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## BioCardia Inc. (BCDA-NASDAQ)

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### BUY: Reports the Third Quarter

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BioCardia reported the third quarter and provided an update on clinical programs:

BCDA-01: N=81 patients have been randomized, four patients are being scheduled for treatment after passing screening with the cell potency assay, and nine additional patients have recently been consented and are actively being screened. Clinical sites remain engaged and momentum is resuming for these elective enrollment activities. Data transfer for the DSMB review scheduled for December 15th has been completed. The anticipated DSMB review in the fourth quarter of 2020, including the risk benefit analysis of 60 patients at their primary endpoint, appears to be on track. BCDA-02: The trial was “activated” in 3Q20 with the University of Florida as the first clinical site. Four additional sites are in “active contracting and budget negotiations”. According to the company, the enrollment of the first patient in this trial in the fourth quarter of 2020 appears to be on track.

**Heart Disease – Treating the Underlying Issue.** BioCardia strongly believes that stem cells have the power to change the course of cardiovascular disease. This may occur as a result of the trophic effects of these cells when administered directly into the local environment (heart muscle). The cells act like micro-drug factories, secreting factors that help to reduce inflammation, reduce scarring, and promote micro-angiogenesis (formation of new blood supply to the tissue). In doing such, it is hoped in the case of an acute ischemic event that the cells can help limit the initial damage and, in the case of chronic disease, may help to arrest the damage, or even reverse it partially.

**Autologous vs. Allogeneic:** BioCardia is developing treatment using both autologous and allogeneic cells. BioCardia developed a diagnostic assay to determine which treatment is best suited for each patient. Autologous stem cell therapy is the company’s leading product, CardiAMP, which is currently in a pivotal Phase 3 trial. Through CardiAMP, the patient’s own bone marrow is extracted and is directly administered to the patient’s heart to allow the most efficacy. If a patient’s CD34 cell count does not reach the requirement for CardiAMP, BioCardia can offer CardiALLO. CardiALLO stands out as an allogeneic stem cell therapy that is based on donated marrow. CardiALLO is designed to be a fast follower behind CardiAMP.

**Valuation:** Our product models run out to the year 2030. For CardiAMP and CardiALLO and all the related cardiac indications, each of which represent blockbuster markets, we revise our risk-cut to projected revenues to 90% from 70%. In addition, in our free cash flow (FCFF), discounted EPS (EPS), and sum-of-the-parts (SOP) models, we apply a risk rate (r) of 30% on top of the revised 90% risk cut in our models. Our share count is projected for 2030 and assumes multiple raises. Our models are equal-weighted, averaged, and rounded to the nearest whole number to derive our 12-month price target of \$14.00

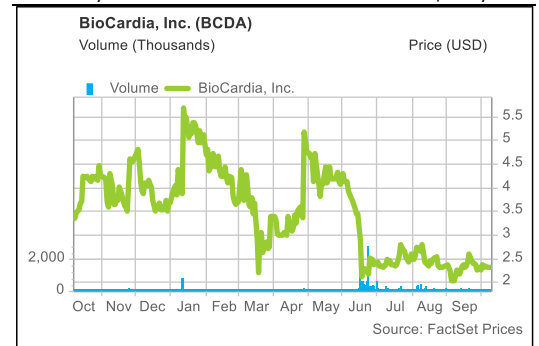
**Risks:** Partnership risks, Commercialization risks, Financial risks, Clinical and Regulatory risks, and Legal and Intellectual Property risk.

Current Price **\$2.02**  
 Price Target **\$14.00**

Estimates	F2019A	F2020E	F2021E
<b>Expenses (\$000s)</b>	\$ 15,192	\$ 16,261	\$ 16,346
1Q March	\$ 3,903	\$ 4,647	\$ 3,835
2Q June	\$ 3,848	\$ 3,601	\$ 4,002
3Q September	\$ 3,421	\$ 3,882	\$ 4,171
4Q December	\$ 4,020	\$ 4,131	\$ 4,338
	F2019A	F2020E	F2021E
<b>EPS (diluted)</b>	\$ (2.13)	\$ (1.75)	\$ (0.53)
1Q March	\$ (0.08)	\$ (0.67)	\$ (0.16)
2Q June	\$ (0.77)	\$ (0.46)	\$ (0.12)
3Q September	\$ (0.63)	\$ (0.30)	\$ (0.12)
4Q December	\$ (0.65)	\$ (0.31)	\$ (0.13)

EBITDA/Share	(\$0.96)	(\$1.56)	(\$0.52)
EV/EBITDA (x)	0.0	0.0	0.0

Stock Data			
52-Week Range	\$2.01	-	\$6.75
Shares Outstanding (mil.)	12.4		
Market Capitalization (mil.)	\$25		
Enterprise Value (mil.)	\$25		
Debt to Capital	0%		
Book Value/Share	\$2.62		
Price/Book	0.8		
Average Three Months Trading Volume (K)	127		
Insider Ownership	35.4%		
Institutional Ownership	9.8%		
Short interest (mil.)	0.1%		
Dividend / Yield	\$0.00/0.0%		



**Product Modeling Assumptions**

1. We base our market share estimates for BioCardia’s therapies on multiple assumptions around the product attributes associated with product delivery and outcomes. Given the blockbuster size of the U.S. and EU HF markets we apply a 90% risk reduction to the net revenues, suggesting on success there is a lot of upside in our estimates.
2. We assume CardiAMP and CardiALLO will initially launch at \$50,000 per operation. Our projected market share grows over the six-year launch cycle, with CardiAMP consuming up to 14% of the total market in the year 2030 and CardiALLO achieves a 15% share of the total market by the year 2030.
3. Based on BioCardia’s estimation of completing enrollment of the pivotal Phase 3 trial of BCDA-01, we assume standard FDA review time of 10 months with the launch in 2025. We expect BCDA-02 to be a fast follower with approval and launch a year after BCDA-01, in 2025.3. To adjust for the risk of approval, we apply a 90% risk cut to our CardiAMP revenue model.
4. We expect that BCDA-03 (CardiALLO) could reach the market by 2028; however, for conservatism, we apply a therapeutic risk cut of 90% in our product model. This suggests that clinical progress could make our numbers too conservative.

**Exhibit 1. Market Models:**

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>BCDA-01 Heart Failure</b>												
U.S. Prevalence CHF	5,000,000	5,005,000	5,010,005	5,015,015	5,020,030	5,025,050	5,030,075	5,035,105	5,040,140	5,045,180	5,050,226	5,055,276
Market Size Growth (Annual)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Candidates (Class II & III) for Therapy	500,000	500,500	501,001	501,502	502,003	502,505	503,008	503,511	504,014	504,518	505,023	505,528
Market Share Penetration	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	6.0%	7.0%	8.0%	10.0%	14.0%
Number of Patients Procedures	0	0	0	0	0	0	15,090	30,211	35,281	40,361	50,502	70,774
Cost of Therapy	\$ 20,000	\$ 20,040	\$ 20,080	\$ 20,120	\$ 20,160	\$ 20,201	\$ 20,241	\$ 20,282	\$ 20,322	\$ 20,363	\$ 20,404	\$ 20,444
Price Growth	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Probability of Success	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
U.S. Annual Sales (M)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31	\$ 61	\$ 72	\$ 82	\$ 103	\$ 145
<b>BCDA-01 Heart Failure</b>												
E.U. Prevalence CHF	9,000,000	9,009,000	9,018,009	9,027,027	9,036,054	9,045,090	9,054,135	9,063,189	9,072,253	9,081,325	9,090,406	9,099,496
Market Size Growth (Annual)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Candidates (Class II & III) for Therapy	900,000	900,900	901,801	902,703	903,605	904,509	905,414	906,319	907,225	908,132	909,041	909,950
Market Share Penetration	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	3.0%	5.0%	7.0%	10.0%	12.0%
Number of Patients Procedures	0	0	0	0	0	0	9,063	27,217	45,407	63,596	90,785	118,974
Cost of Therapy	\$ 30,000	\$ 30,060	\$ 30,120	\$ 30,180	\$ 30,241	\$ 30,301	\$ 30,362	\$ 30,423	\$ 30,483	\$ 30,544	\$ 30,605	\$ 30,667
Price Growth	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Probability of Success	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
U.S. Annual Sales (M)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28	\$ 83	\$ 139	\$ 199	\$ 278	\$ 335
<b>BCDA-02 Heart Failure</b>												
U.S. Prevalence CHF	5,000,000	5,075,000	5,151,125	5,228,392	5,306,818	5,386,420	5,467,216	5,549,225	5,632,463	5,716,950	5,802,704	5,889,745
Market Size Growth (Annual)	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Candidates (Chronic Myocardial Ischemia) for Therapy	200,000	203,000	206,045	209,136	212,273	215,457	218,689	221,969	225,299	228,678	232,108	235,590
Market Share Penetration	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	5.0%	10.0%	15.0%	20.0%	25.0%	30.0%
Number of Patients Procedures	0	0	0	0	0	4,309	10,934	22,197	33,795	45,736	68,422	92,118
Cost of Therapy	\$ 20,000	\$ 20,040	\$ 20,080	\$ 20,120	\$ 20,160	\$ 20,201	\$ 20,241	\$ 20,282	\$ 20,322	\$ 20,363	\$ 20,404	\$ 20,444
Price Growth	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Probability of Success	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
U.S. Annual Sales (M)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ 22	\$ 45	\$ 69	\$ 93	\$ 127	\$ 162
<b>BCDA-02 Heart Failure</b>												
E.U. Prevalence CHF	9,000,000	9,072,000	9,144,576	9,217,733	9,291,474	9,365,806	9,440,733	9,516,259	9,592,389	9,669,128	9,746,481	9,824,453
Market Size Growth (Annual)	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Candidates (Chronic Myocardial Ischemia) for Therapy	495,000	498,960	502,952	506,975	511,031	515,119	519,240	523,394	527,581	531,802	536,056	540,345
Market Share Penetration	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	5.0%	10.0%	15.0%	20.0%	25.0%
Number of Patients Procedures	0	0	0	0	0	0	10,468	26,379	53,180	80,408	107,656	134,924
Cost of Therapy	\$ 30,000	\$ 30,060	\$ 30,120	\$ 30,180	\$ 30,241	\$ 30,301	\$ 30,362	\$ 30,423	\$ 30,483	\$ 30,544	\$ 30,605	\$ 30,667
Price Growth	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Probability of Success	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
U.S. Annual Sales (M)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32	\$ 80	\$ 162	\$ 246	\$ 330	\$ 414
<b>BCDA-03 Heart Failure</b>												
U.S. Prevalence CHF	5,000,000	5,005,000	5,010,005	5,015,015	5,020,030	5,025,050	5,030,075	5,035,105	5,040,140	5,045,180	5,050,226	5,055,276
Market Size Growth (Annual)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Candidates (Class II & III) for Therapy	150,000	150,150	150,300	150,450	150,601	150,752	150,902	151,053	151,204	151,355	151,507	151,658
Market Share Penetration	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Number of Patients Procedures	0	0	0	0	0	0	0	0	0	0	0	0
Cost of Therapy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,500	\$ 22,545	\$ 22,590	\$ 22,635
Price Growth	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Probability of Success	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
U.S. Annual Sales (M)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7	\$ 17	\$ 34	\$ 51
<b>BCDA-03 Heart Failure</b>												
E.U. Prevalence CHF	9,000,000	9,009,000	9,018,009	9,027,027	9,036,054	9,045,090	9,054,135	9,063,189	9,072,253	9,081,325	9,090,406	9,099,496
Market Size Growth (Annual)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Candidates (Class II & III) for Therapy	270,000	270,270	270,540	270,811	271,082	271,353	271,624	271,896	272,168	272,440	272,712	272,985
Market Share Penetration	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	5.0%	10.0%	15.0%
Number of Patients Procedures	0	0	0	0	0	0	0	0	5,443	13,622	27,271	40,948
Cost of Therapy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,500	\$ 29,559	\$ 29,618	\$ 29,677
Price Growth	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Probability of Success	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
U.S. Annual Sales (M)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ 40	\$ 81	\$ 122

Source: Dawson James estimates

**Valuation.** We value BioCardia based on the revenues in our product models, which are reduced by a 70% rate cut or a 30% probability of success. This suggests we are leaving a lot of upside in our estimates on good data. We apply assumptions for FDA product approvals, launch dates, and product attributes to estimate revenues. These estimates feed into our income statement through the year 2030. Our price target is derived from an equal-weighted average of free cash flow (FCFF), discounted EPS (EPS), and sum-of-the-parts (SOP) models. For companies that are well established with mature products and revenues, we typically discount at a 10% rate, for companies in the early stages of product commercialization we typically use a higher rate, 15%. For BioCardia, we use a 30% risk rate as the company is not yet profitable. This risk rate is in addition to the therapeutic cut (70%) in our product models. The result of this methodology is a price target of \$14.00 per share.

### Exhibit 2. Discounted Free Cash Flow Model

Average	\$	14
Price Target	\$	7
Year		2020

#### DCF Valuation Using FCF (min):

units (000)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	(14,571)	(15,545)	(15,595)	(27,709)	(32,133)	(27,211)	4,608	68,330	215,704	380,670	626,593	766,008
Tax Rate	0%	0%	0%	10%	18%	20%	24%	24%	24%	28%	30%	34%
EBIT(1-t)	(14,571)	(15,545)	(15,595)	(24,938)	(26,349)	(21,769)	3,502	51,931	163,935	274,082	438,615	505,565
CapEx												
Depreciation	78	170	-	-	-	-	-	-	-	-	-	-
Change in NWC												
FCF	(14,493)	(15,375)	(15,595)	(24,938)	(26,349)	(21,769)	3,502	51,931	163,935	274,082	438,615	505,565
PV of FCF	(6,597)	(5,383)	(4,200)	(5,167)	(4,199)	(2,669)	330	3,767	26,126	33,600	41,361	36,673
Discount Rate	30%											
Long Term Growth Rate	1%											
Terminal Cash Flow	1,760,762											
Terminal Value YE2030	127,722											
NPV	247,961											
NPV-Debt	1,016											
Shares out (thousands)	33,880											2030E
NPV Per Share	\$ 7											

Source: Dawson James estimates

### Exhibit 3. EPS Model

Current Year	2020
Year of EPS	2030
Earnings Multiple	10
Discount Factor	30%
Selected Year EPS	\$ 14.92
NPV	\$ 11.00

Source: Dawson James estimates.

		Discount Rate and Earnings Multiple Varies, Year is Constant					
		2030 EPS					
Earnings Multiple		5%	10%	15%	20%	25%	30%
		0		\$0.00	\$0.00	\$0.00	\$0.00
5		\$46.00	\$29.00	\$18.00	\$12.00	\$8.00	\$ 5.00
10		\$92.00	\$58.00	\$37.00	\$24.00	\$16.00	\$ 11.00
15		\$137.00	\$86.00	\$55.00	\$36.00	\$24.00	\$ 16.00
20		\$183.00	\$115.00	\$74.00	\$48.00	\$32.00	\$ 22.00
25		\$229.00	\$144.00	\$92.00	\$60.00	\$40.00	\$ 27.00
30		\$275.00	\$173.00	\$111.00	\$72.00	\$48.00	\$ 32.00
35		\$321.00	\$201.00	\$129.00	\$84.00	\$56.00	\$ 38.00

Source: Dawson James estimates

### Exhibit 4. Sum-of-the-Parts Model

BioCardia	LT Gr	Discount Rate	Yrs. to Mkt	% Success	Peak Sales MMs	Term Val
BCDA-01 CardiAMP cell therapy US	1%	30%	3	30%	\$1,447	\$4,989
NPV						\$8.04
BCDA-01 CardiAMP cell therapy US	1%	30%	3	30%	\$3,349	\$11,547
NPV						\$18.62
BCDA-02 CardiALLO cell therapy US	1%	30%	4	30%	\$963	\$3,322
NPV						\$4.12
BCDA-02 CardiALLO cell therapy EU	1%	30%	4	30%	\$2,651	\$9,142
NPV						\$11.34
BCDA-03 CardiALLO cell therapy US	1%	50%	5	30%	\$515	\$1,051
NPV						\$0.49
BCDA-02 CardiALLO cell therapy EU	1%	50%	5	30%	\$1,215	\$2,480
NPV						\$1.16
Net Margin						40%
MM Shrs OS (2030E)						34
Total						\$25

Source: Dawson James estimates

**Risk Analysis**

In addition to the typical risks associated with development stage specialty pharmaceutical companies, potential risks specific to BioCardia are as follows:

**Partnership risk.** The company is also expected to make agreements with partners for additional products, but there can be no assurances that the company will be able to secure favorable partnerships.

**Commercial risk.** There are no assurances that the company will be able to achieve significant sales, market share, or become profitable.

**Clinical and regulatory risk.** Lead products need to complete clinical trials. It is difficult to complete enrollment which could lead to a delay of the trial. Trials may not produce the results expected from previous research or be sufficient for regulatory approval.

**Financial risk.** The company may need to raise capital in the marketplace, and there can be no assurances that the company will be able to successfully raise capital and or do so at favorable terms.

**Legal and intellectual property risk.** The company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and or that the company may infringe on third parties' patents.

**Exhibit 5. Income Statement**

BioCardia Inc. Income Statement (\$000)																										
BCDA: YE December	2018A	1Q19A	2Q19A	3Q19A	4Q19E	2019A	1Q20A	2Q20A	3Q20A	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	
Net product revenue	282	76	62	1	78	300	5		8	85	315	76	79	86	89	331										
Collaboration agreement revenue	343	140	24	193	25	382	33	27	26	108	401	97	101	110	114	421										
BCDA-01 CardiaAMP Cell Therapy revenues US						0					0					0	0	0	0	30,544	61,272	71,699	82,188	103,043	144,693	
BCDA-01 CardiaAMP Cell Therapy revenues EU																	0	0	0	0	27,573	82,966	138,692	278,216	334,861	
BCDA-02 CardiaAMP Cell Therapy revenues US																			8,705	22,133	45,019	68,679	93,131	94,717	96,330	
BCDA-02 CardiaAMP Cell Therapy revenues EU																						3,185	80,412	162,435	246,094	265,129
BCDA-03 CardALLO Cell Therapy revenues US																						6,804	17,062	34,226	51,492	
BCDA-03 CardALLO Cell Therapy revenues EU																							16,058	40,265	80,772	121,522
<b>Total Product Sales</b>	<b>625</b>	<b>216</b>	<b>86</b>	<b>194</b>	<b>103</b>	<b>599</b>	<b>38</b>	<b>27</b>	<b>34</b>	<b>193</b>	<b>716</b>	<b>173</b>	<b>180</b>	<b>195</b>	<b>203</b>	<b>752</b>	<b>-</b>	<b>-</b>	<b>8,705</b>	<b>52,677</b>	<b>137,048</b>	<b>326,618</b>	<b>533,772</b>	<b>837,067</b>	<b>1,014,028</b>	
<b>Product Sales &amp; Royalties &amp; Milestones</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,705</b>	<b>52,677</b>	<b>106,291</b>	<b>163,240</b>	<b>232,645</b>	<b>312,758</b>	<b>414,037</b>	
<b>Expenses</b>																										
Cost of goods sold	517	106	191	24	141	543	4			58	62	52	54	59	61	226	0	0	2,176	12,642	31,521	71,856	112,092	167,413	202,806	
Research and Development	8,453	2,166	2,219	2,007	2,308	8,876	2,786	2,224	2,474	2,423	9,319	2,251	2,348	2,446	2,544	9,785	10,275	10,788	11,328	11,894	12,489	13,113	13,769	14,457	15,180	
Selling, general and administrative	5,757	1,631	1,438	1,390	1,572	6,045	1,857	1,377	1,408	1,650	6,347	1,533	1,599	1,666	1,733	6,664	18,000	22,000	23,100	24,255	25,468	26,741	28,078	29,482	30,956	
<b>Total expenses</b>	<b>14,727</b>	<b>3,903</b>	<b>3,848</b>	<b>3,421</b>	<b>4,020</b>	<b>15,192</b>	<b>4,647</b>	<b>3,601</b>	<b>3,882</b>	<b>4,131</b>	<b>16,261</b>	<b>3,835</b>	<b>4,002</b>	<b>4,171</b>	<b>4,338</b>	<b>16,346</b>	<b>27,709</b>	<b>32,133</b>	<b>35,915</b>	<b>48,069</b>	<b>68,719</b>	<b>110,913</b>	<b>153,102</b>	<b>210,474</b>	<b>248,019</b>	
Operating income (Loss)	(14,102)	(3,687)	(3,762)	(3,227)	(3,917)	(14,593)	(4,609)	(3,574)	(3,848)	(3,938)	(15,545)	(3,662)	(3,822)	(3,976)	(4,135)	(15,595)	(27,709)	(32,133)	(27,211)	4,608	68,330	215,704	380,670	626,593	766,008	
Interest expense																										
Interest income	118	23	23	69	23	23	16	2	1																	
Other expense	(3)	(1)	(1)	(634)	(1)	(1)	(1)	(1)	(1)																	
<b>Total other income</b>	<b>115</b>	<b>22</b>	<b>(1)</b>	<b>(634)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Pre-tax Income</b>	<b>(13,987)</b>	<b>(3,665)</b>	<b>(3,740)</b>	<b>(3,792)</b>	<b>(3,895)</b>	<b>(14,571)</b>	<b>(4,594)</b>	<b>(3,573)</b>	<b>(3,848)</b>	<b>(3,938)</b>	<b>(15,545)</b>	<b>(3,662)</b>	<b>(3,822)</b>	<b>(3,976)</b>	<b>(4,135)</b>	<b>(15,595)</b>	<b>(27,709)</b>	<b>(32,133)</b>	<b>(27,211)</b>	<b>4,608</b>	<b>68,330</b>	<b>215,704</b>	<b>380,670</b>	<b>626,593</b>	<b>766,008</b>	
Income Tax Benefit (Provision)																										
<b>Tax Rate</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>10%</b>	<b>18%</b>	<b>20%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	
<b>GAAP Net Income (Loss)</b>	<b>(13,987)</b>	<b>(3,665)</b>	<b>(3,740)</b>	<b>(3,792)</b>	<b>(3,895)</b>	<b>(14,571)</b>	<b>(4,594)</b>	<b>(3,573)</b>	<b>(3,848)</b>	<b>(3,938)</b>	<b>(15,545)</b>	<b>(3,662)</b>	<b>(3,822)</b>	<b>(3,976)</b>	<b>(4,135)</b>	<b>(15,595)</b>	<b>(24,938)</b>	<b>(26,349)</b>	<b>(21,749)</b>	<b>3,502</b>	<b>51,931</b>	<b>163,935</b>	<b>274,082</b>	<b>438,615</b>	<b>505,565</b>	
Deemed Dividend on Preferred Stock																										
<b>GAAP EPS</b>	<b>(0.37)</b>	<b>(0.88)</b>	<b>(0.77)</b>	<b>(0.63)</b>	<b>(0.46)</b>	<b>(1.94)</b>	<b>(0.67)</b>	<b>(0.46)</b>	<b>(0.30)</b>	<b>(0.31)</b>	<b>(1.75)</b>	<b>(0.21)</b>	<b>(0.17)</b>	<b>(0.18)</b>	<b>(0.18)</b>	<b>(0.73)</b>	<b>(1.10)</b>	<b>(1.15)</b>	<b>(0.95)</b>	<b>0.15</b>	<b>2.25</b>	<b>7.06</b>	<b>11.76</b>	<b>18.74</b>	<b>21.51</b>	
GAAP EPS (dil)	(0.37)	(0.08)	(0.77)	(0.63)	(0.65)	(2.13)	(0.67)	(0.46)	(0.30)	(0.31)	(1.75)	(0.16)	(0.12)	(0.12)	(0.13)	(0.53)	(0.76)	(0.80)	(0.66)	0.11	1.56	4.90	8.15	13.00	14.92	
Weighted shares basic	38,285	43,629	4,848	6,031	8,537	15,761	6,832	7,711	12,618	12,631	9,948	17,643	22,661	22,684	22,706	21,423	22,763	22,854	22,946	23,038	23,130	23,223	23,316	23,409	23,503	
Weighted shares dil	38,285	43,629	4,848	6,031	6,037	15,136	6,832	7,711	12,618	12,631	9,948	22,643	32,666	32,699	32,731	30,185	32,813	32,945	33,077	33,209	33,342	33,476	33,610	33,744	33,880	

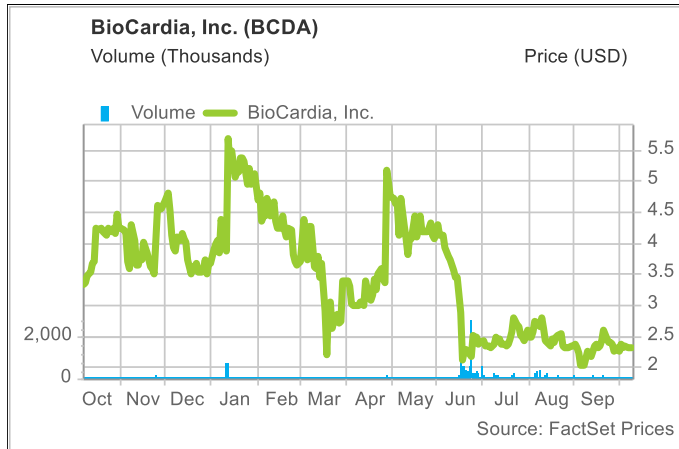
Source: Dawson James estimates, company reports

Companies mentioned in this report:

Bayer (BAYRY): Not Covered  
 Blue Rock Therapeutics (acquired by Bayer)  
 June (acquired by Celgene – CELG, Not Covered).  
 Sana Biotech (Private)

Important Disclosures:

**Price Chart:**



Price target and ratings changes over the past three years:

Initiated – Buy – September 17, 2019 – Price Target \$24.00  
 Update – Buy – November 20, 2019 – Price Target \$24.00  
 Update – Buy – February 18, 2020 – Price Target \$24.00  
 Update – Buy – May 5, 2020 – Price Target \$24.00  
 Update – Buy – July 7, 2020 – Price Target \$24.00  
 Update – Buy – August 13, 2020 – Price Target \$24.00  
 Update – Buy – October 9, 2020 – Price Target \$24.00  
 Price Target Change – Buy – November 11, 2020 – Price Target \$14.00

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- 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;
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Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	22	81%	4	18%
Market Perform (Neutral)	5	19%	1	20%
Market Underperform (Sell)	0	0%	0	0%
Total	27	100%	5	19%

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