

MITESCO ||| INC.

February 1, 2021

# **MITESCO, INC.**

## **(OTC – MITI)**

Industry: Healthcare Tech & Services      Price Target: \$2.00

## MITESCO, INC. A New Paradigm for Healthcare and Wellness

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February 1, 2021

<b>MITESCO, INC. (OTC – MITI - \$0.4222)</b>	
Industry: Healthcare Technology & Services	6–12 Month Price Target: \$2.00

### COMPANY SNAPSHOT

Mitesco, Inc. is a holding company with subsidiaries and assets in healthcare technology and services in the US and abroad. Its flagship subsidiary, *The Good Clinic*™ is building out a network of clinics using the nurse practitioner operating as its primary healthcare provider and incorporating telehealth technology, along with wellness and prevention offerings.

### KEY STATISTICS

Price as of 1/29/21	\$0.4222
52 Week High – Low	\$0.599 - \$0.018
Est. Shares Outstanding	185.5M
Market Capitalization	\$78.3M
Average Volume	6,094,101
Exchange	OTCQB

### COMPANY INFORMATION

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### INVESTMENT HIGHLIGHTS

Today, February 1, 2021, MITI's flagship subsidiary, *The Good Clinic*™ is launching the first location of a novel nurse practitioner-consumer centric clinic model poised to foster higher recurring revenue and profit per the Company's peers. MITI's core, integrated telehealth and wellness offerings should also provide superior patient outcomes.

MITI is ready to swiftly scale this business from an estimated 5 locations in 2021 to 40 in 3 years, with the aid of its relationship with Lennar, one of the largest residential multi-family builders in the US. With multi-city agreements in place, *The Good Clinic*™ will become a mainstay in key Lennar residential properties inside major metropolitan cities.

Management has simply built a better mousetrap which should change how primary clinics are designed and operated. This should come as no surprise to investors as key management members who brought Minute Clinic (previously known as Quickmedix) to scale, which was acquired by CVS for \$170 million in 2006.

Our model suggests revenue will jump from \$2.25M in 2021 to \$17.9M in 2022 and \$49.7M in 2023. With its peers hemorrhaging money, MITI could emerge as investors' go-to company in the space.

Based on the price/sales multiple afforded the publicly traded peer group, and our estimates, MITI could reach the \$2.00 mark in the next 6-12 months.

## COMPANY OVERVIEW

### *The View from 30,000 Feet*



In our view, **Mitesco, Inc. (OTCQB – MITI)** represents a new paradigm in healthcare technology, services and wellness. A holding company with divisions and holdings in the US and Europe, the Company is well-positioned to emerge as a leader in key segments of the healthcare arena. While MITI has a diverse set of subsidiaries and holding companies, this report primarily focuses attention and valuation on *The Good Clinic*™ subsidiary and views growth and added value from the other entities as future bonuses for investors.

*The Good Clinic*™ LLC is a wholly owned subsidiary of MitescoNA LLC, the holding company for MITI's North American operations. *The Good Clinic*™ is building out

a network of clinics using the nurse practitioner operating as its primary healthcare provider and incorporating telehealth technology, along with wellness and prevention offerings. Its first location is launching today (February 1, 2021) in Minneapolis. Management is set to expand and replicate its model nationwide. Today, 23 states facilitate nurse practitioners practicing to the full scope of their skills and training.

The novel nurse practitioner-consumer centric model, coupled with MITI's core, integrated telehealth and wellness offerings can foster higher recurring revenue and profit per location than the Company's peers and traditional models still in use today. Moreover, the Company's relationship with **Lennar (NYSE – LEN)**, one of the largest residential multi-family builders in the US, should foster unusually swift scalability into new locations and cities as *The Good Clinic*™ becomes a mainstay in key Lennar residential properties inside major metropolitan cities.

### *The Market*

Most consumers are dissatisfied with their health care experiences, many extremely so. Consumers desire a more personalized experience---rather than feeling they are just "a number." This is understandable as most doctors are overworked, and have too many patients, due in part to the aging population. Unfortunately, this scenario will only be exacerbated in the coming years due to a reduced number of graduating doctors. In response to this underlying environment, those consumers/patients that can afford to pay for concierge services, which focus on more time with the patient, along with preventive medicine, have done so.

In fact, according to Concierge Medicine Today, 54% of patients have left for the concierge model due to convenience, feeling like a number, and other related issues. However, most patients cannot afford this model and it is also fraught with its own flaws. Aside from the patient number limitation and no insurance acceptance aspects, nearly two-thirds of concierge medicine clinics are located in suburban areas rather than within even a

few miles of metro areas. Clearly, this model is not meant for metro locales. Other options such as retail health are geared for convenience but not on patient-specific wellness and preventive medicine.

### *Competitive Advantages*

MITI has built a model that merges the best of existing health care services, retail health and concierge medicine, with a twist. *The Good Clinic*<sup>™</sup> is led by nurse practitioners (NPs) rather than doctors, reducing labor costs by as much as 40% right off the bat, thus fostering profitability in a segment whose major players cannot seem to achieve it. As any patient can attest, they are likely to see a nurse practitioner for most issues at their doctor's office anyway, as the most are certified and routinely deliver primary care services. Wellness, prevention, and competency in alternative medicine are hallmarks of NP activity. By housing clinics in residential buildings in metro area, convenience is a natural. Moreover, those patients that utilize *The Good Clinic*<sup>™</sup> as a primary care facility, can enjoy more visits per client both in-person and via telehealth. With an emphasis on wellness, users of primary care tend stay healthier and chronic illnesses are better controlled.

### *The Forecasts*

Against this backdrop, management believes it can open up as many as 50 new clinics in the next 2-3 years. Our model found in Table III (on page 13 ) assumes that the Company could end 2021 with 5 open clinics, jumping to 22 in 2022, and 40 in 2023. It should be noted that our estimates are for *The Good Clinic*<sup>™</sup> only and do not include contribution from abroad, prospective technology or competing clinic acquisitions. Any executed transactions on this front would assuredly have a favorable impact on our projections.

At present we estimate a loss of **(\$3.2M)**, or **(\$0.03)** for 2020, with no recorded revenue. Of course, 2020 was an infrastructure-building year for the Company, and the results reflect this status. For 2021, we estimate \$2.25M in revenue in 2021, with an operating loss of **(\$4.2M)**, or a loss per share of **(\$0.02)**. Although our forecasts assume a modest operating and net loss for 2022 of **(\$330K)** and **(\$1.0M)**, respectively, it is possible MITI could be profitable in this year, particularly if the Company exceeds our \$17.9 million revenue forecast. A profitable firm in this segment would likely have a very favorable impact on valuation, given the dearth of firms that have achieved this status and view a break-even cash flow status as a reason to cheer. Given that it is a few years out, we have assigned a preliminary status to our 2023 projection, with top line of \$49.7M net of \$9.3M, and EPS of \$0.04. In all years, the share count is subject to change based upon prospective financings with the objective of accelerating expansion.

### *Valuation*

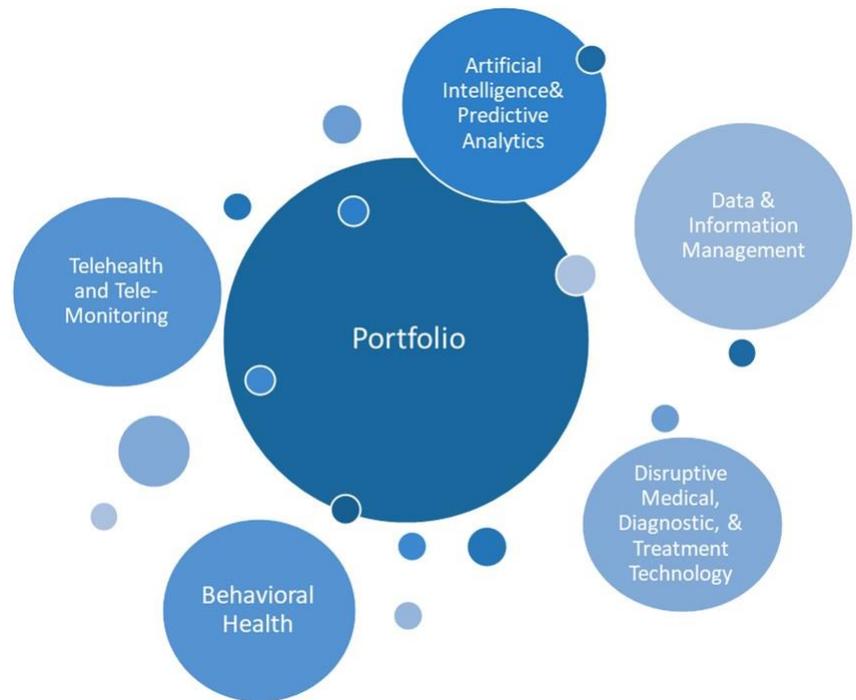
Most of the companies in the peer group on Table II below are enjoying outsized growth and generally trade at lofty price/sales multiples. The group currently trades at an average multiple of 22.7x current year (2020) sales and 18.5x next year's (2021) projected sales. With 2020 basically in the rear view mirror the group is trading on next year's metric rather than 2020. In our experience, high growth companies tend to begin to trade on their next year's forecasts six to twelve months prior to the start of the upcoming year. In this case, we believe that this group could begin to trade on 2022 forecasts in 3Q21. Assuming the metrics hold, MITI could trade at a modest premium to the group based on its higher growth rate, innovative model and clearer path to profitability.

As a result, at a price/sales multiple of 22.3x 2022E sales, these shares could enjoy a nearly 5x rise to the \$2.00 level in the next 6-12 months.

## THE MITI DIFFERENCE

### MITI's Vision

MITI management seeks to build an international healthcare technology and services company with a broad reach and integrated portfolio of companies and offerings in targeted verticals. To that end, the Company seeks to grow via acquisition of companies that can scale quickly and evolve into accretive, contributory entities. As part of its financing strategy to achieve this objective, MITI plans to raise up to \$15M in a non-convertible Series B Preferred that is redeemable in 2 years, paying a 12% return, payable monthly. For each \$25 share purchase, investors receive one common share. In this fashion, common equity dilution is mitigated and the Company's balance sheet is solid—with no additional debt. The plan at present is to consider registering these shares on a public exchange.



The first acquisition for MITI was *The Good Clinic*™ and the Company is set to launch the first of these nurse practitioner primary care clinics, optimize operations, and launch expansion of clinics across the country. The first location is the Nord Haus in Minneapolis MN, with follow-on sites in Minnesota, Denver and New York. Interestingly, 23 states facilitate nurse practitioners practicing to the full scope of their skills and training, so the market opportunity is huge. The planned expansion is to have as many as 50 clinics in the next 36 months based on access to capital. (Note: Our model is for 40 to be launched.)

The executive team at *The Good Clinic*™ includes several of the key executives who brought Minute Clinic (previously known as Quickmedix) to scale, which was acquired by CVS for \$170 million in 2006.

In a next stage, MITI plans to execute the identified acquisition of a profitable advanced technology development company serving Fortune 200 companies (many in healthcare) that can also service the MITI holding company portfolio. In addition to *The Good Clinic*™, MITI has a subsidiary in Ireland, Acelerar Healthcare Holdings Limited, that could also execute M&A, going forward.

*Innovation Today, Revenue and Profits Tomorrow*

Today, consumers are largely dissatisfied with their healthcare experiences. They seek convenience, personalized attention, and lower costs. But, against the backdrop of an aging population and fewer doctors graduating, this situation will only continue to deteriorate unless a new model is brought to bear. These characteristics have not been lost on leading companies, physicians, and thought leaders. Unfortunately, in response to this environment, some primary care clinics have been opened, retail health services provided, and a high-touch, high-cost concierge model has emerged.

Each one has its own flaws. The concierge model is costly, designed to be the anti-scalable alternative, and these practices are rarely found inside metro areas but in suburbia at large. The retail model, such as those promoted by **CVS Health (NYSE – CVS)** and **Target (NYSE – TGT)** are surely convenient but lack any personalization including wellness and prevention plans and like everything else in retail, is transaction-based. Even telehealth options are episodic and transactional in nature and like devices or apps are tools to fill out the experience, but not improve it overall.



Enter *The Good Clinic*<sup>TM</sup>. This new Nurse Practitioner Primary Clinic Model seeks to improve the issues in the current environment and get ahead of evolving trends by introducing an innovative offering primed to emerge as a new paradigm in the healthcare arena. *The Good Clinic*<sup>TM</sup> uses a holistic model, embracing community wellness, while focusing on prevention and continuous personalized, whole person planned care using tools such as telehealth. Features such as direct to consumers or insurance for payments represents a valuable piece of the puzzle. However, it is the locale inside multi-unit housing that is an underlying competitive advantage. Much like fitness centers and gyms were made popular inside of multi-unit, residential living, *The Good Clinic*<sup>TM</sup> is poised to serve as a differentiating residential amenity for both consumers and landlords/property owners alike. Catering to those living in metro areas who tend to skew younger and have a strong interest in their own health via traditional and alternative medicine is a critical evolving trend. It leads to patient loyalty,

recurring revenue, and a path to profitability that other models lack.

*The Who, What, Where, When, and How*

There are 270,000 Nurse Practitioners licensed in the United States and 87.1% are certified in the area of primary care. The market needs thousands of additional primary care providers that just do not exist as the primary care provider is the main health care provider for non-emergency care. We all have been seen by NPs rather than doctors and using the NPs instead of doctors offers a plethora of benefits. They already provide preventive care and teach healthy lifestyles and are trained to identify and treat common medical conditions. Plus, they can prescribe medications and make referrals to medical specialists, when necessary.

Educational training is focused patient partnerships to achieve care goals, rather than cure patients or focus on how many patients can be seen in a day. Plus, wellness, prevention, and competency in alternative medicine are hallmarks of NP activity. The core mandate is to deliver care based on a personalized lifestyle integration

plan with prescheduled visits (in-person and virtual). This strategy includes behavioral health screening, all-inclusive wellness components such as nutrition, exercise plans, weight management, lifestyle classes, and supplements. The clinics can even provide support of their cosmetic needs as well with simple dermatology procedures and products.

From the business perspective MITI ensures that business services are set in place to enable Nurse Practitioners to quickly open and efficiently operate a primary care clinic and use technology to provide expertise wherever and whenever the client needs it. NPs running a clinic costs 40% less than those run by doctors as total comp of \$150,000/year is 40% lower than typical practices. Also, their backgrounds dovetail side-by-side with patient goals and malpractice risk is reduced. As a result, these combined benefits foster solid profits and superior consumer health outcomes.

In a typical primary care environment, in order to achieve reasonable profitability due to the high underlying labor and other costs, an estimated 6000 appointments for 3000 patients are conducted each year, with revenue likely around \$1.5M. Conversely, with the high-touch, high-volume, high-value MITI model, an estimated 6000 appointments are conducted with perhaps 2000 patients, in-person and via telehealth. Revenue opportunities are greater than traditional models as sources of income can be derived from the clinic visit, the sale of vitamins and nutraceuticals, a residential amenity fee from the resident, DTC from services such as dermatology procedures. As a result, revenue could be 20% higher in this model. Plus, with 40% lower labor costs, this model is a win-win for both provider and consumer.

It is difficult to forecast initial and maximum revenue per location but we believe that \$850K to \$1.5M in the first 3 years is reasonable. With 5 targeted clinics to be opened in 2021, 22 in 2022, and 40 in 2023, substantial revenue growth appears to be in the offing. The relationship with Lennar cannot be overstated as it relates to MITI's growth. By working hand-in-hand to have a clinic in as many new Lennar multi-unit metro residential buildings as possible that have a large millennial population over the next few years, both MITI and Lennar achieve a myriad of business objectives.

#### *The Good Clinic™ Peers*

MITI has both public and private peers, although no one appears to utilize the novel residential model in which the Company's flagship is based. Moreover, the 3 pubcos are hemorrhaging money--which is why the MITI model appears to be a more valuable one. **1Life Healthcare (NASDAQ – ONEM)** operates a membership-based primary care platform. The company has developed a healthcare membership model based on direct consumer enrollment, as well as employer sponsorship. Its membership model includes seamless access to digital health services paired with inviting in-office care routinely covered under health insurance programs. **Oak Street Health (NYSE – OSH)** offers primary care services to Medicare beneficiaries. **American Well (NYSE – AMWL)** perhaps represents some of the closest pubco peer services to MITI. The company provides a telehealth application that connects and enables providers, insurers, patients, and innovators to deliver access to healthcare. Its application offers urgent care; pediatrics; therapy; population health management, and chronic disease management services. VillageMD, a private firm, is probably most similar to *The Good Clinic™*. *With 45 clinics around the US, it offers comprehensive primary care across a broad range of physician services, along with 24/7 care through telehealth and virtual care.*

## MITI EXECUTIVE TEAM SNAPSHOTS

Both the MITI and The Good Clinic executive leadership teams are first rate, rivaling firms representing hundreds of millions in market value. In an effort to highlight both groups, we have elected to publish snapshots of each member. More detailed MITI executive and board member bios can be found here: <https://ir.mitescoinc.com/board-of-directors/>.

### ***The MITI Executive Team***

#### **Ron Riewold, Chairman of the Board**

Extensive senior health care experience in both public and private companies.

#### **Lawrence Diamond, Mitesco, Inc. Chief Executive Officer**

Innovative business executive with 25+ years of leadership in both public and private health sector companies at the senior management and board level.

#### **Tom Brodmerkel, Board Member**

Business executive with 25+ years of generalist experience within the health care sector at the senior executive and board levels.

#### **Dr. H. Faraz Naqvi, Board Member**

Banking and asset management experience as a Physician Innovator within the healthcare sector as a senior executive, founder, and board member.

#### **Juan Carlo Iturregui, Board Member**

International Attorney & Advisor active in public policy, healthcare, and cross border business transactions, serving on boards and as an appointee for both President Bush and President Obama

### ***The Good Clinic Executive Team***

#### **Michael C. Howe, Chief Executive Officer**

Mr. Howe has successfully grown consumer-facing businesses, including the business now known as MinuteClinic, acquired by CVS in 2006. As CEO of the new business unit, Mr. Howe brings 30+ years of consumer and healthcare experience including Minute Clinic, Arby's Restaurants, and Verify Brand.

#### **Jim "Woody" Woodburn, MD MS, President and Chief Operating Officer**

Dr. Woodburn has been key to the success of organizations including MinuteClinic, Applied Pathways (Acquired by Anthem AIM in 2017) and several other venture capital-funded companies. In addition to his experience as an Emergency and Occupational Medicine physician leader, he was Medical Director at BCBS of MN and led employee health and wellness programs for over 12 years. Dr. Woodburn led the successful clinical expansion for MinuteClinic including the scalable provider ownership model and clinical quality management.

**Rebecca Hafner-Fogarty, MD, MBA, FAAFP, Chief Medical Officer**

Dr. Hafner-Fogarty brings valuable consumer health experience including senior roles at MinuteClinic as well as Zipnosis. She is an experienced primary care physician who served on the Minnesota Board of Medical Practice for many years and has deep expertise in regulatory and policy issues in telemedicine and other healthcare innovation.

**Kevin Lee Smith, DNP, FNP, FAANP, Chief Nurse Practitioner Officer**

Dr. Smith’s previous experiences include founding MinuteClinic and providing early-stage informatics leadership at Zipnosis. Dr. Smith has also been an active primary care Nurse Practitioner and served in faculty positions at the University of Minnesota throughout his career.

**FINANCIALS SNAPSHOT**

<b>Table I. Mitesco, Inc. Segment Revenue Forecast (\$, 000)</b>			
	<u>FY21E</u>	<u>FY22E</u>	<u>FY23P</u>
No. Clinics Year-End	5	22	40
Avg Mos. In Year 1 Serv.	6	17	18
Avg Mos. In Year 2+ Serv.	0	5	22
<b>Total Revenue</b>	<b>\$2,250,000</b>	<b>\$17,925,000</b>	<b>\$49,650,000</b>
Source: Goldman Small Cap Research			

*2020 Financials*

As noted above, 2020 was a critical infrastructure/building year for the Company. Despite the unprecedented economic and business environment, MITI has been able to launch *The Good Clinic*™ on February 1, 2021. Management should be lauded for pulling off the financing, the construction, the model, and expanding the Lennar relationship to what could almost be considered a partnership status. These achievements give us confidence that MITI stands to generate enviable top-line growth rates and clinic location expansion.

For the full year 2020, we estimate a net loss of **(\$3.1M)** as compared with a net loss of **(\$2.0M)** for the first nine months of the year. We project roughly half of the loss is attributed to operations with the balance representing items below the operating line. Given the non-revenue status for the year, we do not believe the actual results, to be released this quarter, should have a material bearing on the Company's shares.

#### *2021: Major Change Begins*

Beginning with today's launch, our model suggests that MITI will generate \$2.25M in revenue and end the year with 5 open clinics in Minneapolis, and Denver. Some of the growth may be back-end loaded to a degree, especially based on new launches. Given that this is Year 1, and metrics are subject to change, we elected to use a conservative cost of sales and opex assumption. Gross margin is projected to come in at 35%, with total opex of \$4.0M, versus \$2.45M in 2020. Admittedly, this is a bit of a moving target, depending upon sales and marketing expenses and patient signup/enrollment. Expense items below the operating line should be reduced in 2021, aiding cash flow. It is important to note a meaningful increase in shares outstanding owing to clinic launch financing.

#### *2022 & 2023: The Big Years*

For 2022, our pro formas suggest revenue of \$17.9 million, a jump of around 700%, led by sales growth from the 5 clinics being on-boarded for a full year as well as the introduction of 17 new facilities. Clearly, a greater investment in sales and marketing and more diverse digital marketing campaigns should bear considerable fruit and a dramatically improved operating performance with a projected nominal operating loss of **(\$330K)** and **(\$1.0M)** for the year, with break-even EPS. If the operating margin is just a tad higher, it would likely make MITI one of the few profitable companies that participate directly or tangentially in the space. On a preliminary basis, we do expect profitability to occur in 2023. With an additional 18 new sites, and 22 with 1-2 years under their belt, top line could reach \$49.7M, with operating profit of \$9.8M, or 19.8%, and net of \$9.3M, or \$0.04 in EPS. Our model assumes a nominal tax rate of 10% due to a tax-loss carry-forward from losses in prior years.

Investors should note that these forecasts reflect organic growth only for 2021-2023, and do not include any M&A which could likely be in the cards, given the highly fragmented market and the leverage from MITI's pubco status. Thus, we believe that the closing of any of these types of initiatives could result in a major increase in market value, offsetting any potential dilution.

#### *Premium Valuation*

MITI peers are a diverse group that includes pubcos and fast-growing private companies that are tangential direct competitors that could go public in the next 1-2 years.

It is apparent that the companies in the peer group on Table II below are enjoying outsized growth and are rewarded with lofty price/sales multiples. The group currently trades at an average multiple of 22.7x current year (2020) sales and 18.5x next year's (2021) projected sales. With 2020 basically in the rear view mirror the group is trading on next year's metric rather than 2020. In our experience, high growth companies tend to begin to trade on their next year's forecasts six to twelve months prior to the start of the upcoming year. In this case, we believe that this group could begin to trade on 2022 forecasts as early as 3Q21. Assuming the metrics hold, MITI

could trade at a modest premium to the group based on its higher growth rate, innovative model and clearer path to profitability. As a result, at a price/sales multiple of 22.3x 2022E sales, these shares could enjoy a nearly 5x rise to the \$2.00 level in the next 6-12 months.

**Table II. MITI Publicly-Traded Peer Group**

Company Name	Symbol	Price (1/29/21)	Mkt Cap (mil)	FY20E Revs (mil)	FY21E Revs (mil)	20E - 21E Revs Growth	2020E Price/Revs	2021E Price/Revs
1Life Healthcare	ONEM	\$50.60	\$6,730	\$365	\$473	29.6%	18.4	14.2
Oak Street Health	OSH	\$51.87	\$12,492	\$857	\$1,260	47.0%	14.6	9.9
American Well Corp	AMWL	\$35.41	\$8,320	\$238	\$265	11.3%	35.0	31.4
<b>Average*</b>			<b>\$9,181</b>	<b>\$487</b>	<b>\$666</b>	<b>29%</b>	<b>22.7</b>	<b>18.5</b>
				<b>FY21E</b>	<b>FY22E</b>	<b>FY21E-FY22E</b>		<b>FY22E</b>
<b>MITI: Current</b>		<b>\$0.42</b>	\$78	\$2.3	\$17.9	696%		4.4
<b>MITI: 6-12 Mos</b>		<b>\$2.00</b>	\$400					<b>22.3</b>

Sources: www.Yahoo!Finance.com, Company websites, Goldman Small Cap Research

## RISK FACTORS

In our view, the Company's biggest risks are related to the timing of and magnitude of both the build-out/expansion of the Company's clinics and ability to meet targeted numbers of patient sign-ups per clinic. The next major risk is related to the expense associated with sales and marketing ramps, and subsequent systemic approaches to patient visits/communication and monitoring. We note that despite its enviable capabilities, it may initially be difficult for the Company to differentiate itself from the competition. Competitive risks include lower pricing, more effective sales/marketing, or consumer concerns over the NP model. Thus, our forecasts could be negatively impacted.

The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of MITI's size and standing. Moreover, we believe that MITI's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth and on an organic and inorganic basis, thus rapidly achieving profitability.

Volatility and liquidity are typical concerns for microcap stocks that trade on the over the counter (OTC) stock market. To be sure, that is a concern with a stock that has jumped from essentially to \$0.02 to nearly \$0.59 in just a matter of weeks, despite a jump in shares outstanding in the preceding weeks as well. In our view, it is a risk. However, just because the stock made a huge run does not negate the fact that on a fundamental basis, MITI has now evolved from a concept to an operating business and its best days are ahead of it, rather than behind. Moreover, if the Company reaches our forecasts, it should be awarded with a valuation and price/sales metric commensurate with its peers.

Looking ahead the share count could again increase due to future fundraises to substantially expand the Company's business and reach. However, an overriding financial benefit as a public company is the favorable access to and the availability of capital to fund product launches, consistent marketing campaigns and other initiatives. Since the proceeds of any future funding would be used in large part to advance major business development and sales, we believe that any dilutive effect from such a funding could be offset by related increases in market value.

## CONCLUSION

MITI's flagship subsidiary, *The Good Clinic*<sup>™</sup> is launching the first location of a novel nurse practitioner-consumer centric clinic model poised to foster higher recurring revenue and profit per the Company's peers. MITI's core, integrated telehealth and wellness offerings should also provide superior patient outcomes. MITI is ready to swiftly scale this business from an estimated 5 locations in 2021 to 40 in 3 years, with the aid of its relationship with Lennar, one of the largest residential multi-family builders in the US. With multi-city agreements in place, *The Good Clinic*<sup>™</sup> will become a mainstay in key Lennar residential properties inside major metropolitan cities.

Management has simply built a better mousetrap which should change how primary clinics are designed and operated. This should come as no surprise to investors as key management members who brought Minute Clinic (previously known as Quickmedix) to scale, which was acquired by CVS for \$170 million in 2006.

Our model suggests revenue will jump from \$2.25M in 2021 to \$17.9M in 2022 and \$49.7M in 2023. With its peers hemorrhaging money, MITI could emerge as investors' go-to company in the space. This money-losing peer group currently trades at an average multiple of 22.7x current year (2020) sales and 18.5x next year's (2021) projected sales. With 2020 basically in the rear view mirror the group is trading on next year's metric rather than 2020. In our experience, high growth companies tend to begin to trade on their next year's forecasts six to twelve months prior to the start of the upcoming year. In this case, we believe that this group could begin to trade on 2022 forecasts in 3Q21. Assuming the metrics hold, MITI could trade at a modest premium to the group based on its higher growth rate, innovative model and clearer path to profitability. As a result, at a price/sales multiple of 22.3x 2022E sales, these shares could enjoy a nearly 5x rise to the \$2.00 level in the next 6-12 months.

**Table III. Mitesco, Inc.**  
Pro Forma Income Statement  
(\$,000)

	<u>FY20E</u>	<u>FY21E</u>	<u>FY22E</u>	<u>FY23P</u>
<b>TOTAL REVENUE</b>	<b>\$0</b>	<b>\$2,250</b>	<b>\$17,925</b>	<b>\$49,650</b>
Cost of Sales	\$0	\$1,688	\$10,755	\$27,308
<b>Gross Profit</b>	<b>\$0</b>	<b>\$563</b>	<b>\$7,170</b>	<b>\$22,343</b>
<i>Gross Margin</i>	<i>N/A</i>	<i>25%</i>	<i>40%</i>	<i>45%</i>
SG&A	\$2,450	\$4,000	\$7,500	\$12,500
<b>Total Operating Expenses</b>	<b>\$2,450</b>	<b>\$4,000</b>	<b>\$7,500</b>	<b>\$12,500</b>
<b>Operating Income</b>	<b>(\$2,450)</b>	<b>(\$3,438)</b>	<b>(\$330)</b>	<b>\$9,843</b>
<i>Operating Income Margin</i>	<i>N/A</i>	<i>-152.8%</i>	<i>-1.8%</i>	<i>19.8%</i>
Grant Income	\$3	\$0	\$0	\$0
Interest Expense	(\$1,700)	(\$1,000)	(\$500)	(\$500)
Gain on Settle. Accts Payable	\$450	\$0	\$0	\$0
Gain on Settle. Accrued Sal	\$7	\$0	\$0	\$0
Gain (Loss) on Deriv. Liab.	\$550	\$300	\$0	\$0
Total Other Income (Expense)	(\$690)	(\$700)	(\$500)	(\$500)
Income Taxes	\$0	\$0	\$0	\$1,034
<i>Tax Rate</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>10.0%</i>
<b>Net Income (Loss)</b>	<b>(\$3,140)</b>	<b>(\$4,138)</b>	<b>(\$830)</b>	<b>\$9,308</b>
<b>Preferred Stock Dividend</b>	<b>(\$75)</b>	<b>(\$100)</b>	<b>(\$200)</b>	<b>(\$350)</b>
<b>Net income (Loss) Comm Shares</b>	<b>(\$3,215)</b>	<b>(\$4,238)</b>	<b>(\$1,030)</b>	<b>\$8,958</b>
<b>Diluted Earnings Per Share</b>	<b>(\$0.03)</b>	<b>(\$0.02)</b>	<b>(\$0.00)</b>	<b>\$0.04</b>
Wtd. Est. Shares Outstanding	115,000	200,000	205,000	210,000

*P: Denotes preliminary*

Sources: MITI, OTC Markets, and Goldman Small Cap Research

### RECENT TRADING HISTORY FOR MITI

(Source: [www.StockCharts.com](http://www.StockCharts.com))





## SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

## ANALYST CERTIFICATION

I, Robert Goldman, 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.

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