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Pulmatrix, Inc.
(Nasdaq/PULM/\$1.97/Not rated)

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NeuroMetrix, Inc. (Nasdaq/NURO/\$1.58/Not rated)

1. Pulmatrix: PULM reported second quarter 2016 results earlier today. The Company did not hold a quarterly conference call. In keeping with its development stage of operations, PULM reported a minimal \$260,000 in revenue in the 2016, compared to \$170,000 in revenue in Q2 2015. The slight increase in revenue was due to revenue recognized under the Company’s collaborative agreement with Mylan N.V. (NYSE/MYL/\$49.14) for the development of PUR0200 in COPD. Research and development expenses rose to \$2.2 million from \$1.9 million in 2015 due to increased clinical activity and service costs related to the PUR 1900 program. G&A expenses were reported at a more normalized \$2.2 million in 2016, down from the heavily merger skewed \$9.9 million in G&A expense reported in 2015.

More notably, however, was the completion of the transition from legacy Ruthigen activities. PULM reported taking a one-time write-off of in-process research and development and the related deferred tax liability that was acquired as part of the Pulmatrix/Ruthigen merger. Pulmatrix’s rights to RUT58-60 also expired and reverted back to the licensor as the preclinical surgical site anti-infective therapeutic product falls outside of Pulmatrix’s focus on inhaled products for pulmonary diseases. The write-off resulted in a one-time non-cash charge of \$4.6 million. Net loss for the 2016 period was reported as \$9.2 million compared to \$14.9 million in the comparable 2015 period, the positive differential of which largely attributable to lower operating expenses and changes in derivative liability fair value calculations, offset by the noted write-off.



Recent selling pressure, possibly by legacy holders as PULM completes the transition to a highly focused inhaled therapeutics company, halted the stock’s recent nascent technical break-out. Without a news catalyst, the stock may have to go through a further base-building period before any sustained rally is achieved.

2) NeuroMetrix: NURO announced yesterday that the company will be participating with its partner, Advantage Healthcare, in the upcoming NCADS Total Store Expo in Boston, starting on August 6th. The Expo

is the largest industry trade show for drug and chain store merchandisers who typically use this meeting as an opportunity to scan the landscape for new products. NURO is partnering with Advantage Health, who will represent Quell® in discussions with key national and regional drug and mass merchandiser executives, as NURO seeks to expand the national retail distribution for Quell. Advantage Health is a full service, sales, marketing and supply chain organization who represents over 45 brands with an aggregate of \$2 billion in retail sales. The Expo continues into next week with any news arising from the event typically being released by participating companies over subsequent weeks.

Earlier this week, NURO announced a significant milestone for Quell. The Company reported that as of August 1, 2016, over 1 million hours of Quell use and related health data had been uploaded to the Quell Health Cloud. The Quell smartphone app provides the user with the means to track personal utilization, change in sleep patterns and other metrics. This data can be uploaded and securely backed up to the Quell Health Cloud. The Company reported the following analysis of this user-provided data:



- Quell is used 6 hours a day, on average.
- The majority of people with chronic pain suffer from low quality sleep and 71% of Quell owners have used their device while sleeping. Nearly 40% of Quell users average less than 6 hours of sleep. About 27% of users have a high number of periodic leg movements, which may disrupt sleep and is a risk factor for cardiovascular disease. Substantiating the high need to reduce chronic pain at night, Quell use data indicates about 38% of Quell therapy hours are delivered between the hours of 8 PM and 8 AM.
- The Quell Health Cloud data also exposes the collateral effect of reduced levels of activity for sufferers of chronic pain, which often contributes to further pain and elevated risk of obesity and heart disease among other chronic conditions. The Quell Health Cloud data set showed users who were wearing Quell for at least 4 hours during daytime hours, walk an average of 34 minutes per day with their device. This meets the American Heart Association (AHA) recommendations for physical activity in adults. Quell’s behind-the-knee novel design promotes activity by reducing pain while not interfering with physical activities. SG

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Market Underperform (Sell)	0	0%	0	0%
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