

BeyondSpring (NASDAQ:BYSI)

February 24, 2020

BUY: Plinabulin Data & Filing(s) Are Coming

We spoke with senior management to confirm timelines, recent data releases and to check on the status of trials in China. Management confirmed they have no operating clinical sites in Huawei and currently do not expect any disruption to the current plans. Our sense is, and has always been, that Plinabulin and BeyondSpring have a favorable profile in China and could be disruptive in the U.S. market too.

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Investment Highlights

September 2019, BeyondSpring announced that an abstract, titled, “*The Effect of Increasing Doses of Pegfilgrastim on Thrombocytopenia in Breast Cancer Patients Receiving Taxotere, Doxorubicin, Cyclophosphamide, and Plinabulin*,” was accepted for presentation at ESMO. The abstract evaluated the effects of pegfilgrastim combined with Plinabulin on absolute neutrophil and platelet counts compared to pegfilgrastim alone. **The data showed that the combination appears to have a superior product profile over pegfilgrastim in CIN control, platelet counts and bone pain.**

ASH Update. BeyondSpring presented two e-publications on Study 105 and a poster on Study 106, highlighting Plinabulin’s mechanism of action in preventing CIN.

- The Study 105 e-publications titled, “Clinical Evidence of Granulocyte-Monocyte Progenitor (GMP) Stem Cell Involvement in Plinabulin’s Mechanism of Action (MoA) for the Prevention of Docetaxel (Doc) Chemotherapy (Chemo)-Induced Neutropenia (CIN),” and “Clinical Evidence Against the Continuum of Low-Primed Uncommitted Hematopoietic and Progenitor Cells (CLOUD-HSPC) Concept for Hematopoiesis,” highlight Plinabulin’s ability to protect hematopoietic stem cells, which differentiates into neutrophils and other white blood cells.
- The Study 106 poster titled, “A Randomized Phase 3 Clinical Trial of the Combination of Plinabulin (Plin) + Pegfilgrastim (Peg) versus (vs) Peg Alone for TAC (docetaxel, doxorubicin, cyclophosphamide) Induced Neutropenia (CIN),” provides rationale for the addition of Plinabulin to pegfilgrastim (Neulasta) due to their differing mechanisms of action (MoA) for the prevention against CIN.

We See Multiple Catalysts Ahead:

- NDA submission to China’s National Medical Products Administration (NMPA) for Plinabulin for CIN – Q1 2020
- Final data readout for Study 105 Phase 3 for CIN – H1-2020
- Final data readout for Study 106 Phase 3 for CIN – H1-2020
- Final data readout for Study 103 Phase 3 for NSCLC – H2-2020
- NDA submission to China’s NMPA for Plinabulin for NSCLC – H2-2020
- NDA submission to the U.S. Food and Drug Administration (FDA) for Plinabulin for CIN – H2-2020
- NDA submission to the U.S. FDA for Plinabulin for NSCLC – H1-2021

Current Price	\$16.00
Price Target	\$39.00

Estimates	F2019E	F2020E	F2020E
Expenses (\$000s)	\$ 45,000	\$ 46,700	\$ 45,635
1Q March	\$ 7,969	\$ 10,741	\$ 10,496
2Q June	\$ 7,349	\$ 11,208	\$ 10,953
3Q September	\$ 15,651	\$ 12,142	\$ 11,865
4Q December	\$ 14,031	\$ 12,609	\$ 12,322

Estimates	F2019E	F2020E	F2020E
EPS (diluted)	\$ (1.78)	\$ (1.28)	\$ 0.91
1Q March	\$ (0.32)	\$ (0.35)	\$ 0.21
2Q June	\$ (0.32)	\$ (0.29)	\$ 0.22
3Q September	\$ (0.59)	\$ (0.32)	\$ 0.24
4Q December	\$ (0.55)	\$ (0.32)	\$ 0.25

EBITDA/Share	(\$1.86)	(\$1.30)	\$0.96
EV/EBITDA (x)	229	327	-443

Stock Data	
52-Week Range	\$11.26 - \$24.80
Shares Outstanding (mil.)	27.8
Market Capitalization (mil.)	\$445
Enterprise Value (mil.)	\$426
Debt to Capital	0%
Book Value/Share	\$1.20
Price/Book	
Average Three Months Trading Volume (K)	59
Insider Ownership	68.5%
Institutional Ownership	12.1%
Short interest (mil.)	2.4%
Dividend / Yield	\$0.00/0.0%



Capital On Hand. In October last year the company raised just over \$25M (gross). Management believes they have “sufficient cash to support its clinical trials and submit NDAs in the U.S. and China for Plinabulin for the treatment of NSCLC and CIN, as well as to advance its immuno-oncology pipeline and its ubiquitination protein degradation research platform”.

Valuation. Our therapeutic models for Plinabulin go out to the year 2030. For modeling purposes, we use a 30% risk rate (r) in our Free Cash Flow to the Firm (FCFF), discounted EPS, and Some-Of-The-Parts (SOP) models. Our price target is derived from these three models, equally weighting and averaged to the nearest whole number. The result is a one-year price target of \$39.00 per share.

Risk to our thesis, include the following: (1) clinical trial; (2) commercial; (3) employee; (4) financial; (5) intellectual property; (6) partnership; and (7) regulatory. We review these and other risks in the risk section of this report.

Exhibit 1. Upcoming Catalysts for BeyondSpring Pharmaceuticals

Product	Geography	Indication	Event	Timeline	Impact
Plinabulin	China	CIN Study 105	Phase 3 final readout and China NDA filing	2H20	+++
Plinabulin	US	CIN Study 105	Phase 3 final readout and U.S. NDA filing	2H20	+++
Plinabulin+G-CSF	China	CIN Study 106	Phase 2 final readout	1Q20	++
Plinabulin+G-CSF	US	CIN Study 106	Phase 2 final readout	1Q20	++
Plinabulin+docetaxel	China	NSCLC (2nd/3rd line) Study 103	Phase 3 final readout and China NDA filing	2H20	+++
Plinabulin+docetaxel	US	NSCLC (2nd/3rd line) Study 103	Phase 3 final readout and China NDA filing	1H21	++

Stock Significance Scale: + of moderate importance; ++ higher level; +++ very important

Source: Company reports and Dawson James forecasts

Exhibit 2. BeyondSpring Pipeline

	Program	Indication	Trial name / collaborator	Preclinical	Phase 1	Phase 2	Phase 3	Commercial rights	China NDA filing	U.S. NDA filing
Late stage	Plinabulin + docetaxel	NSCLC (2 nd /3 rd line)	Study 103	Phase 3 first interim data analysis completed				Global ¹	H2 2020	H1 2021
	Plinabulin	CIN (All cancer, all chemo)	Study 105	Phase 3 primary end point met at interim analysis				Global ¹	Q1 2020	H2 2020
	Plinabulin + pegfilgrastim		Study 106	Phase 2 efficacy / safety end points met						
Investigator-initiated IO	Plinabulin + nivolumab	NSCLC (2 nd /3 rd line)	Fred Hutch/Univ. Washington/UCSD					Global ¹		
	Plinabulin + nivolumab + ipilimumab	SCLC	Rutgers University					Global ¹		
	Plinabulin + PD-1/PD-L1 + radiation/chemo	Multi-cancer (2 nd /3 rd line)	MD Anderson					Global ¹		
Other oncology pipeline	Ubiquitination platform	Target KRAS	Univ. Washington					Global		
	BPI-002	Oral T cell co-stimulator						Global		
	BPI-003	IKK inhibitor						Global		
	BPI-004	Oral neo-antigen generator						Global		

Note: ¹ We own global rights to Plinabulin in all countries except China. In China, we own a 57.97% interest in our Chinese subsidiary, Dalian Wanchunbulin Pharmaceuticals Ltd. (“Wanchunbulin”), which owns a 100% interest in Plinabulin.

Source: BeyondSpring

MODELING ASSUMPTIONS

1. We assume Plinabulin will receive approval for both CIN and NSCLC in 2022 in both the U.S. and China for conservatism.
2. Based on the clinical profile of Plinabulin, we assume it will capture 15% of the U.S. market for CIN and 7% of the total CIN treatment market in China, given the competitions from current SOC and biosimilars coming to the market. However, our estimates could be proven conservative.
3. We assume a \$20,000 annual cost of treatment in the U.S. with a 2% price increase. We also assume a significant price reduction in China with no price increase as we expect Plinabulin will be included in the National Reimbursement List.
4. Our therapeutic model has not yet factored in potential revenues from Plinabulin in combination with Nivolumab given it is still in the early development stage.

Exhibit 3. Chemotherapy-Induced Neutropenia Market Model (U.S.)

2nd/3rd Line NSCLC (US)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Incidence of Lung Cancer (US)	224,731	225,854	226,983	228,118	229,259	230,405	231,557	232,715	233,879	235,048	236,223	237,404
Number of Cases NSCLC (87%)	195,516	196,493	197,476	198,463	199,455	200,453	201,455	202,462	203,474	204,492	205,514	206,542
Patients with second-line disease (80%)	156,412	157,195	157,981	158,770	159,564	160,362	161,164	161,970	162,780	163,593	164,411	165,233
Patients with measurable lesions (70%)	109,489	110,036	110,586	111,139	111,695	112,253	112,815	113,379	113,946	114,515	115,088	115,663
Patients with EGFR wild-type (85%)	93,065	93,531	93,998	94,468	94,941	95,415	95,893	96,372	96,854	97,338	97,825	98,314
Market Share				3%	5%	7%	10%	11%	12%	13%	14%	15%
Number of Patients Treated	-	-	-	2,834	4,747	6,679	9,589	10,601	11,622	12,654	13,695	14,747
Cost of Treatment	\$ 25,000	\$ 25,500	\$ 26,010	\$ 26,530	\$ 27,061	\$ 27,602	\$ 28,154	\$ 28,717	\$ 29,291	\$ 29,877	\$ 30,475	
Increase in Price	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Revenues ('000)	-	-	73,714	125,940	180,741	264,683	298,459	333,764	370,653	409,184	449,415	
Risk adjustment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Revenue ('000)	\$ -	\$ -	\$ 73,714	\$ 125,940	\$ 180,741	\$ 264,683	\$ 298,459	\$ 333,764	\$ 370,653	\$ 409,184	\$ 449,415	

Source: Dawson James estimates

Exhibit 4. Chemotherapy-Induced Neutropenia Market Model (China)

Chemotherapy-Induced Neutropenia (US)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Patients receiving chemotherapy in the U.S.	656,516	659,799	663,098	666,413	669,745	673,094	676,460	679,842	683,241	686,657	690,091	693,541
Increase in Incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
High/Moderate Risk of Neutropenia (90%)	590,865	593,819	596,788	599,772	602,771	605,785	608,814	611,858	614,917	617,992	621,082	624,187
Market Share				1.5%	2%	2.5%	4%	5%	6%	7%	7%	7%
Number of Patients Treated	-	-	-	8,997	12,055	15,145	24,353	30,593	36,895	43,259	49,676	56,149
Cost of Treatment	\$ 20,000	\$ 20,400	\$ 20,800	\$ 21,224	\$ 21,649	\$ 22,082	\$ 22,523	\$ 22,974	\$ 23,433	\$ 23,902	\$ 24,380	
Increase in Price	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Revenues ('000)	-	-	187,201	255,866	327,860	537,744	689,051	847,616	1,013,706	1,039,150	1,065,233	
Risk adjustment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Revenue ('000)	\$ -	\$ -	\$ 187,201	\$ 255,866	\$ 327,860	\$ 537,744	\$ 689,051	\$ 847,616	\$ 1,013,706	\$ 1,039,150	\$ 1,065,233	

Source: Dawson James estimates

Exhibit 5. NSCLC Market Model (U.S.)

NSCLC (China)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Patients with lung cancer in China	831,765	858,381	885,849	914,197	943,451	973,641	1,004,798	1,036,951	1,070,134	1,104,378	1,139,718	1,176,189
Number of Cases NSCLC (80%)	665,412	686,705	708,679	731,357	754,761	778,913	803,838	829,561	856,107	883,502	911,774	940,951
Patients with second-line disease (80%)	532,329	549,364	566,944	585,086	603,809	623,130	643,071	663,649	684,886	706,802	729,420	752,761
Patients with measurable lesions (70%)	372,631	384,555	396,861	409,560	422,666	436,191	450,149	464,554	479,420	494,761	510,594	526,933
EGFR Wild Type (70%)	260,841	269,188	277,802	286,932	295,866	305,334	315,105	325,188	335,594	346,333	357,416	368,853
Market Share			1%	5%	6%	7%	8%	9%	10%	12%	15%	18%
Number of Patients Treated	-	-	2,778	14,335	17,752	21,373	25,208	29,267	33,559	41,560	53,612	66,394
Cost of Treatment	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Revenues ('000)	-	-	16,668	86,008	106,512	128,240	151,250	175,601	201,356	249,360	321,674	398,361
60% Ownership Interest	-	-	10,001	51,605	63,907	76,944	90,750	105,361	120,814	149,616	193,004	239,017
Risk adjustment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Revenue ('000)	\$ -	\$ 10,001	\$ 51,605	\$ 63,907	\$ 76,944	\$ 90,750	\$ 105,361	\$ 120,814	\$ 149,616	\$ 193,004	\$ 239,017	

Source: Dawson James estimates

Exhibit 6. NSCLC Market Model (China)

Chemotherapy-Induced Neutropenia (China)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Incidence of cancer in China	4,378,269	4,422,052	4,466,272	4,510,935	4,556,044	4,601,605	4,647,621	4,694,097	4,741,038	4,788,449	4,836,333	4,884,696
Increase in Incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Patients Undergoing Chemotherapy (25%)	1,094,567	1,105,513	1,116,568	1,127,734	1,139,011	1,150,401	1,161,905	1,173,524	1,185,260	1,197,112	1,209,083	1,221,174
High/Moderate Risk of Neutropenia (90%)	985,111	994,962	1,004,911	1,014,960	1,025,110	1,035,361	1,045,715	1,056,172	1,066,734	1,077,401	1,088,175	1,099,057
Market Share			2%	3%	4%	5%	6%	7%	8%	9%	9%	10%
Number of Patients Treated	-	-	20,098	30,449	41,004	51,768	62,743	73,932	85,339	96,982	108,875	120,906
Cost of Treatment	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Revenues ('000)	-	-	120,589	182,693	246,026	310,608	376,457	443,592	512,032	571,552	632,164	693,834
60% Ownership Interest	-	-	72,354	109,616	147,616	186,365	225,874	266,155	307,219	349,291	392,569	436,899
Risk adjustment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Revenue ('000)	\$ -	\$ 72,354	\$ 109,616	\$ 147,616	\$ 186,365	\$ 225,874	\$ 266,155	\$ 307,219	\$ 349,291	\$ 392,569	\$ 436,899	

Source: Dawson James estimates

Valuation. Our therapeutic model assumes Plinabulin launches in both the U.S. and China in 2020. We assume modest market share numbers, but these could prove to be conservative. We apply a 30% discount rate (r) in our FCFF, discounted EPS and sum-of-the-parts (SOP) models. For cash flow positive companies with high visible earnings we typically use 10% but for companies dependent on one product, not yet approved, we use the higher rate, 30%. Our three valuation models are equal weighted and averaged and rounded to the nearest whole number to derive our \$39.00 price target.

Exhibit 7. Free Cash Flow Model.

Average	39
Price Target	44
Year	2020

DCF Valuation Using FCF (mln):

units ('000)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	(45,000)	(46,700)	36,719	346,151	499,593	660,152	972,404	1,188,199	1,413,356	1,624,524	1,758,991	1,898,649
Tax Rate	0%	2%	5%	5%	10%	18%	28%	29%	30%	32%	32%	32%
EBIT (1-t)	(45,000)	(45,766)	34,883	328,844	449,634	541,325	700,131	843,622	989,349	1,104,676	1,196,114	1,291,082
CapEx	(4)	(4)	(5)	(5)	(6)	(6)	(7)	(8)	(9)	(9)	(9)	(9)
Depreciation	61	73	88	105	126	152	182	219	262	119	212	315
Change in NWC												
FCF	(44,943)	(45,697)	34,966	328,944	449,755	541,470	700,306	843,832	989,603	1,104,786	1,196,316	1,291,387
PV of FCF	(58,426)	(45,697)	26,897	194,641	204,713	189,584	188,613	174,822	157,709	135,435	112,812	93,675
Discount Rate		30%										
Long Term Growth Rate		1%										
Terminal Cash Flow		4,497,589										
Terminal Value YE2030		326,247										
NPV		1,759,451										
NPV-Debt												
Shares out ('000)	39,633	2030E										
NPV Per Share	44											

Source: Dawson James estimates

Exhibit 8. Discounted-EPS Model.

Current Year	2020
Year of EPS	2030
Earnings Multiple	15
Discount Factor	30%
Selected Year EPS	32
NPV	35

Source: Dawson James estimates

		Discount Rate and Earnings Multiple Varies, Year is Constant					
		5%	10%	15%	20%	25%	30%
Earnings Multiple	1	19.70	12.37	7.93	5.18	3.45	2.33
	5	98.52	61.87	39.67	25.92	17.23	11.64
	10	197.05	123.75	79.34	51.84	34.46	23.28
	15	295.57	185.62	119.01	77.76	51.70	34.92
	20	394.10	247.50	158.68	103.68	68.93	46.57
	25	492.62	309.37	198.35	129.60	86.16	58.21
	30	591.15	371.25	238.02	155.52	103.39	69.85
	35	689.67	433.12	277.69	181.44	120.62	81.49

Exhibit 9. Sum-of-the-Parts Model.

BeyondSpring Pharmaceuticals	LT Gr	Discount Rate	Yrs to Mkt	% Success	Peak Sales (MMs)	Term Val
Plinabulin NSCLC (US)	1%	30%	2	70%	\$449	\$1,550
NPV						\$6
Plinabulin Chemo-Induced-Neutropenia (US)	1%	30%	1	70%	\$1,065	\$3,673
NPV						\$20
Plinabulin NSCLC (China)	1%	30%	2	70%	\$239	\$824
NPV						\$3
Plinabulin Chemo-Induced-Neutropenia (China)	1%	30%	1	70%	\$396	\$1,364
NPV						\$7
Net Margin						40%
MM Shrs OS (2030E)						40
Total						\$37

Source: Dawson James estimates

Risk Analysis

Investment Risk: BeyondSpring is an early stage biotechnology company currently with a high expenditures rate and no revenues. A significant element of the company's valuation is associated with its lead clinical candidate Plinabulin. As such, clinical progress with this compound represents the key risk for the company and shareholders.

Clinical and Regulatory Risk: There are no assurances that BeyondSpring's products will be approved in China, the U.S., or other markets.

Commercial Risk: There can be no assurances that the pipeline products will be commercialized, and even if they receive regulatory approval, there is a risk that BeyondSpring will not be able to secure a commercial partner in the China market or launch Plinabulin successfully through its own sales force in China.

Financial Risk: BeyondSpring has a high burn rate and is currently not a profitable company. The company is likely to raise additional capital. There can be no promises that the company will be able to raise the needed capital or that the terms of such, are favorable.

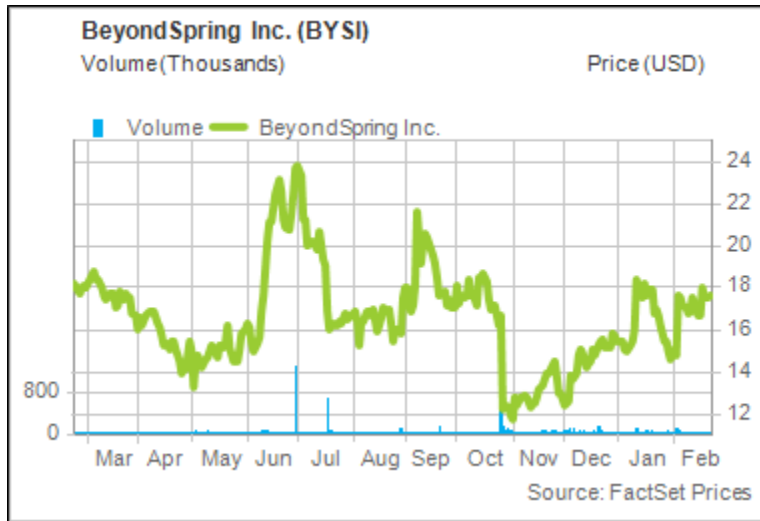
Exhibit 10. Income Statement

BeyondSpring Pharmaceuticals: Income Statement (\$000)																	
..YE December 31	2018A	1Q19A	2Q19A	3Q19A	4Q19E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue:																	
Revenue from NSCLC (US)		-	-	-	-	-	-	-	73,714	125,940	180,741	264,683	298,459	333,764	370,653	409,184	449,415
Revenue from Chemotherapy-Related Neutropenia (US)		-	-	-	-	-	-	-	187,201	255,866	327,860	537,744	689,051	847,616	1,013,706	1,039,150	1,065,233
Revenue from NSCLC (China)		-	-	-	-	-	-	10,001	51,605	63,907	76,944	90,750	105,361	120,814	149,616	193,004	239,017
Revenue from Chemotherapy-Related Neutropenia (China)		-	-	-	-	-	-	72,354	109,616	147,616	186,365	225,874	266,155	307,219	310,291	352,569	395,660
Total Product Sales		-	-	-	-	-	-	82,354	422,135	593,329	771,911	1,119,051	1,359,026	1,609,413	1,844,266	1,993,907	2,149,325
Total royalties, collaborative revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue		-	-	-	-	-	-	82,354	422,135	593,329	771,911	1,119,051	1,359,026	1,609,413	1,844,266	1,993,907	2,149,325
Expenses:																	
Costs of Goods Sold		-	-	-	-	-	-	8,235	42,213	59,333	77,191	111,905	135,903	160,941	184,427	199,391	214,933
%COGS							10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Research and Development	51,618	6,330	5,202	14,123	9,345	35,000	32,700	22,000	17,600	17,424	17,250	17,077	16,906	16,737	16,570	16,404	16,240
%R&D	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
General and Administrative	5,927	1,639	2,147	1,528	4,686	10,000	14,000	15,400	16,170	16,979	17,318	17,664	18,018	18,378	18,746	19,121	19,503
%SG&A	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Total Expenses	57,545	7,969	7,349	15,651	14,031	45,000	46,700	45,635	75,983	93,735	111,759	146,647	170,827	196,057	219,742	234,916	250,676
Operating Income (Loss)	(57,545)	(7,969)	(7,349)	(15,651)	(14,031)	(45,000)	(46,700)	36,719	346,151	499,593	660,152	972,404	1,188,199	1,413,356	1,624,524	1,758,991	1,898,649
Foreign exchange gain (loss), net	(455)	173	(169)	(321)	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	211	6	1	77	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	315	(37)	(103)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loss on equity method investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Income	71	142	(271)	(244)	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretax Income	(57,474)	(7,827)	(7,620)	(15,895)	(14,031)	(45,000)	(46,700)	36,719	346,151	499,593	660,152	972,404	1,188,199	1,413,356	1,624,524	1,758,991	1,898,649
Non Controlling Interest	-	-	-	(965)	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax benefit	-	-	-	-	-	(934)	(934)	1,836	17,308	49,959	118,827	272,273	344,578	424,007	519,848	580,467	626,554
Tax Rate						2%	2%	5%	5%	10%	18%	28%	29%	30%	32%	33%	33%
GAAP Net Income (Loss)	(57,474)	(7,827)	(7,620)	(14,930)	(14,031)	(45,000)	(45,766)	34,883	328,844	449,634	541,325	700,131	843,622	989,349	1,104,676	1,178,524	1,272,095
Net loss attributable to noncontrolling interests	(2,605)	(534)	(268)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GAAP Net Income (Loss)	(54,869)	(7,293)	(7,352)	(14,930)	(14,031)	(45,000)	(45,766)	34,883	328,844	449,634	541,325	700,131	843,622	989,349	1,104,676	1,178,524	1,272,095
GAAP-EPS	(2.42)	(0.32)	(0.32)	(0.59)	(0.55)	(1.86)	(1.53)	1.11	10.39	14.15	16.97	21.86	26.23	30.64	34.07	36.21	38.92
GAAP-EPS (Dil)	(2.42)	(0.32)	(0.32)	(0.59)	(0.55)	(1.86)	(1.27)	0.91	8.57	11.67	13.99	18.02	21.63	25.26	28.10	29.86	32.10
Wgtd Avg Shrs (Bas) - '000s	22,665	23,029	23,094	25,309	25,334	24,192	29,902	31,527	31,653	31,780	31,907	32,035	32,163	32,292	32,421	32,551	32,682
Wgtd Avg Shrs (Dil) - '000s	22,665	23,029	23,094	25,309	25,334	24,192	35,910	38,232	38,385	38,539	38,693	38,848	39,004	39,160	39,317	39,474	39,633

Source: Dawson James estimates

Important Disclosures:

Price Chart:



Price target and ratings changes over the past three years:

- Initiated – Buy – August 16, 2019 – Price Target \$39.00
- Update – Buy – August 27, 2019 – Price Target \$39.00
- Update – Buy – September 24, 2019 – Price Target \$39.00
- Update – Buy – February 24, 2020 – Price Target \$39.00

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Ratings Definitions:

- 1) **Buy:** the analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** the analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** the analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	23	88%	3	13%
Market Perform (Neutral)	3	12%	1	33%
Market Underperform (Sell)	0	0%	0	0%
Total	26	100%	4	15%

Analyst Certification:

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