronic health record and patient management tool; M2Pro, a custom-built, cloud-based, electronic health tracking device for ambulatory physician practices; ClinLab, a turnkey client or server lab data system for mid-range research laboratory; Qira, a healthcare business analytics tool, and MedTuning, offering clinical decision support for doctors and individualized drug treatment for patients. The company also offers virtual chief information officers (vCIOs), IT-managed services, and data analytics dashboards. Additionally, it provides medical support services largely to corporate operations, behavioral health or substance abuse facilities, rural hospitals, and physician offices. InnovaQor is headquartered in West Palm Beach, Florida.

Key Report Highlights

Industry View:	Attractive
Stock Rating:	Buy
Price Target:	\$0.50
Current Price:	\$0.004
52-Week-Range:	\$0.0022 - \$0.01

Annual Income Statement	2021	2022E	2023E
Revenues	0.47	0.64	3.63
Cost of Goods Sold	-0.21	-0.29	-1.62
Gross Income (excl. D&A)	0.26	0.35	2.01
EBITDA	-0.98	-1.01	0.61
EBIT (incl. extraordinary exp)	-0.99	-1.01	0.61
Net Income	-0.85	-1.13	0.49
Cash from Operations	-0.48	-0.65	0.45
Free Cash Flows	-0.48	-0.65	0.45

Growth & Margins	2021	2022E	2023E
Sales Growth	-11.3%	36.2%	467.2%
EBITDA Margin	-208.5%	-157.8%	16.9%
EBIT Margin	-210.6%	-157.8%	16.9%
Net Profit Margin	-180.9%	-176.6%	13.6%

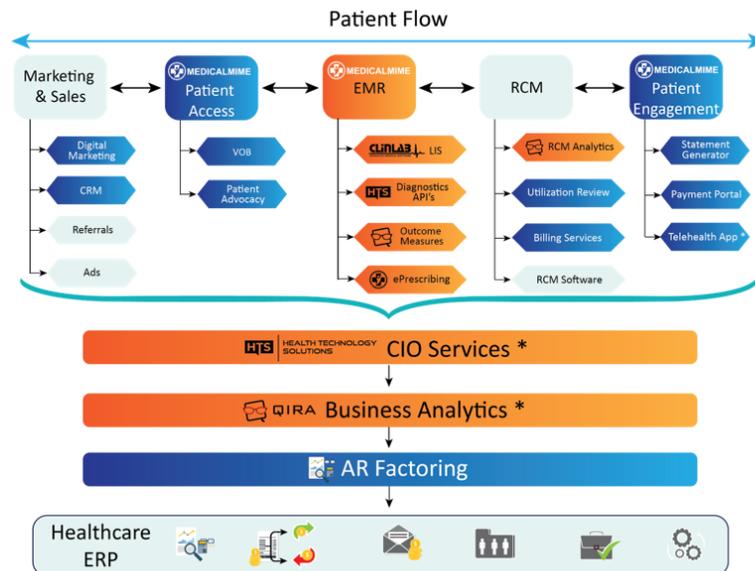
Valuation Ratios	Current	2023E	2024E
EV/ Sales	22.5	197.6	80.4
EV/ EBITDA	NA	NA	476.9
EV/ EBIT	NA	NA	-289.0
Price/Earnings	NA	NA	-574.0

KEY FACTORS DRIVING THE COMPANY'S PERFORMANCE

1. THE MEDICAL MIME OFFERING
2. HTS OFFERINGS
3. OTHER PRODUCTS
4. SOCIAL MEDIA PLATFORM FOR PHYSICIANS
5. GROWTH STRATEGY
6. STRONG MANAGEMENT TEAM

The Medical Mime Offering

Healthcare IT Ecosystem
 Areas InnovaQor is positively impacting the healthcare ecosystem



KEY

- Services Currently Offered by InnovaQor
- Future Service Offerings by InnovaQor
- * Services Offered in Multiple Industries

Source: Company Presentation

- Medical Mime, one of InnovaQor's core offerings, provides best-in-class patient lifecycle management for behavioral health/ substance abuse treatment institutions with its robust yet effective electronic medical records (EMRs) purpose-built software.
- Medical Mime merges into a user's daily flow, from pre-admission to billing and aftercare. C-Suite and executive users can quickly find gaps, track operational effectiveness, and make smart choices about the general state of the company.
- With this electronic health records software, users can manage the complete lifespan of a patient's care, which allows for quickly examining the most up-to-date information on each patient. It can alter the amount of care without too many clicks through and windows.
- Users can access the facility's preloaded default forms to maintain or modify documentation and care level. The system also offers automated alerts to maintain patient care punctuality and enables users to check the missing documents or signatures, diagnoses, suggested actions, etc.
- Besides, Medical Mime allows users to check patients' vital signs and follow their development over time to gauge the success of their treatment.
- The software comprises COWs or Clinical Opiate Withdrawal Scale and CIWA or Clinical Institute Withdrawal Assessment of Alcohol Scale, which helps to spot trends and automatically determine the severity of withdrawal.
- Their simple group or individual session calendars take the hassle out of group scheduling, which means users can easily schedule, conduct, and record their sessions in one location.
- Furthermore, it helps users to view conversation topics and quickly distinguish appointment types using color coding. Lastly, it also allows users to access the appropriate patient forms and documents while classes are in session, saving a significant amount of time.



Competitor Analysis With Additional Development

	Free Trial	CRM	Real-Time Eligibility	Customizable Forms	Patient Portal	Secure Patient Messaging	Online Booking	Appointment Reminders	Bed Tracking	Medication Management	E-Prescribing	Lab Integration	Analytics	Telehealth	Clinical Treatment Dept. Support Outcomes	E-Billing	RCM	Managed Billing Services	Online Payment Integration	Alumni Management	ISO App	Android App	
Medical Mime	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
KipuHealth		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Sunwave		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	?		✓		✓	✓	✓	✓	✓	✓	✓	✓
ZenCharts	✓	✓	?	✓	✓	?	?	?	✓	✓	✓	✓	✓	✓		?		?	✓				
TherapyNotes		✓	✓	✓	✓	✓	✓	✓						✓		✓		✓	✓			✓	✓
BestCharts		✓		✓	✓	✓		✓	✓	✓	✓			✓		✓						✓	✓
AmazingCharts	✓		✓	✓	✓	✓	✓				✓	✓	✓	✓		✓	✓	✓	✓				

Phase 3 includes maintenance and functionality improvements of existing development

Source: Company Presentation

HTS Offerings

- Healthcare Technology Solutions, or HTS, form a part of InnovaQor's specialist IT services for healthcare facilities, helping to improve customers' business operations within the healthcare sector. InnovaQor provides two types of HTS services, including HTS vCIO and HTS Qira.
- The HTS vCIO or Virtual Chief Information Officer services basically offer healthcare facilities a one-stop, specialized IT services improving company operations and promoting sustainable growth.
- Their services are centered on managing infrastructure. Organizations may access best-in-class managed IT and cloud solutions without the hassles of managing an internal workforce with the help of HTS' vCIO services.
- Businesses can also allocate resources for IT infrastructure rapidly if they have a clear, current image of their hardware and software assets. With vCIO, it is possible to estimate asset obsolescence and purchase software licenses, hardware and software updates, and improvements for upcoming needs.
- The solution also integrates various systems to provide a strong level of business continuity. It aims to facilitate users of IT administration responsibilities and transform it from a transactional business relationship into a partnership.
- They also provide training for critical employees that covers all HIPAA guidelines and certifications. HTS vCIO helps businesses analyze and manage IT risks to assist them in spotting and addressing potential issues that might arise with their IT infrastructure.
- The fact remains that large volumes of valuable medical and billing data make businesses a prime target for cyber security attacks. HTS vCIO assesses the security profiles and systems and offers the best security advice to safeguard patient and company data.
- InnovaQor's other offering, HTS Qira analytics connects data across the entire company, optimizing processes to enhance services, reporting, and financial health.
- Qira's captivating, quick-to-read graphic presentations make complex information relevant to all levels of end users. With the help of their forms and powerful data-slicing techniques, standard reports have more analytical capability.
- Besides, Qira enables drill-through from high-level summaries to line-item granularity with a few quick clicks. The purpose-built dashboards from Qira were designed for daily usage in the healthcare industry and were thoroughly investigated and selected. In addition, this tool allows users to connect from anywhere using various platforms on any web-connected device.
- Qira also travels with users and makes user data accessible wherever they are using Microsoft's PowerBI platform. Thus, it is a very useful tool for the healthcare industry.

Other Products

- Apart from Medical Mime and its HTS offerings, InnovaQor's ClinLab and MEDtuning are two other important products that can help the company scale.
- ClinLab is a private laboratory information management system that runs on Windows and can access the Internet and the web. ClinLab has been created by medical technologists and can be used in various clinical settings, including small point-of-care laboratories and big multi-user, multi-location facilities.
- As a data warehouse for laboratory results, ClinLab offers reporting, data capture, label printing, electronic signoff, and a variety of interface options for a wide range of reference labs and practice systems.
- Besides, ClinLab LIS (Laboratory Information System), a fully featured system, was created for modern-day small- to mid-sized clinical laboratories.
- The application can be interfaced with many tools and other systems based on LAN technology. Since most activities are Table Driven, Lab Management may set up and maintain a configuration tailored to the institution's needs while minimizing the clerical labor that technologists must perform throughout their typical workday.
- Their other product, MEDtuning, offers Personalized Medicine to modern clinical procedures and creates ground-breaking PhysioType Systems for DNA-guided administration and prescription medications to treat mental illness, heart disease, pain, and diabetes.
- These systems are made to allow doctors to choose the safest and most efficient medication for every patient to meet treatment objectives and improve patient compliance.
- With MEDtuning, patients, doctors, and clinicians may personalize drug therapy to improve safety and compliance. MEDtuning is a genetic evaluation of the 200 neuro-psychiatric and 160 cardio-metabolic medications that are currently prescribed to or being investigated for the patient.
- Implementing this system enables the tailored administration of medications for the treatment of cardiovascular disease, diabetes, mental illness, and pain, guiding physicians and patients to their intended treatment outcomes.
- In the US, more than 500 providers and 15,000 patients have used MEDtuning. Some clinical research and case studies further revealed that MEDtuning provides interpretive advice to evaluate a person's inherent drug metabolism to identify and measure functions and deficiencies.
- Then, depending on those metabolic strengths and weaknesses, clinicians and individuals are directed to make prescribing choices. The use of MEDtuning, guided by the patient's genome, enables the patient to choose and take the medication with the lowest risk and most efficacy.

Social Media Platform For Physicians

The Future of Social Media for Physicians



Source: Company Presentation

- InnovaQor is an early mover in the domain of creating a social media platform for physicians across the globe, creating a networking, knowledge sharing, and hiring mechanism along the lines of LinkedIn.
- The fact remains that there are close to 15 million physicians worldwide and according to WHO, there is a global shortfall of 4.3 million doctors, nurses, and other healthcare professionals.
- Many wealthier economies are impacted by this scarcity, which presents opportunities for both practices needing staff and physicians looking to relocate.
- Through its platform, InnovaQor primarily targets physician groups, facilities and associations trying to acquire advocacy through the larger governing boards with a member-exclusive discount.
- The revenue streams of this social media platform would include freemium, premium subscription fees, sponsorship, talent search per individual/ facility, and so on.
- The social media platform would be free to use with in-app purchases, sponsorships, and advertising to fund Premium access for services above a set threshold.
- However, each new user would incur an acquisition cost of \$6.50. For a monthly subscription, the freemium revenue model is used for the fundamental software.

- As LinkedIn has shown, there is a need for additional access, knowledge, and connectivity, which comes with a monthly premium access fee. In fact, LinkedIn's data indicates that individuals are willing to spend \$30, while corporations are willing to pay \$60 for such services which means InnovaQor definitely can earn strong revenues from its niche.
- On the other hand, its Talent Search Subscription program is anticipated to upend the market by utilizing AI for matchmaking based on user profile optimization.
- The Talent Solutions feature on LinkedIn generates 65% of the company's revenue, displacing market leaders like Monster and Indeed. They charge \$2400 annually for a "Lite" version and start at \$9000 for the complete Enterprise version.
- With InnovaQor employing an industry-specific model, healthcare professionals should have the willingness to pay more, much like with the premium membership.
- InnovaQor's management also believes that large pharma would find the platform to be alluring for advertising with an engaged industry audience. Thus, this new platform could end up being a huge money spinner for InnovaQor.

Growth Strategy



Source: Company Presentation

- With fresh funds flowing in and a robust product portfolio in place, it is only logical that InnovaQor's management is going to make investments in sales and marketing activities and product development to improve capabilities and services could also dramatically raise these revenues and make them profitable.

- The company intends to adjust its budgets as it closely monitors performance and concentrates on the products where it gets the highest revenue per dollar spent on advertising.
- They intend to develop a strong sales staff through reseller relationships with businesses compatible with their industry. The management also looks to provide ongoing training, KPIs, and a marketing budget for their internal sales staff to increase their messaging, visibility, and persuasion.
- This should ideally be followed by a well-coordinated customer service program to provide the best possible user experience. InnovaQor aims to create a powerful sales team for each product, enlisting industry leaders from rivals.
- They also look to invest in an effective media campaign that spans all channels. With respect to the social media platform that it intends to launch, the new platform should be introduced on a monthly subscription basis and a recruitment matching platform for the healthcare industry will be created.
- Platform revenues gaining momentum might take some time but there is little doubt as to its future growth potential.

Strong Management Team

- InnovaQor is spearheaded by CEO Sharon Hollis who leads the company by focusing on offering simple-to-use software tools that produce effective solutions and visual interpretation of essential and useful facts and information.
- In 2010, Sharon made a move from selling real estate in New York and Florida to the healthcare industry by managing the creation of a proprietary lab ordering and reporting program called Advantage.
- This EMR program allowed clinical laboratories and doctors to move away from paper orders and reports with little disruption and expense. She managed the development of Advantage into a fully integrated system that allowed real-time tracking of lab sample collection, reporting, billing, and the outcomes of lab tests.
- Sharon sold her shares in this software to Medytox Solutions, Inc., the company that preceded Rennova Health, Inc. She also served as the corporate office's VP of Operations, managing medical billing, software product development, and sales growth processes.
- In 2016, she re-joined Rennova and was appointed COO of the software segment HTS where she helped establish the direction for the software division to separate it from Rennova Health and is engaged in providing software solutions to the hospital's entities for real-time reporting and analysis of billing-related data in simple-to-use dashboards for management.
- Martin Mellon, the company's CIO, is another veteran with over 30 years of experience in the IT industry. Martin is in charge of the company's software and hardware initiatives in genomics, revenue cycle management, business intelligence and lab information systems, and electronic health records.
- After a quick-paced career in general management, he transitioned to information technology. His experience spans across sectors such as retail, telephony, utilities, speech technology, finance, investment banking, and healthcare.
- Additionally, he has been involved in purchasing and selling numerous laboratories and outlying healthcare institutions indicating a strong healthcare network.
- Thomas J. Bellante, the company's CFO, is a qualified CPA and plays a key role in helping the company obtain the relevant funds for its operations.
- He has helped InnovaQor with its IPO, secondary offerings, SEC filings, reverse acquisitions, obtaining bank financing, private placement memoranda, and tax planning.
- In the past, Thomas served as the CFO of Garyn Angel Enterprises, Inc. He has also worked for Surety Accounting Services from its inception. Apart from the three members mentioned above, the company has other experienced professionals in its core team such as Albert Kish (Senior Network Engineer), Sonya Hutson (Network Operations Manager). Overall, it is safe to say that the future of the company is in safe hands.

HISTORICAL FINANCIAL STATEMENTS & PROJECTIONS

Particulars	9/30/21	3/31/22	6/30/22	9/30/22
Revenues	0.13	0.10	0.09	0.08
<i>% growth</i>		-23.1%	-10.0%	-11.1%
Cost of Goods Sold	-0.10	-0.18	-0.08	-0.03
<i>% of revenue</i>	-76.9%	-180.0%	-88.9%	-37.5%
Gross Income (excl. D&A)	0.03	-0.08	0.01	0.05
<i>% of revenue</i>	23.1%	-80.0%	11.1%	62.5%
EBITDA	-0.34	-0.26	-0.32	-0.29
<i>% of revenue</i>	-261.5%	-260.0%	-355.6%	-362.5%
Depreciation & Amortization	0.00	0.00	0.00	0.00
Extraordinary Expenses	0.00	0.00	0.00	0.00
EBIT (incl. extraordinary exp)	-0.34	-0.26	-0.32	-0.29
<i>% of revenue</i>	-261.5%	-260.0%	-355.6%	-362.5%
Pretax Income	-0.24	-0.26	-0.34	-0.33
<i>% of revenue</i>	-184.6%	-260.0%	-377.8%	-412.5%
Income Tax	0.00	0.00	0.00	0.00
<i>% rate</i>	0.0%	0.0%	0.0%	0.0%
Net Income	-0.24	-0.26	-0.34	-0.33
<i>% of revenue</i>	-184.6%	-260.0%	-377.8%	-412.5%

Quarterly Cash Flow Summary (USD Million)

Particulars	9/30/21	3/31/22	6/30/22	9/30/22
Cash from Operations	-0.14	-0.21	-0.30	-0.15
<i>% of revenue</i>	<i>-107.7%</i>	<i>-210.0%</i>	<i>-333.3%</i>	<i>-187.5%</i>
Cash from Investing	0.00	0.00	0.00	0.00
Free Cash Flows	-0.14	-0.21	-0.30	-0.15
<i>% of revenue</i>	<i>-107.7%</i>	<i>-210.0%</i>	<i>-333.3%</i>	<i>-187.5%</i>

- Let us start off with analyzing the most recent and historical quarterly data reported by the company.
- InnovaQor has reported a top-line of \$0.08 million in its recent quarterly result which is a -11.11% depreciation over the previous quarter.
- The company reported a positive gross margin of 62.50% for the quarter ended 9/30/22.
- Its EBITDA for the quarter was \$-0.29 million and the EBITDA margin was -362.50%.
- This was a -6.94% margin contraction at the EBITDA level which is definitely a negative outcome.
- InnovaQor's operating income (EBIT) was reported at \$-0.29 million and a margin of -362.50%.
- This EBIT margin dropped by 6.94% in this quarter.
- The company's pre-tax margin for the quarter was -412.50%.
- The company's net margin was -412.50%
- InnovaQor burnt \$-0.15 million in terms of operating cash flows for the quarter ended 9/30/22.
- The company was able to convert about -187.50% of its revenues into operating cash flows in the recent quarter.
- This quarter's EBITDA-to-operating cash flow conversion ratio is 51.72%
- Overall, InnovaQor delivered a negative free cash flow of \$0.15 million for the past quarter.

Particulars	2020	2021
Revenues	0.53	0.47
<i>% growth</i>		-11.3%
Cost of Goods Sold	-0.01	-0.21
<i>% of revenue</i>	-1.9%	-44.7%
Gross Income (excl. D&A)	0.52	0.26
<i>% of revenue</i>	98.1%	55.3%

EBITDA	-0.52	-0.98
<i>% of revenue</i>	<i>-98.1%</i>	<i>-208.5%</i>
Depreciation & Amortization	0.00	0.00
Extraordinary Expenses	0.00	0.01
EBIT (incl. extraordinary exp)	-0.52	-0.99
<i>% of revenue</i>	<i>-98.1%</i>	<i>-210.6%</i>
Pretax Income	-0.61	-0.85
<i>% of revenue</i>	<i>-115.1%</i>	<i>-180.9%</i>
Income Tax	0.00	0.00
<i>% rate</i>	<i>0.0%</i>	<i>0.0%</i>
Net Income	-0.61	-0.85
<i>% of revenue</i>	<i>-115.1%</i>	<i>-180.9%</i>

- When we analyze the company's annualized historical income statement, we see that the top-line was \$0.47 million for the previous financial year ending in 2021.
- The revenue growth was -11.32% in 2021 as compared to around 0.00% in 2020.
- InnovaQor's cost of goods sold has decreased from -1.89% to -44.68% as a percentage of the top-line resulting in a rise in the gross margins.
- The company's overall annual EBITDA margin of -208.51% is higher than the reported quarterly EBITDA margin for the most recent quarter.
- Non-cash expenses in the form of depreciation and amortization have gone down as compared to the result in 2020.

Particulars	2020	2021
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Assets

Net Intangible Fixed Assets	0.00	0.00
Net Tangible Fixed Assets	0.00	0.00
Total Fixed Assets	0.00	0.00
<i>% of revenue</i>	<i>0.0%</i>	<i>0.0%</i>
LT Investments	0.00	0.00
Inventories	0.00	0.00
<i>% of revenue</i>	<i>0.0%</i>	<i>0.0%</i>
Accounts Receivable	0.00	0.00
<i>% of revenue</i>	<i>0.0%</i>	<i>0.0%</i>
Cash and ST Investments	0.03	0.00
<i>% of revenue</i>	<i>5.7%</i>	<i>0.0%</i>
Other Current Assets	0.15	0.03
Total Current Assets	0.18	0.03
Other Assets	0.01	0.00
Total Assets	0.19	0.03

Liabilities & Shareholder's Equity

Equity & Minorities	-2.08	-12.13
LT Debt	0.10	9.27
Other LT Liabilities	0.00	0.00
Total LT Liabilities	0.10	9.27
ST Debt	0.00	0.37
Accounts Payable	0.00	0.00
<i>% of COGS</i>	<i>0.0%</i>	<i>0.0%</i>
Other ST Liabilities	2.17	2.52
Total Current Liabilities	2.17	2.89
Total Liabilities	2.27	12.16
Total Liabilities & Shareholder's Equity	0.19	0.03

Other Performance Ratios

	2020	2021
Return on Assets	-321.1%	-2833.3%

Return on Equity 29.3% 7.0%

- Return on assets is an excellent indicator of how efficient a company's management is in generating earnings from their economic resources or assets on their balance sheet.
- On the other hand, the return on equity of a company measures the value creation of the management and profitability in relation to stockholders' equity.
- The company's overall Return on Assets is -2833.33%.
- InnovaQor's Return on Equity is 7.01%. The company's Return on Equity is higher than its Return on Assets and this is because it uses debt to maximize shareholder returns.

Particulars	2020	2021	2022E	2023E	2024E
Revenues	0.53	0.47	0.64	3.63	5.54
<i>% growth</i>		-11.3%	36.2%	467.2%	52.6%
Cost of Goods Sold	-0.01	-0.21	-0.29	-1.62	-2.47
<i>% of revenue</i>	-1.9%	-44.7%	-44.6%	-44.6%	-44.5%
Gross Income (excl. D&A)	0.52	0.26	0.35	2.01	3.07
<i>% of revenue</i>	98.1%	55.3%	55.4%	55.4%	55.5%
EBITDA	-0.52	-0.98	-1.01	0.61	1.07
<i>% of revenue</i>	-98.1%	-208.5%	-157.8%	16.9%	19.4%
Depreciation & Amortization	0.00	0.00	0.00	0.00	0.00
EBIT	-0.52	-0.99	-1.01	0.61	1.07
<i>% of revenue</i>	-98.1%	-210.6%	-157.8%	16.9%	19.4%
EBT (GAAP)	-0.61	-0.85	-1.13	0.49	0.95
<i>% of revenue</i>	-115.1%	-180.9%	-176.6%	13.6%	17.2%

Net Income (GAAP)	-0.61	-0.85	-1.13	0.49	0.95
<i>% of revenue</i>	-115.1%	-180.9%	-176.6%	13.6%	17.2%

Earnings Per Share (GAAP)

Particulars	2020	2021	2022E	2023E	2024E
Net Income (GAAP)	-0.61	-0.85	-1.13	0.49	0.95
+ Depreciation & Amortization	0.00	0.00	0.00	0.00	0.00
+/- Working Capital, Deferred Taxes & Other Adjustments	0.23	0.37	0.48	-0.04	-0.10
Cash Flow from Operations	-0.38	-0.48	-0.65	0.45	0.86
<i>% of EBITDA</i>	73.1%	49.0%	64.0%	74.0%	79.9%
Capital Expenditure	0.00	0.00	0.00	0.00	0.00
<i>% of revenues</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Other Investment Cash Flow items	0.00	0.00	0.00	0.00	0.00
Cash Flow after Investments	0.00	0.00	0.00	0.00	0.00
Free Cash Flow	-0.38	-0.48	-0.65	0.45	0.86

Growth & Margins	2020	2021	2022E	2023E	2024E
Sales Growth	0.0%	-11.3%	36.2%	467.2%	52.6%
EBITDA Margin	-98.1%	-208.5%	-157.8%	16.9%	19.4%
EBIT Margin	-98.1%	-210.6%	-157.8%	16.9%	19.4%
Net Profit Margin	-115.1%	-180.9%	-176.6%	13.6%	17.2%

Leverage Ratios	2020	2021	2022E	2023E	2024E
Net Debt	0	10	9	9	10
Net Debt/ Equity	0.0	-0.8			
Net Debt/ EBITDA	-0.1	-9.8	-8.9	15.4	9.6

- Now let us move on to Baptista Research's forecasts for InnovaQor's income statement and cash flows.
- We forecast a top-line growth of 36.2% for 2022, around 467.2% for 2023, and about 467.2% for 2024.
- This growth is expected to translate into an EBITDA of \$-1.01 million in 2022 with a margin of -157.81%
- InnovaQor's EBIT margin is expected to be -157.81% in 2022, about 16.86% in 2023, and 16.86% in 2024.
- Our estimate for the company's Net Income (GAAP) is \$-1.13 million implying a net margin of -176.56% and resulting in an earnings per share of \$0.00.
- We expect the growth to follow a similar trend in 2023 and 2024.
- In terms of the cash flows, we expect InnovaQor to generate around \$-0.6464 million in operating cash flows in 2022.
- This implies an EBITDA-to-Operating-Cash-Flow conversion ratio of 64.00%
- InnovaQor is expected to invest a lower amount in capex and other investing activities in 2022.
- Overall, the company is expected to generate free cash flows to the tune of \$-0.6464 million in 2022.
- InnovaQor's Net Debt is expected to decrease in 2022 and is expected to follow a similar trend over the coming years.
- The Net Debt-to-EBITDA ratio is a measure of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. It shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
- InnovaQor's Net Debt-to-EBITDA ratio is expected to be -8.90 in 2022 which indicates that the company is not leveraged.
- Net-Debt-to-Equity ratio, also known as the gearing ratio shows how encumbered a company is with its debt.
- The company's Net Debt-to-Equity ratio for 2021 is -0.79 and it indicates that the company has no gearing.

DISCOUNTED CASH FLOW (DCF) VALUATION

Key DCF Assumptions

WACC	1.9%
CoD	0.0%
CoE	21.5%
Market Rate	6.0%
Risk Free Rate	3.5%
Beta	3
Perpetual Growth Rate (g)	1.6%
Terminal Value	252
Tax Rate	0.0%

- For the purpose of carrying out the discounted cash flow valuation of InnovaQor, we have used the standard capital asset pricing model (CAPM).
- We have used a 6.0% equity market risk premium based on the S&P 500 returns for the past 5 years.
- The risk-free rate has been assumed as the 10-year Treasury Constant Maturity Rate of the U.S. at 3.45%.
- The company's stock is more volatile than the market as a whole and has a beta of 3.0 which we shall use without leveraging the same as we are going for the enterprise value approach.
- This is used in order to arrive at the cost of equity (CoE) of 21.5% which appears reasonable for a company like InnovaQor.
- Based on the company's long term debt and interest payments, the cost of debt is 0.0%. After incorporating the CoE and the CoD and average tax rate of 0.0%, we arrive at a Weighted Average Cost of Capital (WACC) of 1.9%.
- The terminal value is a key component of any DCF valuation as it accounts for the largest chunk of the total projected value of the company. There are a number of methodologies used to determine the same such as the perpetual growth rate method or the multiples method.
- In this case, we have gone ahead and determined the terminal value by applying the current EV/Sales ratio of 61.8 to our forecasted revenues of 2024.

EV and Market Cap	Current	2023E	2024E	2025E
Price (\$)	0.004	0.500	0.601	0.706
Outstanding Number of shares (million)	235	235	470	470
Total Market Cap (billion)	0.00	0.12	0.28	0.33
Net Debt	10	9	9	10
Enterprise Value (billion)	0.01	0.13	0.29	0.34

- After applying the discount rate (WACC) of 1.9%, we arrive at a price target of \$0.5 for 2022.
- Our target price at the end of 2023 is \$0.6 and for 2024 is \$0.7 which implies a total appreciation of nearly 17555.9% in the coming 3 years in the stock price.
- During this phase, we see the EV/ EBITDA to be in the range of 318.62 and 476.86
- The EV/ EBIT will be in the range of -289.00 to 559.00 over the coming 3 years.
- As a part of the comparables analysis for the sake of valuation, we are looking to establish a peer group consisting of similar companies in the same industry and compare their valuation multiples with those of InnovaQor.

Valuation Ratios	Current	2023E	2024E	2025E
EV/ Sales	22.5	197.6	80.4	61.8
EV/ EBITDA	NA	NA	476.9	318.6
EV/ EBIT	NA	NA	-289.0	559.0
Price/Earnings	NA	NA	574.0	347.9

KEY RISKS

- It is important to highlight the key risks associated with an investment in InnovaQor Holdings as well as the inherent risks associated with the financial projections and price forecasts presented in this report.
- InnovaQor may be catering to a vast addressable market in EMR but this space is getting increasingly crowded. There are a number of players such as Epic, Allscripts, Praxis EMR, eClinicalWorks, Cerner, NextGen, athenahealth, GE Centricity, Meditech, and Greenway Health which could expand their presence in InnovaQor's domain. With their buying power and technology, it could become difficult for smaller players like InnovaQor to survive.
- In order to accommodate growth and compete effectively, InnovaQor' management will need working capital to maintain adequate inventory levels, develop additional procedures and controls and increase, train, motivate and manage its work force.
- It is important to highlight that InnovaQor is serving the global market since less than a decade which means it has a very limited operating history. As a result, many potential investors find it difficult to evaluate its business prospects and management.
- InnovaQor' management may struggle to successfully implement and execute their business tactics, operating strategies and growth initiatives. If the management fails to accomplish their growth and organizational modification effectively, it may destroy their business and operational results.
- InnovaQor will be required to incur heavy marketing expenditure in order to create network effects associated with its social media platform for physicians. This would require heavy funding which would in turn result in a huge dilution of shareholders.
- It is worth highlighting that the extent to which Covid-19 impacts the financial results of the company is highly uncertain and could significantly disrupt the operations including sales, manufacturing and supply chain-related activities. It could also result in social, economic, and labor instability in the countries where the customers and suppliers operate.
- With respect to our price projection, we would like to clarify that the valuation of InnovaQor Holdings in this report is specific to the date of the analysis i.e. 21-12-2022.
- Another one of the biggest risks to InnovaQor Holdings' model is the fact that the company's top-line growth is assumed to be consistently growing by a certain rate in the model. There is a possibility that this assumption might not hold true if the COVID-19 situation persists for too long. With respect to our price projection, we would like to clarify that the valuation of InnovaQor Holdings in this report is specific to the date of the analysis i.e. 21st December 2022.
- We must emphasize that the projected valuation and the share price of InnovaQor Holdings are dependent on the realization of the revenue growth, free cash flows and the other assumptions taken into account. Our analysis cannot be directed to providing any assurance about the achievability of these financial forecasts. There is a possibility that the actual results of the company are different from the projected results as a result of unexpected events and circumstances such as the realization of the threats mentioned in the paragraph above. Lastly, we would like to clarify that we had no interaction with the management of the company and they did not comment on the achievability or the reasonableness of the assumptions underlying the financial forecasts. Please check out our detailed disclosures at the end for further details.

ANALYST RATINGS

- Buy: Expected to outperform market over next 6 to 12 months. Minimal risk to fundamentals and valuation. Good long-term investment.
- Outperform: Expected to outperform the market over next 6 to 12 months but there is a moderate risk to fundamentals and valuation.
- Sell: Expected to significantly underperform the market over next 6 to 12 months. There is a strong likelihood of the security delivering negative returns and a very high risk to fundamentals and valuation.
- Underperform: Expected to underperform the market over next 6 to 12. There is a moderate to high risk to fundamentals and valuation.
- Hold: Expected to perform in line with the market over next 6 to 12 months. However, there is a moderate to high risk to fundamentals and valuation.

ANALYST INDUSTRY VIEWS

- Attractive: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
- In-Line: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
- Cautious: The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
- Benchmarks for each region are as follows: North America - S&P 500; Latin America – MSCI EM Latin America Index; Europe – MSCI Europe; Japan - TOPIX; Asia - relevant country index or sub-regional index. Please contact us to know the relevant index in case it is not specified in the report.

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