



**OxySure  
Systems, Inc.**  
OTCQB: OXYS

**November 17, 2015**  
**Target Price: \$1.35**  
**Recent Price: \$0.17**

**Market Data**

Fiscal Year	December
Industry	Medtech
Market Cap	\$6.2M
Price/Earnings (ttm)	N/A
Price/Book (mrq)	2.6x
Price/Sales (ttm)	1.8x
Insider Ownership	46.1%
Shares Outstanding	36.2M
Equity Float	13.5M
Avg. Volume (3 mo.)	146,786

*As of November 16, 2015*

**Income Statement Snapshot**

TTM

Revenue	\$3.4M
Gross Profit	\$1.4M
Gross Margin	42.5%
Net Income	(\$5.7M)

**Balance Sheet Snapshot**

	MRQ
Cash	\$2.0M
Debt	\$1.2M

**3Q15 Revenue Up 39% YoY and 9% QoQ; 14<sup>th</sup> Straight Qtr of Revenue Growth**

**3Q15 revenue up 39% YoY and 9% QoQ; 14<sup>th</sup> straight quarter of growth.** OXYS reported revenue of \$1.1 million in 3Q15, a 39% YoY increase and 9% QoQ increase as compared to \$818,456 in 3Q14 and \$1.0 million in 2Q15. Gross profit was \$558,254 (gross margin of 49.0%), a 12% YoY increase from \$496,524 in 3Q14 (gross margin of 60.7%). Selling, general and administrative expenses for 3Q15 were \$1.5 million as compared to \$885,983 in 3Q14. The primary reasons for the expense increases were investments in sales and marketing (a 116% YoY increase to \$437,442), and an increase in research and development (a 133% YoY increase to \$362,599). We expect the Company to continue to invest heavily in sales and marketing and research and development as the Company expands its direct sales force and invests in new product development. Net loss for 3Q15 was \$(1.4 million), or \$(0.04) per share, as compared to \$(462,349) or \$(0.02) per share in 3Q14.

The Company expects to reach a \$10 million revenue run rate in 2016, along with reaching cash flow breakeven and GAAP breakeven (with cash flow breakeven occurring first). Also, the Company has a growing sales pipeline of \$3.5 million. OXYS anticipates closing on approximately 70%-80% of this pipeline, and the time to close is expected to show additional improvement as the Company improves its sales technique with experience. Additionally, OXYS has stated that it has seen a significant uptick in sales to law enforcement agencies.

**New product additions expected to increase sales; already seeing strong demand from Quickclot and AED sales.** OXYS has seen significant sales and demand from its additions of the Quickclot Hemostatic Solution and the new Cardiac Science Powerheart® G5 AED. We expect these products to increase OXYS's sales further in the coming months.

**Journal of Emergency Medicine (JEMS) opinion paper leads to increased awareness and support for "public/first aid oxygen" usage.** JEMS, a widely respected medical journal, recently published an opinion piece on the usability of "public/first aid oxygen" usage, prior to the arrival of professional first responders on the scene. The article also had commentary from Pete Goldman MD, an emergency department physician who has been an innovator in public involvement in emergency care delivery for decades. The opinion piece concluded that FDA-approved stock first aid oxygen units, with flow rates of 6-7 LPM, are probably safe to use without pulse oximetry. The article provides additional evidence that there are likely not any concerns about "over-oxygenation," and that FDA-approved oxygen units are safe to be administered by individuals before the arrival of trained first responders.

Having an opinion piece published by a respected journal such as JEMS will likely convince many more organizations to purchase the OxySure Model 615, due to the addition of a very respected, third-party medical opinion. This could lead to a strong increase in sales as this paper becomes known by end user groups.

**Price target of \$1.35, which represents EV/S multiples of 11.9x FY15E revenue, 6.0x FY16E revenue, and 3.0x FY17E revenue.**

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15E	FY15E	1Q16E	2Q16E	3Q16E	4Q16E	FY16E	FY17E
Revenues, net	356,229	678,111	818,456	584,606	2,437,402	624,514	1,046,019	1,138,380	1,238,557	4,047,470	1,486,269	1,783,523	2,140,227	2,568,273	7,978,292	15,956,583
Cost of goods sold	205,590	264,856	321,932	626,669	1,419,047	335,856	409,183	580,126	610,609	1,935,774	710,437	825,771	958,822	1,112,062	3,607,091	6,462,416
Gross profit	150,639	413,255	496,524	(42,063)	1,018,355	288,658	636,836	558,254	627,949	2,111,697	775,832	957,752	1,181,405	1,456,211	4,371,200	9,494,167
Operating expenses																
Research and development	1,541	275,974	155,869	150,051	583,435	213,345	297,456	362,599	376,521	1,249,921	399,806	417,344	447,307	472,562	1,737,020	2,138,182
Sales and marketing	87,949	154,044	202,825	273,887	718,705	464,746	329,393	437,442	463,220	1,694,801	511,277	542,191	565,020	575,293	2,193,780	2,505,184
Other general and administrative	345,757	259,230	527,289	618,730	1,751,006	622,284	621,066	686,828	684,922	2,615,100	703,005	718,760	734,098	752,504	2,908,367	3,079,621
Operating income (loss)	(284,608)	(275,993)	(389,459)	(1,084,731)	(2,034,791)	(1,011,717)	(611,079)	(928,615)	(896,716)	(3,448,127)	(838,256)	(720,543)	(565,020)	(344,149)	(2,467,967)	1,771,181
Other income (expenses)																
Gain on settlement of debt	16,226	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other income (expense)	(331)	42,465	96,161	34,322	188,843	117	(1,225)	1,407	0	299	0	0	0	0	0	0
Change in value of derivative liabilities	0	0	0	0	0	2,651	119,933	219,673	0	342,257	0	0	0	0	0	0
Derivative expense	0	0	0	0	0	0	(204,272)	(47,091)	0	(251,363)	0	0	0	0	0	0
Interest expense	(107,607)	(85,980)	(169,051)	(544,974)	(907,612)	(331,154)	(561,791)	(626,127)	(626,127)	(2,145,199)	(626,127)	(626,127)	(626,127)	(626,127)	(2,504,508)	(2,504,508)
Total other expenses	(91,712)	(43,515)	(72,890)	(510,652)	(718,769)	(328,386)	(647,355)	(452,138)	(626,127)	(2,054,006)	(626,127)	(626,127)	(626,127)	(626,127)	(2,504,508)	(2,504,508)
Net income (loss)	(376,320)	(319,508)	(462,349)	(1,595,383)	(2,753,560)	(1,340,103)	(1,258,434)	(1,380,753)	(1,522,843)	(5,502,133)	(1,464,383)	(1,346,670)	(1,191,147)	(970,276)	(4,972,475)	(733,327)
Diluted net income (loss) per common share	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.06)	(\$0.10)	(\$0.05)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.17)	(\$0.04)	(\$0.04)	(\$0.03)	(\$0.03)	(\$0.14)	(\$0.02)
Weighted average common shares outstanding	25,889,334	25,996,642	26,120,974	27,340,103	26,367,254	28,951,882	30,215,788	32,425,195	34,854,591	31,611,864	36,220,761	36,401,865	36,568,874	36,766,793	36,493,323	37,223,190
Diluted																
Gross Margin	42.3%	60.9%	60.7%	-7.2%	41.8%	46.2%	60.9%	49.0%	50.7%	52.2%	52.2%	53.7%	55.2%	56.7%	54.8%	59.5%
R&D as % of rev	0.4%	40.7%	19.0%	25.7%	23.9%	34.2%	28.4%	31.9%	30.4%	30.9%	26.9%	23.4%	20.9%	18.4%	21.8%	13.4%
S&M as % of rev	24.7%	22.7%	24.8%	46.8%	29.5%	74.4%	31.5%	38.4%	37.4%	41.9%	34.4%	30.4%	26.4%	22.4%	27.5%	15.7%
G&A as % of rev	97.1%	38.2%	64.4%	105.8%	71.8%	99.6%	59.4%	60.3%	55.3%	64.6%	47.3%	40.3%	34.3%	29.3%	36.5%	19.3%

## **Additional Information**

**Legal:** K&L Gates, The Law Firm of Gregory G. Jones, P.C., The Johnson Firm, Horzempa Spiegel & Associates, PC

**Auditor:** Sadler, Gibb & Associates, LLC

**Transfer Agent:** Action Stock Transfer

## **Company Website**

## **Additional Company Information**

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OXYS agreed to pay RedChip a monthly cash fee and 250,000 warrants with a conversion price of \$1.20 and a term of five (5) years for twelve (12) months of service.

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