



Qualis Innovations Inc. (“Qualis Innovations” or “Qualis” or the “Company”) is a fully reporting Company trading under the symbol ‘QLIS’ that is developing the next generation of non-invasive medical devices using electromagnetic induction to generate deep heat below the surface of the skin to reduce chronic pain and treat chronic pain.

The SOLACE device is based on proprietary high-frequency magnetic induction technology, known as Electromagnetic Induction (“EMI”). Electromagnetic or magnetic induction is the use of electric currents or a derivative of a current in the form of a sound or an acoustic wave or an electromagnetic energy wave. Administered electric currents or their derivatives have two attributes: (1) pain relief and (2) tissue regeneration of tissue.

We believe the Company’s product will provide clinicians and patients with a new and differentiated pain management tool that that is not opioid related. Qualis, through its wholly owned subsidiary, **mPathix Health Inc.** is developing a new paradigm in pain management devices and treatments that will address the existing demand and broaden demand through:

- Expanding Alternatives to Traditional, Highly-Addictive Pain Medication
- Ability to Provide Adjunctive Therapy to Current Treatment Regimen
- Non-Invasive Medical Devices
- Shorter Duration of Procedure and more Comfortable Patient Experiences
- Muscular and Dermal Stimulation and Relief



Market Dynamics

We plan to market our SOLACE technology for pain management applications, in particular for the treatment of conditions such as acute pain resulting from various types of injury from car accidents to sports injuries. We believe the market demand for our product, and other similar products based on our high-frequency magnetic induction technology, is and will be sustained given the recent overall growth in the marketplace for similar-classed devices.

Additionally, according to a *Prescient & Strategic Intelligence* market report, the global pain management devices market is growing significantly due to escalating technological advancement and massive research and development in pain management, as well as the onset of pain after surgery. The increasing need for long-term rehabilitation pain management intended for the geriatric population and government initiatives to develop chronic pain rehabilitation centers are supporting the growth of the global pain management devices market.

The pain management device market is categorized on the basis of type and application. On the basis of type, the market can be categorized as neurostimulation devices, electrical stimulators, analgesic infusion pumps, radiofrequency ablation devices and others. Radiofrequency ablation devices are expected to grow at a fastest rate in the coming years as it blocks the passage of pain signals to brain without affecting tissues.

Some of the factors driving the growth of the global pain management devices market are an increasing aging population, deficiency of effective analgesic drugs, escalating healthcare spending, refining healthcare infrastructure, and increasing prevalence of chronic diseases such as cancer, degenerative diseases, and diabetes. In addition, the rise in neuropathic pain disorders, growing patient awareness regarding pain management, and rising government initiatives are also fueling the growth of the market in the projected period. However, side effects of pain management devices, such as skin redness and skin hypersensitivity, presence of alternatives such as pharmaceuticals, and the implementation of Affordable Healthcare Act in the U.S., are some of the factors restraining the growth of the global pain management devices market.

It is estimated that 100 million Americans suffer from chronic pain in the United States according to the Institution of Medicine. Geographically, North America will be leading the global pain management devices market in the coming years due to promising reimbursement policies, the increasing number of pain management centers, enormous investment, and extensive research and development. Asia-Pacific is the fastest growing region in the global pain management devices market. The major reasons for the fastest growth of pain management devices market in the region are mounting healthcare expenditures, the huge pool of patients, increasing government support, and increasing prevalence of diabetes, arthritis, and cancer in the region. Moreover, the pain management devices market is growing due to increasing awareness of pain management and the refining healthcare infrastructure in emerging countries, such as India and China, of the Asia-Pacific region.

Key Investment Highlights

HUGE ADDRESSABLE MARKET

- The global pain management devices (PMD) market is expected to reach USD **\$14.55 B** by 2026, registering a **CAGR of 13.8%**, according to a new study by Grand View Research, Inc. (May 2019).
- Preference for PMD over oral drugs and surgical interventions is likely high impact rendering driver
- Escalating technological advancement and massive research and development in pain management
- Increasing need for long-term rehabilitation pain management intended for the geriatric population
- Government initiatives to develop chronic pain rehabilitation centers are supporting the growth of the global PMD market.
- Largely unexplored market creating abundant opportunities to grow at a considerable rate
- Radiofrequency ablation devices are expected to grow at a fastest rate in the coming years as it blocks the passage of pain signals to brain without affecting tissues.

- On the basis of application, the market can be segmented as neuropathic pain, musculoskeletal pain, cancer pain, facial and migraine pain, trauma prompted pain, and others.
- Major reasons for the fastest growth of PMD market in the region are mounting healthcare expenditures, the huge pool of patients, increasing government support, and increasing prevalence of diabetes, arthritis, and cancer in the region.

GROWTH STRATEGY

A key element to the Company's growth strategy is to acquire the rights to or develop existing devices. Large device companies have increased the minimum market opportunity they require in order to commit marketing resources to their products. As a result, there are many products that are unsupported by such companies and are currently scheduled to be phased out or "sunsetting." Qualis Innovations believes that it can create significant value by developing or acquiring rights to a portfolio of such products, expanding their therapeutic uses and/or markets, improving or enhancing such products and dedicating the appropriate amount of marketing and other resources to maximize the value of the Company's portfolio.

There are several key criteria the Company uses when evaluating product opportunities:

- The disease or condition largely has been ignored due to lack of interest by other, larger companies and, as a result, overall competition in the space is limited.
- The device is not selling well for various reasons (including, among other things, poor management, poor reimbursement, improper or no available billing codes, inaccurate pricing, and limited and/or poor clinical outcomes) which, Qualis would attempt to eliminate, thereby increasing product revenues.
- The device should be easy to manufacture, thereby avoiding the need for costly investment by the Company develop products and complicated manufacturing facilities.
- There should be a large, underserved patient population. The device should have clear regulatory and reimbursement paths with the FDA and CMS, respectively (or already be approved).
- The device should be relatively easy to distribute/dispense and administer. Most importantly, the product must have a history of limited adverse events to patients.

The SOLACE technology may eventually serve as a product-development platform for novel and effective tools for medical practitioners beyond the pain applications we are currently pursuing. Future applications might include treatments for aesthetics, incontinence and biopolymer tissue sealants.

CIM Securities has been retained to raise up to \$4M shares of 8% PIK Dividend Series A Convertible Participating Preferred Stock, par value \$0.001 per share (the "**Securities**" or "**Shares**"), for a purchase price of \$1.00 per Share to accredited investors.

We have a full Private Placement Memorandum and Data Room available for your review after we discuss the opportunity. Please contact us to arrange a call with the **Chief Financial Officer, John Ballard**, and/or **Acting CEO, Joseph Pergolizzi, Jr., MD** at your convenience to discuss this exciting opportunity.

Our SOLACE device



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