

Electromed, Inc. Investor Presentation

November 12, 2024

NYSE American: ELMD

Innovation Leader in Airway Clearance Technologies



Forward Looking Statements

Certain statements in this press release constitute forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. Forward-looking statements can generally be identified by words such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “should,” “will,” and similar expressions, including the negative of these terms, but they are not the exclusive means of identifying such statements. Forward-looking statements cannot be guaranteed, and actual results may vary materially due to the uncertainties and risks, known or unknown associated with such statements. Examples of risks and uncertainties for the Company include, but are not limited to the competitive nature of our market; changes to Medicare, Medicaid, or private insurance reimbursement policies; changes to state and federal health care laws; changes affecting the medical device industry; our ability to develop new sales channels for our products such as the homecare distributor channel; our need to maintain regulatory compliance and to gain future regulatory approvals and clearances; new drug or pharmaceutical discoveries; general economic and business conditions; our ability to renew our line of credit or obtain additional credit as necessary; our ability to protect and expand our intellectual property portfolio; the risks associated with expansion into international markets, as well as other factors we may describe from time to time in the Company’s reports filed with the Securities and Exchange Commission (including the Company’s most recent Annual Report on Form 10-K, as amended from time to time, and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K). Investors should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties or potentially inaccurate assumptions investors should take into account when making investment decisions. Shareholders and other readers should not place undue reliance on “forward-looking statements,” as such statements speak only as of the date of this press release. We undertake no obligation to update them in light of new information or future events.

Electromed – Who We Are

Electromed, Inc. is a growing medical device company focused on airway management to help people around the world breathe better, stay healthier, and lead active and fulfilling lives.

Key Stats:



Headquarters:
New Prague, MN



Ticker:
ELMD



Established:
1992



Annual Revenue:
\$57.1M



Market Cap:
\$180M



Share Count:
8.4M



174
Employees



Manufacturing
in Minnesota

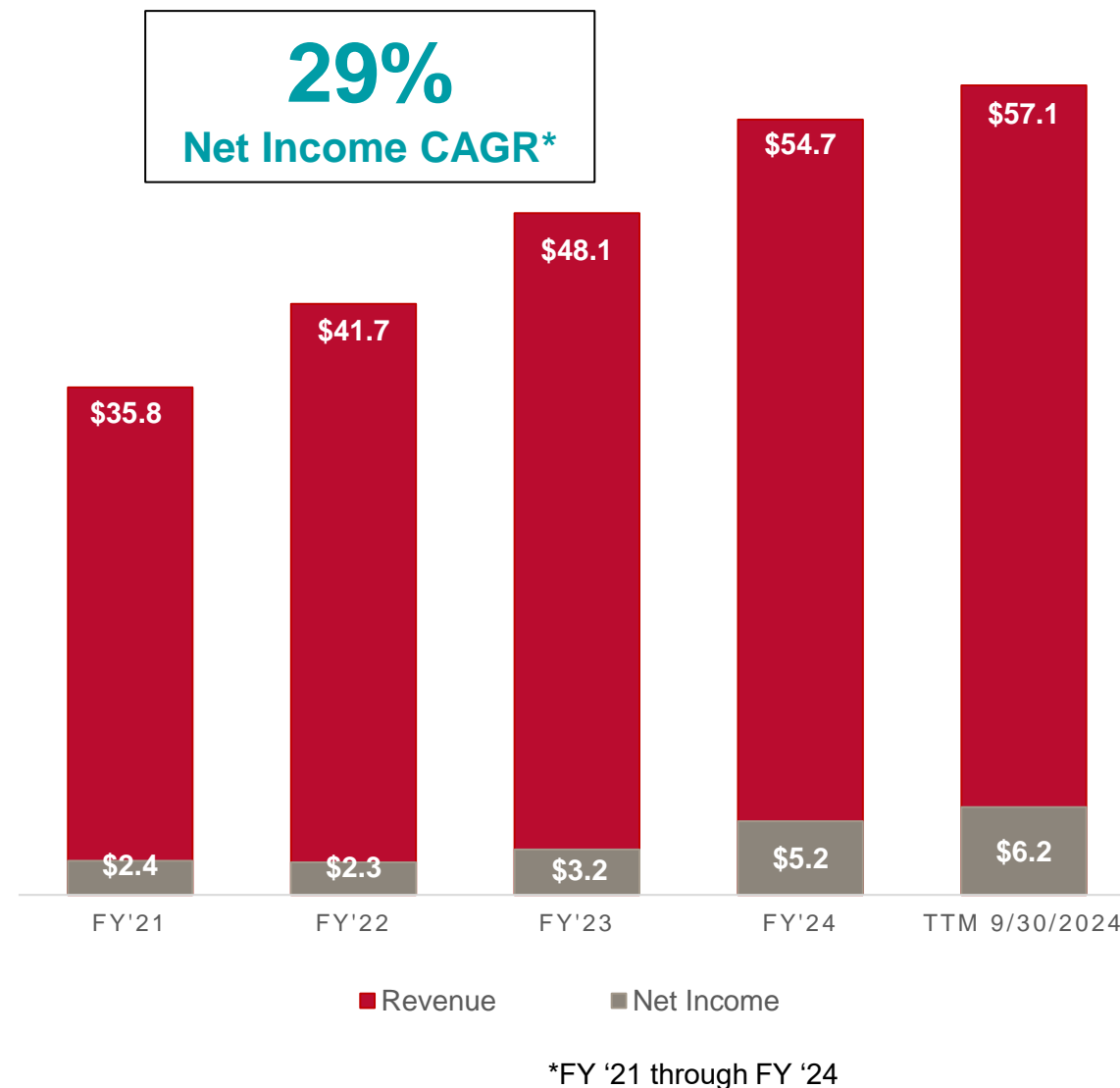


HFCWO Market
Focus

As of and for 12 months ended 9/30/2024

Electromed Highlights

- » **Growing** and **profitable** medical technology company
- » A leader in the large and expanding airway clearance market
- » The SmartVest® Airway Clearance System's **H**igh **F**requency **C**hest **W**all Oscillation (“HFCWO”) technology supported by clinical outcomes data with strong reimbursement.
- » Attractive direct-to-patient and provider model
- » **Strong financial profile** with attractive **gross margins** and **well-capitalized balance sheet**



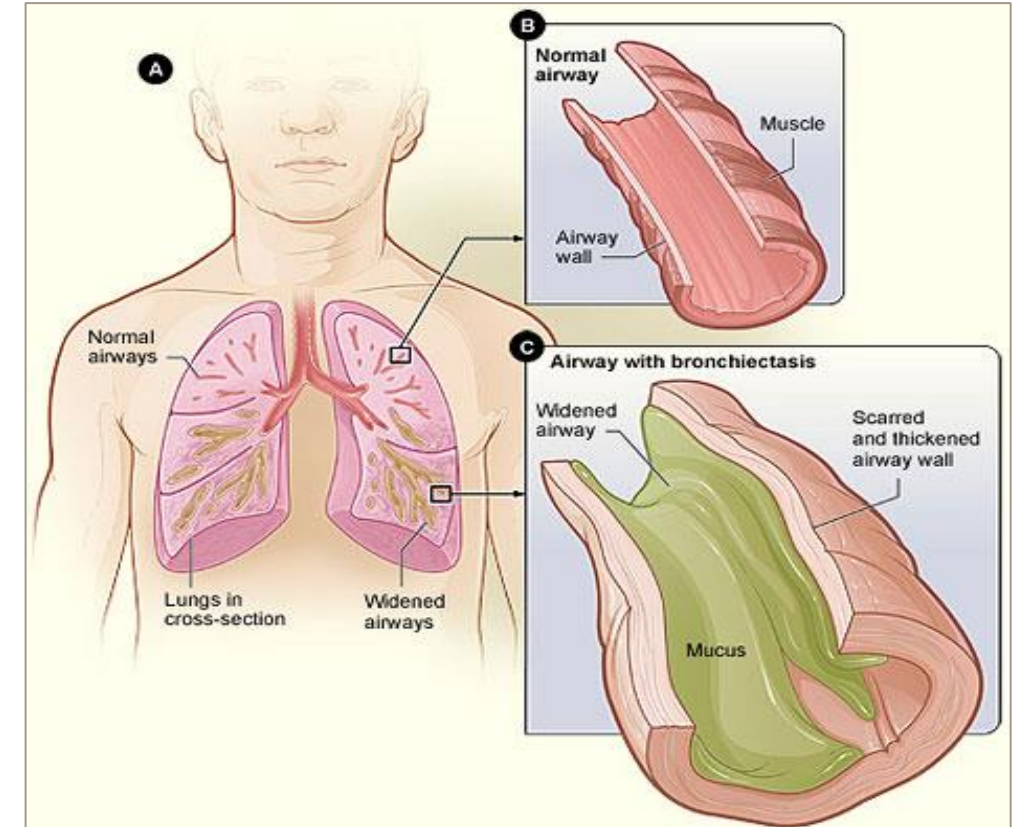
What is Bronchiectasis (BE)?

- » Irreversible lung condition characterized by abnormal widening of one or more of the bronchi (airways)
- » Repeated episodes of pulmonary inflammation and infection leads to mucus accumulating in the airways
- » Mean prevalence of bronchiectasis in patients with COPD is 54%¹

Disease
Misdiagnosed

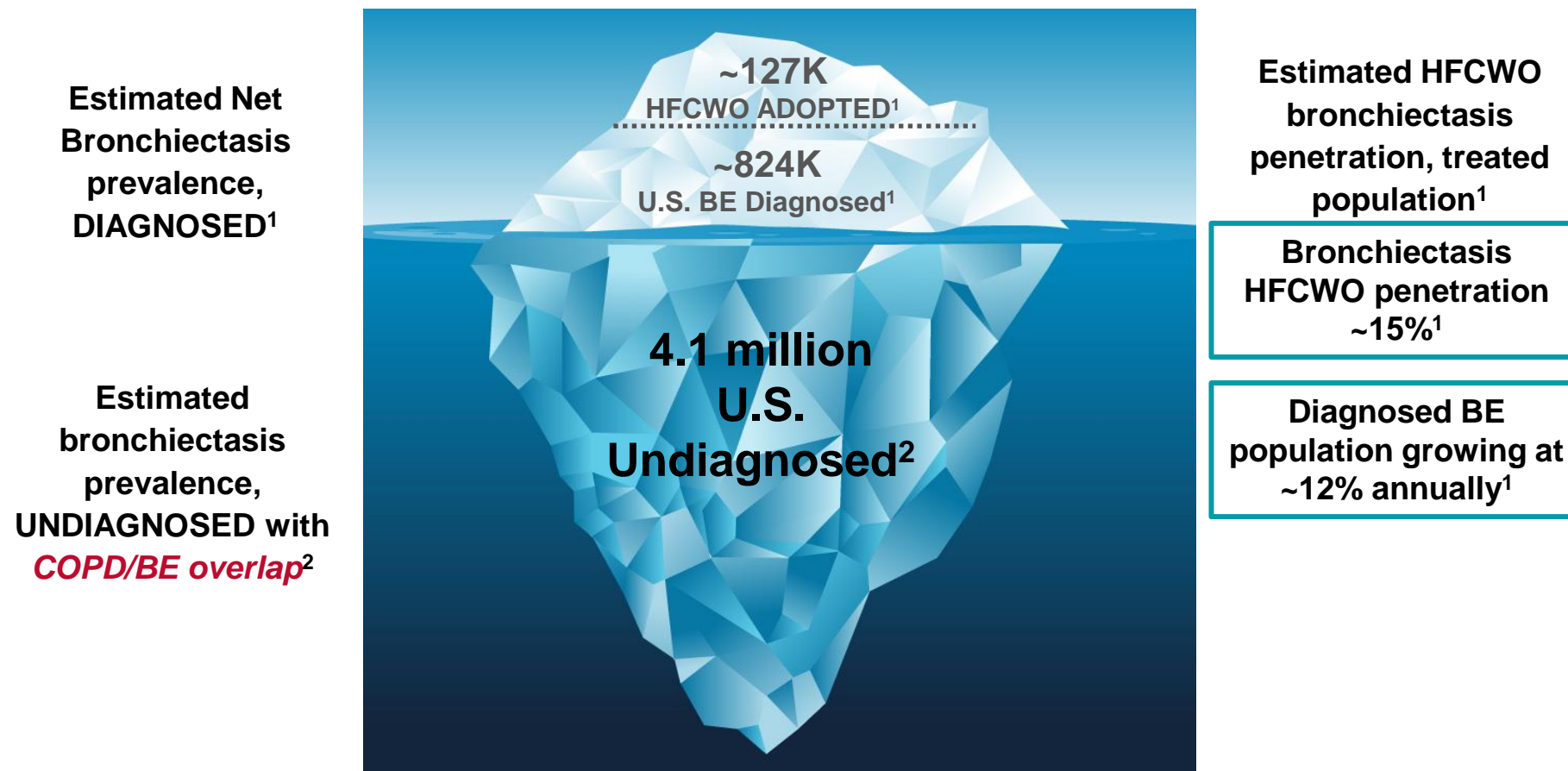
Disease
Underdiagnosed

HFCWO
Under-prescribed



1. Chalmers J. and Sethi S. Raising awareness of bronchiectasis in primary care: overview of diagnosis and management strategies in adults. *NPJ Prim Care Respir Med.* 2017;27:18

U.S. Market: Large, Growing, Underpenetrated



1. Derived from GUIDEHOUSE 2023 NASM claims database

2. Derived from GUIDEHOUSE 2023 literature review and 2023 CDC NHANES data

How is Bronchiectasis Treated?

Antibiotics, Anti-Inflammatories, Airway Clearance

Triple down on bronchiectasis



CLEAR
the airways with
SmartVest



TREAT
the infection

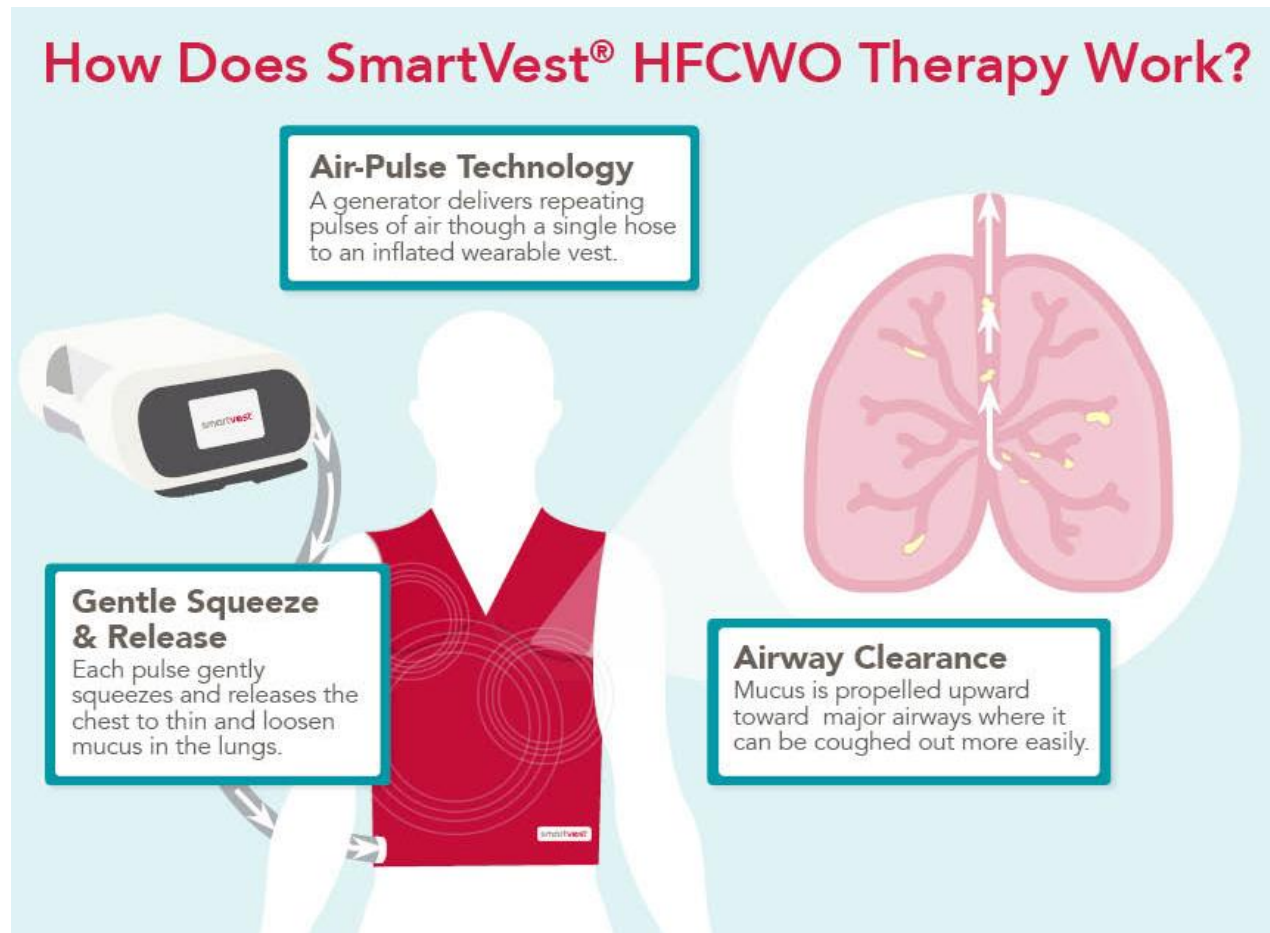


REDUCE
the inflammation



How is Bronchiectasis Treated?

HFCWO Therapy – Mimics Manual CPT



**On Average, How Often
Is HFCWO Therapy Performed?**

2x
per day

30
minutes
per session

7
days
per week

SmartVest Clearway®

HFCWO Designed with the Patient in Mind



An Enhanced Patient Experience

Sleek and light weight generator

Intuitive user interface for better patient adherence

More portable and easier for travel

SmartVest® has a well-established reimbursement code from CMS – E0483; Electromed has over 275M contracted lives in the US

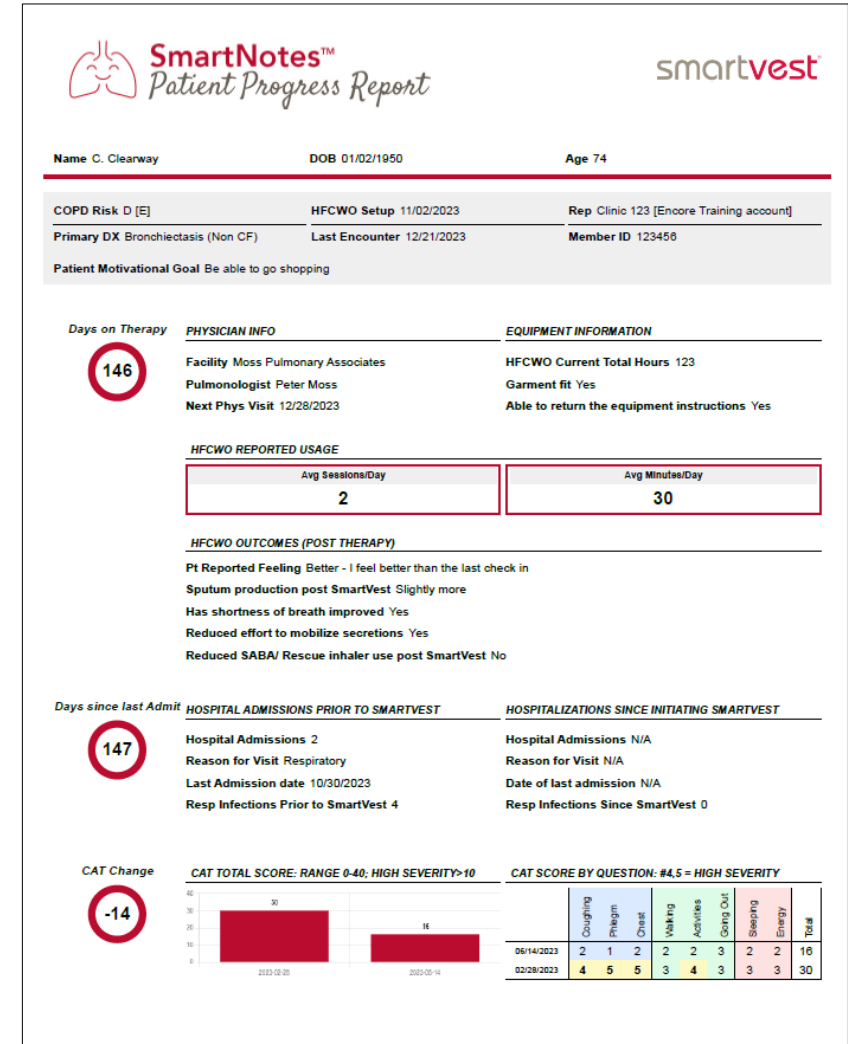


SmartNotes™ Patient Progress Report

Patient Outcomes and Treatment Progress to Physicians

SmartNotes combine patient **Quality of Life** and **Therapy Utilization** data to provide physicians with extended views into disease management

- » **TeleRespiratory Services:** A team of Respiratory Therapists stay connected with patients and support their therapy utilization.
- » **Outcomes Management:** Easy-to-read report provides physicians with a comprehensive view of disease progression and therapy impact.



Clinical Evidence

Electromed has Published Studies Showing Effectiveness of HFCWO to Treat Bronchiectasis

SmartVest users have reported:

95% of patients would recommend SmartVest to others

97% of patients report feeling better or the same after SmartVest use

98% of patients report an increase in sputum production*

*patient data on file



Therapy with SmartVest® significantly decreased exacerbations requiring hospitalization, antibiotic use, and stabilizes lung function.
Powner (2018)

Therapy with HFCWO demonstrated key health outcomes improved in post- compared to pre-index period: cough, all-cause hospitalizations, pneumonia, and pulmonary hospitalizations.
DeKoven (2022)

57% Reduction
in antibiotic prescriptions¹

59% Decrease
in hospitalizations¹

75% Fewer
emergency department visits²

1. Sievert CE, et al 2016. Using High Frequency Chest Wall Oscillation in a Bronchiectasis Patient Population: An Outcomes-Based Case Review. Respiratory Therapy, 11(4), 34-38.

2. Sievert CE, et al 2018. Incidence of Bronchiectasis-Related Exacerbation Rates After HFCWO Treatment—A Longitudinal Outcome-Based Study, Respiratory Therapy, 13(2), 38-41.

Direct-to-Patient Model

Drives Attractive Margin Profile

**Traditional Medical
Equipment Channel**



VS.

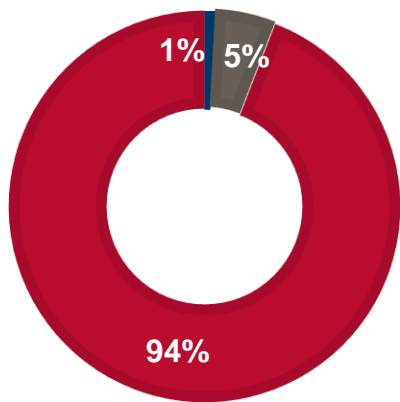
**Direct-to-Patient
Distribution (Electromed)**



ELMD expects gross margins in the mid-70s and improving with the SmartVest® Clearway®

Net Revenue Breakdown - \$57.1M (TTM ended 9/30/2024)

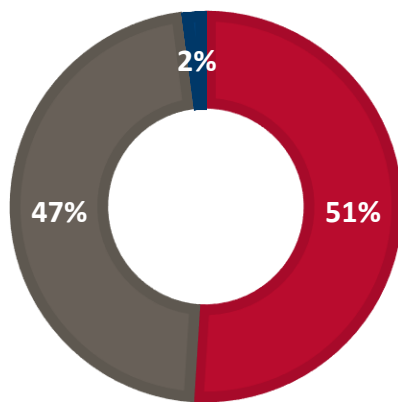
By Setting



- Home Care¹
- Hospitals
- Other

1. Includes \$1.9 million from home care distributor revenue

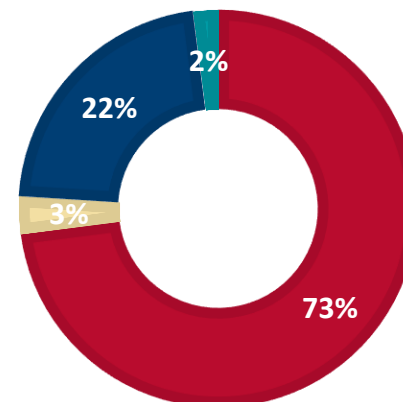
Homecare By Payer



- Medicare
- Commercial/Other²
- Medicaid

2. Includes Managed Medicare and Managed Medicaid

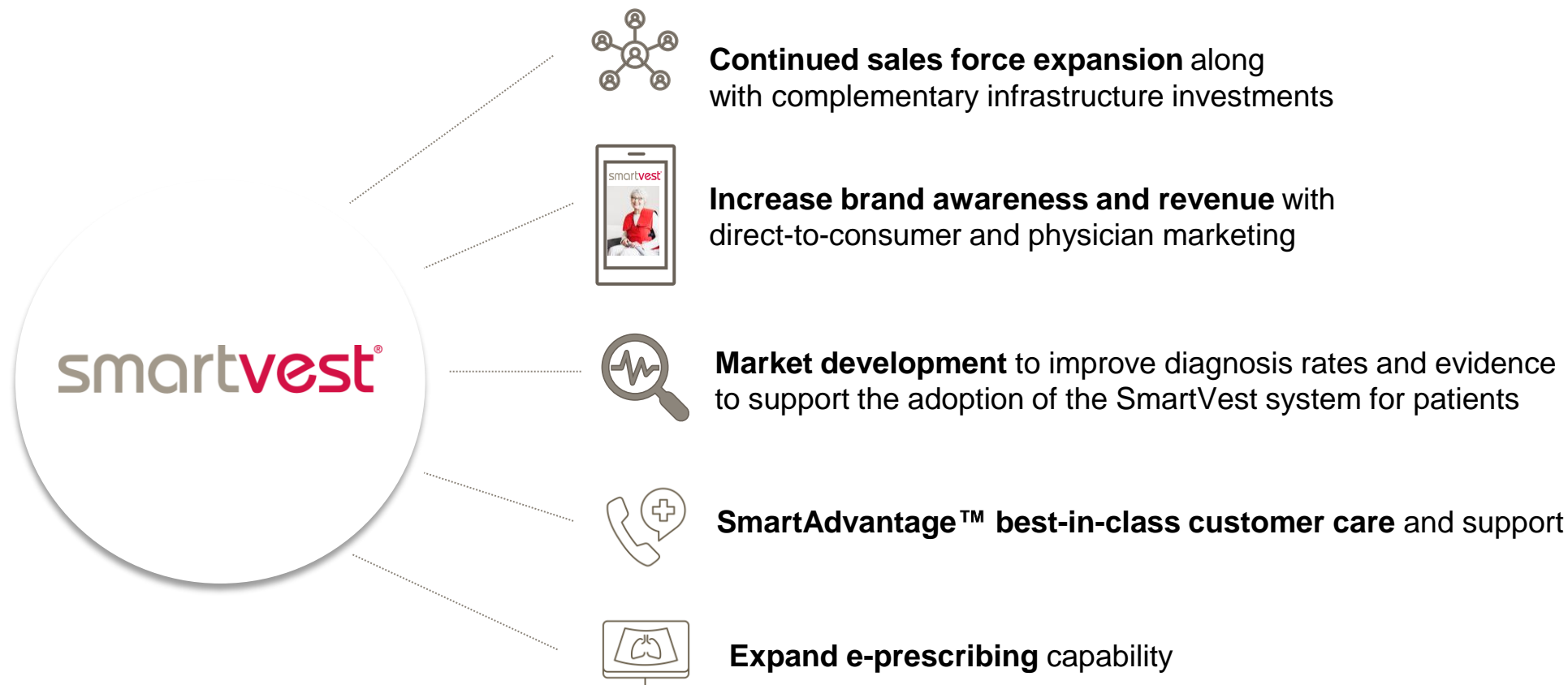
Homecare Qualified Referral Volume



- Bronchiectasis
- Cystic Fibrosis
- Neuromuscular
- Other

Growth Strategy

How will Electromed Increase Market Share?



Long-Term Objectives

Electromed is committed to delivering long-term profitable growth

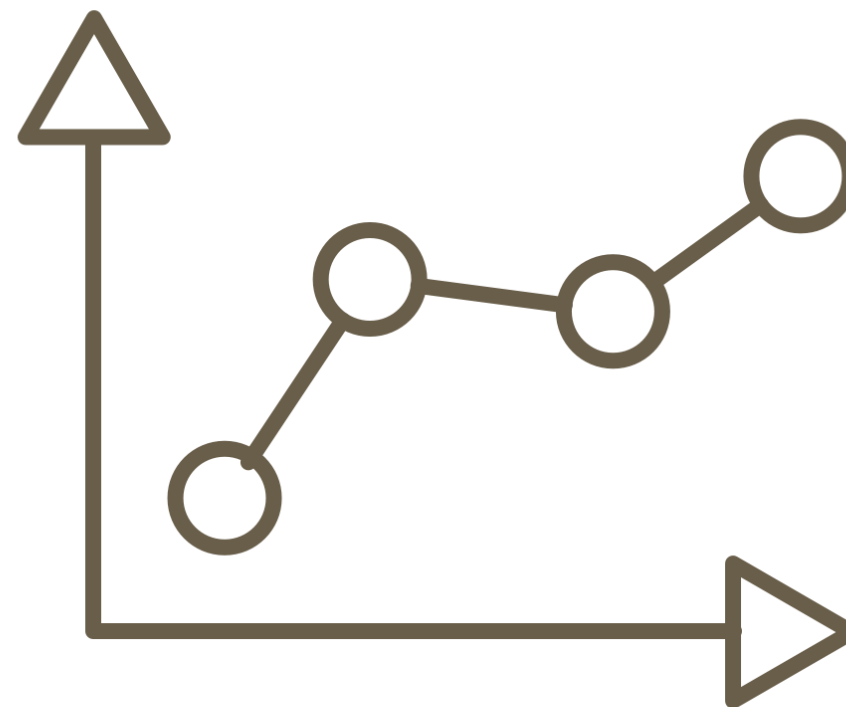
Double-digit Revenue Growth

Increase market share

Deeper penetration of current SmartVest prescribers

Operating Margin Improvement

Operating leverage as revenue increases



Why Invest?



**Large, expanding
chronic
lung diseases
market**



**Clinically proven
technology**



**Broad
payor coverage**



**Consistent
double-digit
organic
revenue growth**



**High gross
margins,
robust cash flow
and expanding
operating
leverage**

Management Incentives Aligned w/Investors

CEO Incentive

Reward based on increasing **total shareholder return**.

Management's Incentive Compensation

Focused solely on delivering **financial results**.



Attractive Valuation

(TTM and as of 9/30/2024 Results)

Metric	ELMD		RUS ME
Sales Growth	14.8%	>	2.4%
EV / Revenue	3.2x	>	3.9x
Gross Margin	76.6%	>	52.5%
Operating Margin	14.7%	>	(5.3%)

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APPENDIX

Financial Highlights and Balance Sheet

Financial Summary	Three months ended	
	September 30, 2024 (unaudited)	September 30, 2023 (unaudited)
(in \$ millions, except shares amounts)		
Revenues	\$14.7	\$12.3
Gross Profit	\$11.5	\$9.5
<i>Gross margin</i>	78%	77%
Operating income	\$1.9	\$0.1
<i>Operating margin</i>	13%	1%
Net income	\$1.5	\$0.2
Diluted EPS	\$0.16	\$0.02
Diluted Shares	8,980,714	8,782,824
Cash provided by (used for) operations	\$2.3	(\$0.2)