Trickle Research

Every raging river, every great lake, every deep blue sea starts … with a trickle

Allocation Upgrade and Target Downgrade

BioSig Technologies, Inc.

(NasdaqCM: BSGM)

Report Date: 11/20/20

12- 24 month Price Target: * $8.25

Allocation: **3

Closing Stock Px at Initiation (Closing Px:04 /03/20): $5.14

Closing Stock Px at Allocation Downgrade (Closing Px:05 /13/20): $10.99

Closing Stock Px at Allocation Upgrade and Target Downgrade (Closing Px:11/19/20): $4.08

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Disclosure: Portions of this report are excerpted from BioSig's filings, website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

Our last update on BioSig was in May (2020) wherein we reduced our allocation from 4 to 2 based on the appreciation of the shares through our initiation target of $10.50. Just to be clear, that is an event that absent a new catalyst, would typically lead us to terminate the coverage. However, recall, around our initiation the Company also announced the addition of a project called ViralClear, which initiated a Phase II therapy for Covid19 called VicroMax (merimepodib). Predictably, the prospects/potential of the therapy created some speculation around the public parent (BioSig), which sent the stock through our initial target. As a result of that price appreciation, in mid-May (2020) we lowered our allocation on the stock from 4 to 2. Thereafter, on October 26 (2020), ViralClear halted the clinical trial after determining that it was not likely the therapy would meet its primary safety clinical end points. That event had a negative impact on the stock price, which at this writing is lower than it was at the time of our initiating coverage. Following is some retrospective on our coverage to this point.

In our **initiating coverage on April 5, 2020** we noted the following with respect to Vicromax and their Covid19 initiatives:

> *"…..Stopping the COVID-19 pandemic and preventing similar viral threats in the future must be the number one priority of all of us in the healthcare community," said Kenneth L. Londoner, Chairman and CEO of BioSig Technologies, Inc. "This very promising anti-viral is the result of tireless efforts by an accomplished group of pharmaceutical industry veterans, and we are doing everything in our power to ensure it gets tested and brought to market as soon as possible."*
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> *The Company intends to develop Vicromax(tm) and take it through clinical trials under a new NeuroClear subsidiary, ViralClear Pharmaceuticals, Inc. The Company appointed Mr. Nick Spring as Chief Executive Officer of ViralClear and Mr. Steve King as Chief Operating Officer.*

Here is our comment at the time regarding these initiatives:

> If this treatment were to prove effective and able to gain approval, we think it is fair to say that it would be worth considerably more than the current market cap of BioSig. The stock reacted in kind upon this announcement, and this could certainly be the basis for valuation inflections as we move forward. On the other hand, the Company has not provided much detail to the transaction, or any other minutia that would be necessary for us to properly evaluate the opportunity. We believe at least some of that is forthcoming. That said, we have no idea how to handicap this and we are not going to try, but this clearly provides a potential valuation driver to the story.
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> ….We didn't see that coming…
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> As we noted above, we have no idea how to handicap this, so we are not going to try. Further, as far as we know, the Company has not released details of the license either, so as of this writing, there are some pieces to the puzzle we still need to understand. With that said, here is the point from our perspective. Over the past few weeks, we have seen some small companies with potential pieces of the COVID puzzle trade multiples higher because of those prospects. Those include some with diagnostic candidates as well as some other pieces. That may suggest that the prospect of having a potential piece of the COVID puzzle is worth something. At the same time, we are also quite confident suggesting that this is going to be a crowded field over the coming weeks/months. Again, we have no intention of trying to value this. With that in mind, we have spent the preponderance of this report laying out a case for why BioSig should attract a significantly higher valuation over the next 12-24 months, and those conclusions having nothing to do with the current pandemic. From that perspective, we don't think purchasers of BioSig today are paying anything for ViralClear and its prospective opportunity. We submit, if ViralClear ends up being a part of the

COVID treatment solution, it will likely be worth considerably more than the current market cap of BioSig. Obviously, that would be a watershed event for the Company and the stock.

Following our initiating coverage **on 04/07/20** we provided an additional update, which included the following:

> ….Lastly, we must admit, the new ViralClear piece is a bit of a mixed bag from our perspective. On one hand, If Vicromax proves efficacious for treating COVID-19 and perhaps other viral pathogens emerging out there, this could be a watershed event for BioSig shareholders. That is especially topical since as we said, we don't think BioSig shareholders are really paying much for that possibility. On the other hand, it also creates some distraction/noise around what we view as the core competency/opportunity of the business. That probably requires some color as well.
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> ….To edify, the "mixed bag" of the ViralClear addition, stems from the fact that we think it provides an opening for those who do not like the core story to suggest that the sudden addition of the ViralClear piece in the middle of the COVID battle is little more than misdirection to hide the shortcomings of the core business. Again, our expectations are contrary to that thesis and time will prove who is right. However, in the meantime, good, bad or indifferent and for multiple reasons, we suspect the stock will continue to be volatile around the ViralClear piece, which in the end, again, we tend to think will have less to do with the core business than more.

In case it is not clear, we have not been particularly comfortable with the ViralClear addition to the story. To edify, it had nothing to do with any insights or conviction we may have had regarding the prospects of the candidate. Moreover, we think it is fair to suggest that the prospects associated with ViralClear likely helped the Company raise additional equity capital (along with separate capital raised in the subsidiary) and frankly, it certainly provided legacy shareholders liquidity at market prices *most of them* had never seen.

The above said, we think we have gone full circle here in that we are back to the original focus of the Company which is Pure EP and we believe our original thesis therein remains intact.

- We submit, the pandemic has certainly had some negative impact on the core PURE EP business. Most notably, the suspension of non-Covid19 procedures by hospitals across the country has caused some disruption in the Company's progress towards its goal of installing systems in 10 hospital by year end 2020. However, in the Company's recent call we learned that they do plan on having 8 hospitals installed with two additional sites shortly after the first of the year. Keep in mind, 2020 was always (pre-covid) intended to be "limited release" period with 2021 being the "full market release". While again, that path has been delayed by some measures, we think that goals remains intact. That said, we submit that our initial modeling assumed the install *and collection* of these systems. It does look like the install to payment schedule is a bit longer than we anticipated, in part we suspect because of covid issues, but we do believe the Company expects these installs to become *sales*.

- On the clinical side, the Company continues to gather positive data from procedures. For instance, they note that procedures on the platform(s) are approach 400 across a wide spectrum of EP indications, and feedback has been quite positive. They have also provided a study encompassing some of those results. That study is available at the following URL: https://programme.escardio.org/ESC2020/Abstracts/216554. To reiterate some of the original thesis, we think data of this nature is constructive and will help drive adoption.

- In June (2020) the Company sold 2,187,500 shares at $8, which effectively doubled their cash position from the time of our initiating coverage. That also represented a premium of over 50% from our initiating coverage price. Given that we knew at the time of the initiation that more dilution was in the cards, that raise is in our view a highly positive relative development.

To summarize the above, while as we said we viewed the ViralClear foray as a bit distracting, we certainly would have preferred a better outcome. But, as we also noted, we feel like we have come full circle back to the original PURE EP focus. Further, despite the detour they have continued to make progress on PURE EP, and we think the bullet points above support that. From that perspective, if we liked the stock at $5, we should like it more at $4.

As a result of the above, we are increasing our allocation from 2 to **3 and establishing a new (lower) 12-24 month price target on BioSig shares of *$8.25. That may be a conservative approach given some of the progress we noted above, but we remain a bit guarded with respect to the ongoing and/or residual impact of the pandemic on hospitals and their budgets. Despite what we think will be a stepped-up sales effort starting in 2021 we have scaled out some of our system sales assumptions over the next 24-36 months. In addition, our original model did include a modest valuation bump for the potential of ViralClear which we have obviously removed. By the way, we also remain constructive on the longer-term potential for NeuroClear.

Projected Operating Model

BioSig Technologies, Inc.						
Projected Operating Overview						
By: Trickle Research LLC						
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS	(actual)	(actual)	(actual)	(estimate)	(estimate)	(estimate)
	3/31/2020	**6/30/2020**	**9/30/2020**	**12/31/2020**	**Fiscal 2020**	**Fiscal 2021**
Revenues:						
Unit Sales	$ -	$ -	$ -	$ 190,000	$ 190,000	$ 7,200,000
Recurring Maintenance and Service Fees	$ -	$ -	$ -	$ -	$ -	$ 50,000
Other Revenue	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -		
Total Revenue	$ -	$ -	$ -	$ 190,000	**$ 190,000**	**$ 7,250,000**
Cost of Goods	$ -	$ -	$ -	$ 40,000	**$ 40,000**	**$ 1,200,000**
Gross Profit (Loss)	$ -	$ -	$ -	$ 150,000	**$ 150,000**	**$ 6,050,000**
	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses:	$ -	$ -	$ -	$ -	$ -	
Research and development	$ 4,926,714	$ 5,718,184	$ 4,910,827	$ 4,705,700	$ 20,261,425	$ 7,917,500
General and administrative	$ 7,845,220	$ 16,608,211	$ 8,165,488	$ 6,713,800	$ 39,332,719	$ 20,245,000
Depreciation and amortization	$ 21,015	$ 22,208	$ 23,869	$ 23,917	$ 91,009	$ 96,146
Total operating expenses	$ 12,792,949	$ 22,348,603	$ 13,100,184	$ 11,443,417	**$ 59,685,153**	**$ 28,258,646**
Loss from operations	$ (12,792,949)	$ (22,348,603)	$ (13,100,184)	$ (11,293,417)	**$ (59,535,153)**	**$ (22,208,646)**
Other income (expense):	$ -	$ -	$ -	$ -	**$ -**	**$ -**
Gain on change in fair value of derivatives	$ -	$ (1,161)	$ -	$ -	$ (1,161)	$ -
Interest income	$ 39,576	$ 3,454	$ 1,743	$ -	$ 44,773	$ -
Loss before income taxes	$ (12,753,373)	$ (22,346,310)	$ (13,098,441)	$ (11,293,417)	$ (59,491,541)	$ (22,208,646)
Income taxes (benefit)	$ -	$ -	$ -	$ -	$ -	$ -
Net loss	$ (12,753,373)	$ (22,346,310)	$ (13,098,441)	$ (11,293,417)	$ (59,491,541)	$ (22,208,646)
Preferred stock dividend	$ (4,618)	$ (4,700)	$ (2,381)	$ (4,700)	$ (16,399)	$ (18,800)
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$ (12,757,991)	$ (22,351,010)	$ (13,100,822)	$ (11,298,117)	$ (59,507,940)	$ (22,227,446)
Non-controlling interest	$ (1,427,813)	$ (3,158,025)	$ (1,696,582)	$ -	$ (6,282,420)	$ -
NET LOSS ATTRIBUTABLE TO BIOSIG TECHNOLOGIES, INC.	$ (11,330,178)	$ (19,192,985)	$ (11,404,240)	$ (11,298,117)	$ (53,225,520)	$ (22,227,446)
Net loss per common share, basic (in Dollars per share)	$ (0.44)	$ (0.72)	$ (0.38)	$ (0.37)	$ (1.92)	$ (0.73)
	$ (0.44)	$ (0.72)	$ (0.38)	$ (0.37)	$ (1.91)	$ (0.72)
Weighted average number of common shares outstanding, basic (in Shares)	25,705,604	26,537,058	29,750,378	30,144,512	28,034,388	30,532,615
Weighted average number of common shares outstanding, diluted (in Shares)	30,484,085	30,600,245	30,715,261	30,827,982	30,937,776	31,438,247

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Rating System Overview:

There are no letters in the rating system (Buy, Sell Hold), only numbers. The numbers range from 1 to 10, with 1 representing 1 "investment unit" (for my performance purposes, 1 "investment unit" equals $250) and 10 representing 10 investment units or $2,500. Obviously, a rating of 10 would suggest that I favor the stock (at respective/current levels) more than a stock with a rating of 1. As a guideline, here is a suggestion on how to use the allocation system.

Our belief at Trickle is that the best way to participate in the micro-cap/small cap space is by employing a diversified strategy. In simple terms, that means you are generally best off owning a number of issues rather than just two or three. To that point, our goal is to have at least 20 companies under coverage at any point in time, so let's use that as a guideline. Hypothetically, if you think you would like to commit $25,000 to buying micro-cap stocks, that would assume an investment of $1000 per stock (using the diversification approach we just mentioned, and the 20-stock coverage list we suggested and leaving some room to add to positions around allocation upgrades. We generally start initial coverage stocks with an allocation of 4. Thus, at $1000 invested per stock and a typical starting allocation of 4, your "investment unit" would be the same $250 we used in the example above. Thus, if we initiate a stock at a 4, you might consider putting $1000 into the position ($250 * 4). If we later raise the allocation to 6, you might consider adding two additional units or $500 to the position. If we then reduce the allocation from 6 to 4 you might consider selling whatever number of shares you purchased with 2 of the original 4 investment units. Again, this is just a suggestion as to how you might be able to use the allocation system to manage your portfolio.

For those attached to more traditional rating systems (Buy, Sell, Hold) we would submit the following guidelines.

A Trickle rating of 1 thru 3 would best correspond to a "Speculative Buy" although we would caution that a rating in that range should not assume that the stock is necessarily riskier than a stock with a higher rating. It may carry a lower rating because the stock is trading closer to a price target we are unwilling to raise at that point. This by the way applies to all of our ratings.

A Trickle rating of 4 thru 6 might best (although not perfectly) correspond to a standard "Buy" rating.

A Trickle rating of 7 thru 10 would best correspond to a "Strong Buy" however, ratings at the higher end of that range would indicate something that we deem as quite extraordinary..... an "Extreme Buy" if you will. You will not see a lot of these.