Trickle Research

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

Coverage Termination

BioSig Technologies, Inc.

(NasdaqCM: BSGM)

Report Date: 06/02/23

Closing Stock Px at Coverage Termination (Closing Px:05/30/23): $1.43

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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.

We initiated coverage of BioSig in April 2020 at $5.14. As we noted is some subsequent coverage, *"there were some extraordinary events around that coverage that caused the stock to trade through our original price target to $10.99, which in turn led to us reducing our allocation"*.

In short, the stock got a boost from some pandemic related endeavors that ultimately did not pan out but regardless the stock moved through our targets, so we appropriately downgraded the allocation. Subsequently we re-raised those allocations over time around what we thought we're improving fundamentals. That enthusiasm proved aggressive as today while the Company has been able to place some number of their PureEP systems into major heart and arrhythmia centers, including Mayo Clinic, Texas Cardiac Arrhythmia Institute, Cleveland Clinic and a handful of others, the reality is that adoption has been slow which has resulted in continued cash burn and marked dilution of the shares. Specifically, when we started covering the stock there were approximately 26 million shares outstanding and as we sit here today, including an equity sale over the last few weeks, there are nearly 70 million shares outstanding. In retrospect, one of the things we always liked about the company was that he was very focused on keeping dilution low and as a result for many years most of their capital was raised internally through existing shareholders or other similar means. Obviously, their accelerated need for cash eventually took them down more traditional investment banking paths and again the result has been stark dilution to the share counts. From another perspective at the time of our initiating coverage our price target represented a forward market cap of about $270 million. Today, that same aggregate target adjusted for the added shares would be about $3.91 or about 76% of our *initiating price*. Unfortunately, that number assumes no further dilution, which we do not see as a plausible outcome.

Setting aside the move in the stock shortly after our initiation, as we sit here today, we are assessing an observation that we often find ourselves making in the evaluation of some our research of early-stage businesses and that observation is, given that BioSig has not progressed as we originally anticipated were we early or were we just wrong? While that question may seem academic from the standpoint that it doesn't change the outcome, it is important for our process because we think avoiding making the same mistakes is paramount to our future success. That said in the case of BioSig, we are of the view that we were obviously early, but we're not convinced we were (are) wrong.

In retrospect, and to beat the proverbial dead horse again, COVID certainly did not help BioSig as they were trying to introduce expensive technology into a healthcare system that was trying to keep up with the pandemic and as such was not particularly focused on improving standards of care for anything that *wasn't* COVID. On the other hand, we also think both during and post-pandemic, the Company has found the sales process to be longer and more challenging than they (and by extension we) anticipated. That said, we continue to believe that overall, BioSig continues to make progress adding major heart and arrhythmia centers as customers and/or research collaborators which we think will ultimately lead to accelerated sales and perhaps profitability somewhere out in the future. Unfortunately, in the meantime we expect them to continue burning cash and as such to continue selling shares and when we add those things up, we have a difficult time coming to fair value conclusions that we think justify the associated risk reward calculus. However, we would also add, we think a transaction with a large device/equipment provider may be becoming more likely as they gather both clinical support for the value of the technology, as well as added traction/acceptance by large heart/arrythmia centers. While we will continue to root for their success, we think we have better places to spend our research efforts and as such we are terminating our coverage of BioSig.

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Trickle Research co-sponsors two microcap conferences each year. Trickle Research encourages its coverage companies to present at those conferences and Trickle charges them a fee to do so. Companies are under no obligation to present at these conferences. BioSig has paid fees to present at Trickle's co-sponsored conference.

Portions of this publication excerpted from company filings or other sources are noted in *italics* and referenced throughout the report.

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.