

Trickle Research

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



General Update



BioSig Technologies, Inc.

(NasdaqCM: BSGM)

Report Date: 04/07/20

12- 24 month Price Target: \$10.50

Allocation: 4

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

Closing Stock Price at This Update (Closing Px:04 /07/20): \$4.59

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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.

Today, April 7, 2020, BioSig held a conference call to provide an overview of its new COVID-19 therapy candidate called Vicromax. Vicromax was initially developed/indicated for Hepatitis-C (“Hep-C”) Today, there are several therapies for Hepatitis-C. We suspect the emergence/success of those therapies had something to do with the Vicromax ending up “on the shelf”. The Company did note in that regard, that some of their findings regarding Vicromax and treating Hep-C was that most Hep-C treatment today is aimed at chronic Hep-C while Vicromax’s mechanism appears more suitable for addressing/reducing initial acute viral infection. Regardless, they were able to get Vicromax through phase II safety trials. From those results, it appears that Vicromax is supported by hard clinical data the suggests it is likely safe at least in the context of the trialed Hep-C patients. As Dr. Zeldis (Chairman of ViralClear and one of the forefathers of Vicromax) noted, those safety profiles need to be tested in the context of specific disease. To translate, they still need to prove that it is safe for people with COVID-19 as opposed to people with Hep-C. Fair enough, frankly, that is a part of the discussion right now regarding Hydroxychloroquine (Plaquenil). That said, Dr. Andrew Badley from the Mayo Clinic was also on the call because apparently, Mayo is collaborating with BioSig on this piece of the business as well. Dr. Badley suggested there are currently several dozen potential therapies in the works aimed at COVID. Our sense is that the preponderance of those do not have successful safety trials behind them. We could certainly be wrong about that, but that is our sense. Clearly, in our view, the established safety profile of Vicromax vis-vis at least some of the others gives them a jump on things. We would add, the Company is quick to note that more likely than not, future treatments for COVID-19 or whatever the next pathogen to evolve might be (and there will be others) are likely to be combinations of therapies. We think that is likely spot on. One need look no further than current cancer treatment regimens to support the notion that combination therapies will likely be used to treat these viruses in the future.

Lastly, while they have not provided *all* the minutia of the business side of the therapy acquisition, they did provide some added color. Succinctly, they will not fund ViralClear via BioSig, and it sounds like they won’t fund it substantially from even NeuroClear. (Recall, NeuroClear recently raised \$5 million). Rather, they will attempt to fund the enterprise directly, which should mitigate the *risks* associated with the enterprise/therapy to BioSig shareholders. As an extension of that thought, it sounds as if they intend to take ViralClear public via an S-1 filing in the near term. That would likely result in a pro rata distribution of ViralClear shares to BioSig shareholders.

To summarize, as we noted in the initial coverage regarding this issue, we have no idea how to handicap this. However, to also reiterate, we believe BioSig’s signaling platform, both in the current EP markets, as well as (ultimately) in other markets down the road, will prove to be worth more than BioSig’s current valuation. If we are correct about that, current BioSig shareholders will be getting the ViralClear piece for nothing.

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.

We initiated coverage of BioSig for a handful of reasons. First, we have been introduced and reintroduce to the story several times over the past few years by different parties in our universe. We have had multiple calls and discussions with the company and others who like/liked it over the past couple of years. We have tried off an on to get them to one of our conferences. Our more recent interest was heightened by a handful of milestones over the past year, which oddly enough happened to coincide with the compression in the stock. Generally, a falling stock price amid improving fundamentals tends to get our attention. As a result, we initiated coverage because we see the next 24-36 months in BioSig as being much better *financially* than the past 24-36 months. Just that simple. That is our thesis in a nutshell and unless they blow through our price targets to levels well beyond what we can justify, or if they grossly underperform our expectations, the likelihood is that 24-36 months from now we will still be covering the story in the context of our original thesis. That said, for whatever set of reasons, (some which we alluded to in the initial coverage) the stock definitely has its detractors and it has for some time now.

We typically try to avoid commenting on short positions and the motivation behind them. We will likely not do this much more. While there is often more to short positions than sometimes meets the eye, we are content to view short positions as simply an opposing view to ours about the ultimate trajectory of the business. We're good with that. One of us will likely be right and the other wrong. Competing views of the future are what make markets. Over the past 30+ years or so of writing microcap research we have "won some and we have lost some", which we suspect is true of most short players as well. 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.

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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.