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BioCardia Inc. (BCDA-NASDAQ) – Buy Rated;
Equity Sales Agreement – Target Raise \$10.5M
Adjusting for Dilution our PT Falls: \$4.0 to \$3.0

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BioCardia has initiated an equity sales agreement, to sell stock into the marketplace and raise \$10.5M. That news has pressured the stock to fall from \$2.0 to \$1.4 range. We adjust our model for the associated dilution. The impact is our target valuation from \$4.0 to \$3.0.

Investment Highlights:

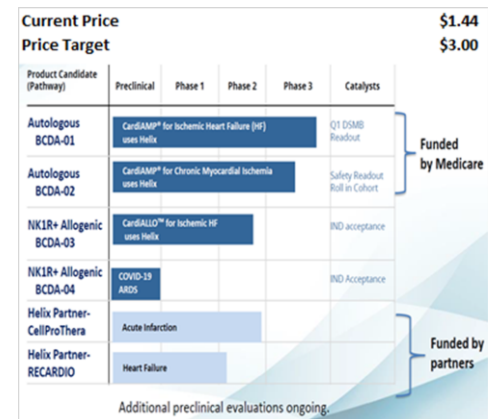
BCDA-01: The CardiAMP Heart Failure Trial (BCDA-01): The ongoing multi-center, double-blinded, randomized (3:2), controlled pivotal CardiAMP Heart Failure Trial is expected to enroll 260 patients at up to 40 centers nationwide. The trial's primary endpoint is an outcomes composite score based on a three-tiered Finkelstein-Schoenfeld (FS) hierarchical analysis, an established outcomes design that has been used in other leading heart failure programs. We anticipate complete enrollment later this year with the top-line data next year. Good data would be transformative for the company and the heart failure space.

Milestones Expected:

- BCDA-01: Data Safety Monitoring Board review in the CardiAMP Cell Therapy Heart Failure Trial in Q3 2022.
- BCDA-02: CardiAMP Chronic Myocardial Ischemia Phase III pivotal trial roll-in cohort safety data in 2022.
- BCDA-03: IND acceptance of Phase I/II program of our allogeneic Neurokinin-1 Receptor Positive Mesenchymal Stem Cells (NK1R+ MSC) for the treatment of ischemic heart failure, intended initially for those patients excluded from BCDA-01 in Q4 2022.
- BCDA-04: IND acceptance of Phase I/II program for our allogeneic NK1R+ MSC Phase I/II program for the treatment of ARDS resulting from COVID-19 in Q2 2022.

Valuation: Our product models run out to the year 2030. For CardiAMP and CardiALLO and all the related cardiac indications, each represents blockbuster markets. We adjusted our model for current and future dilution. Our risk cuts in our projected revenues are at 90% cut (or just a 10% probability of success), and for non-ischemic indications, just 1% probability of success, all but eliminating them from our future projections. 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 risk cuts 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 a fair value of \$3.0

Risks: Partnership risks, Commercialization risks, financial risks, Clinical and Regulatory risks, and Legal and Intellectual Property risks.



Source: Biocardia

| Stock Data | |
|---|-----------------|
| 52-Week Range | \$1.25 - \$5.10 |
| Shares Outstanding (mil.) | 16.9 |
| Market Capitalization (mil.) | \$24 |
| Enterprise Value (mil.) | \$24 |
| Debt to Capital | 0% |
| Book Value/Share | \$2.62 |
| Price/Book | 0.5 |
| Average Three Months Trading Volume (K) | 23 |
| Insider Ownership | 25.0% |
| Institutional Ownership | 21.7% |
| Short interest (mil.) | 3.0% |
| Dividend / Yield | \$0.00/0.0% |

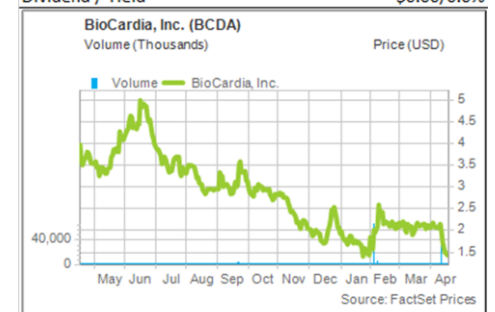


Exhibit 1. Product Pipeline

| Product Candidate (Pathway) | Preclinical | Phase 1 | Phase 2 | Phase 3 | Catalysts | |
|-----------------------------------|--|---------|---------|---------|-------------------------------|-----------------------------|
| Autologous BCDA-01 | CardiAMP® for Ischemic Heart Failure (HF) uses Helix | | | | Q1 DSMB Readout | } Funded by Medicare |
| Autologous BCDA-02 | CardiAMP® for Chronic Myocardial Ischemia uses Helix | | | | Safety Readout Roll in Cohort | |
| NK1R+ Allogenic BCDA-03 | CardiALLO™ for Ischemic HF uses Helix | | | | IND acceptance | |
| NK1R+ Allogenic BCDA-04 | COVID-19 ARDS | | | | IND Acceptance | } Funded by partners |
| Helix Partner-CellProThera | Acute Infarction | | | | | |
| Helix Partner-RECARDIO | Heart Failure | | | | | |

Additional preclinical evaluations ongoing.

Source: BioCardia

Exhibit 2. The Best of Both Worlds – Autologous and Allogenic Approaches to Heart Failure

CardiAMP cell therapy (BCDA-01, 02)

- Regulated and manufactured as a procedure kit with anticipated low cost of goods and long shelf life
- For both leading indications, CardiAMP fits into standard interventional cardiology device channels
- Most components approved in EU and/or USA, but not for cardiovascular therapeutic usage



CardiALLO cell therapy (BCDA-03)

- Neurokinin 1 receptor positive for Substance P, the primary neuropeptide for pain
- Treats patients not possible to be treated with CardiAMP
- Potential orphan indication
- “Off the shelf” cell therapy
- Leverages delivery system



Source: BioCardia

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 E.U. H.F. markets, the projected revenues become enormous quickly. However, the failure rate of therapeutics has also been high in the heart failure space. To balance these two factors, we apply between a 90% to 99% risk reduction (risk cut) to the net revenues in our models (U.S. & Europe) for the various indications and products.
2. We assume CardiAMP and CardiALLO will initially launch at \$50,000 per therapeutic course. Our projected market share grows over a six-year launch cycle, with CardiAMP at 20% 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 later this year and a standard FDA review time of 10 months suggests a launch in 2024/2025 is possible. We expect BCDA-02 to be a fast follower with approval and launch a year after BCDA-01, in 2026. We apply a 90% risk cut to our CardiAMP revenue model to adjust for the risk of approval.
4. We expect BCDA-03 (CardiALLO) to reach the market by 2027; however, we apply a therapeutic risk cut of 99% (or just a 1% probability of success) in our product model for conservatism.

Exhibit 3. Market Models:

| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| BCDA-01 Heart Failure | | | | | | | | | |
| U.S. Prevalance CHF | 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% |
| Candidates (Class II & III) for Therapy | 501,502 | 502,003 | 502,505 | 503,008 | 503,511 | 504,014 | 504,518 | 505,023 | 505,528 |
| Market Share Penetration | | | | 3.0% | 6.0% | 7.0% | 8.0% | 10.0% | 14.0% |
| Number of Patients Procedures | 0 | 0 | 0 | 15,090 | 30,211 | 35,281 | 40,361 | 50,502 | 70,774 |
| Cost of Therapy \$ | 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% |
| Probability of Success | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| U.S. Annual Sales (M) \$ | - | - | - | 3 | 6 | 7 | 8 | 10 | 14 |
| BCDA-01 Heart Failure | | | | | | | | | |
| E.U. Prevalance CHF | 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% |
| Candidates (Class II & III) for Therapy | 902,703 | 903,605 | 904,509 | 905,414 | 906,319 | 907,225 | 908,132 | 909,041 | 909,950 |
| Market Share Penetration | | | | | 1.0% | 3.0% | 5.0% | 10.0% | 12.0% |
| Number of Patients Procedures | 0 | 0 | 0 | 0 | 9,063 | 27,217 | 45,407 | 90,904 | 109,194 |
| Cost of Therapy \$ | 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% |
| Probability of Success | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| E.U. Annual Sales (M) \$ | - | - | - | - | 3 | 8 | 14 | 28 | 33 |
| BCDA-02 Heart Failure | | | | | | | | | |
| U.S. Prevalance CHF | 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% |
| Candidates (Chronic Myocardial Ischemia) for Therapy | 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% | 2.0% | 5.0% | 10.0% | 15.0% | 20.0% | 20.0% | 20.0% |
| Number of Patients Procedures | 0 | 0 | 4,309 | 10,934 | 22,197 | 33,795 | 45,736 | 46,422 | 47,118 |
| Cost of Therapy \$ | 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% |
| Probability of Success | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| U.S. Annual Sales (M) \$ | - | - | 9 | 22 | 45 | 69 | 93 | 95 | 96 |
| BCDA-02 Heart Failure | | | | | | | | | |
| E.U. Prevalance CHF | 9,217,733 | 9,291,474 | 9,366,806 | 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% |
| Candidates (Chronic Myocardial Ischemia) for Therapy | 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% | 2.0% | 5.0% | 10.0% | 15.0% | 16.0% |
| Number of Patients Procedures | 0 | 0 | 0 | 0 | 10,468 | 26,379 | 53,180 | 80,408 | 86,455 |
| Cost of Therapy \$ | 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% |
| Probability of Success | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| U.S. Annual Sales (M) \$ | - | - | - | - | 32 | 80 | 162 | 246 | 265 |
| BCDA-03 Heart Failure | | | | | | | | | |
| U.S. Prevalance CHF | 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% |
| Candidates (Class II & III) for Therapy | 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% | 2.0% | 5.0% | 10.0% | 15.0% |
| Number of Patients Procedures | 0 | 0 | 0 | 0 | 0 | 3,024 | 7,568 | 15,151 | 22,749 |
| 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% |
| Probability of Success | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| U.S. Annual Sales (M) \$ | - | - | - | - | - | 1 | 2 | 3 | 5 |
| BCDA-03 Heart Failure | | | | | | | | | |
| E.U. Prevalance CHF | 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% |
| Candidates (Class II & III) for Therapy | 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% | 2.0% | 5.0% | 10.0% | 15.0% |
| Number of Patients Procedures | 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% |
| Probability of Success | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| U.S. Annual Sales (M) \$ | - | - | - | - | - | 2 | 4 | 8 | 12 |

Source: Dawson James Estimates

Exhibit 4. Income Statement

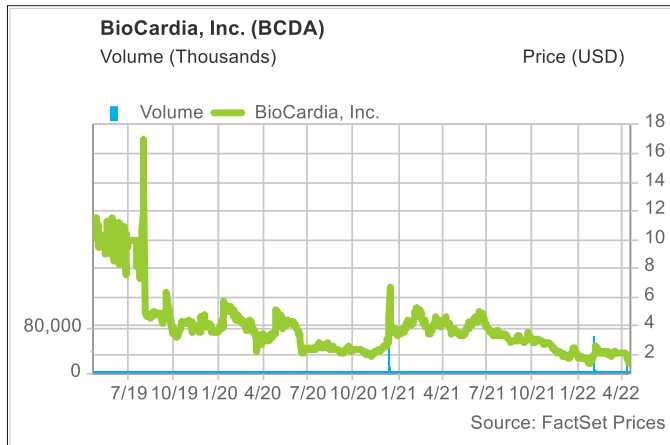
| Biocardia Inc: Income Statement (\$000) | | | | | | | | | | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|---------------|----------------|----------------|----------------|----------------|
| BCDA: YE December | 2018A | 2019A | 2020A | 2021A | 1Q22E | 2Q22E | 3Q22E | 4Q22E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
| Net product revenue | 282 | 300 | 23 | 1 | | | | | | | | | | | | | |
| Collaboration agreement revenue | 343 | 382 | 122 | 1,014 | | | | | | | | | | | | | |
| BCDA-01 CardiaAMP Cell Therapy revenues US | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,054 | 6,127 | 7,170 | 8,219 | 10,304 | 14,469 |
| BCDA-01 CardiaAMP Cell Therapy revenues EU | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,757 | 8,297 | 13,869 | 27,822 | 33,486 |
| 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 | | | | | | | | | | | | | | 680 | 1,706 | 3,423 | 5,149 |
| BCDA-03 CardALLO Cell Therapy revenues EU | | | | | | | | | | | | | | 1,606 | 4,027 | 8,077 | 12,152 |
| Total Product Sales | 625 | 599 | 145 | 1,015 | - | - | - | - | - | - | 8,705 | 25,187 | 57,088 | 166,844 | 283,387 | 390,436 | 426,716 |
| Product Sales & Royalties & Milestones | - | - | - | - | - | - | - | - | - | - | 8,705 | 25,187 | 51,146 | 78,135 | 107,082 | 116,521 | 128,101 |
| Expenses | | | | | | | | | | | | | | | | | |
| Cost of goods sold | 517 | 543 | 4 | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 2,176 | 6,045 | 13,130 | 36,706 | 59,511 | 78,087 | 85,343 |
| | | | 3% | 2% | 30% | 30% | 30% | 30% | #DIV/0! | #DIV/0! | 25% | 24% | 23% | 22% | 21% | 20% | 20% |
| Research and Development | 8,453 | 8,876 | 9,809 | 8,558 | 2,067 | 2,157 | 2,246 | 2,336 | 8,986 | 9,435 | 9,907 | 10,402 | 10,922 | 11,469 | 12,042 | 12,644 | 13,276 |
| Selling, general and administrative | 5,757 | 6,045 | 5,861 | 5,087 | 4,140 | 4,320 | 4,500 | 4,680 | 18,000 | 22,000 | 23,100 | 24,255 | 25,468 | 26,741 | 28,078 | 29,482 | 30,956 |
| Total expenses | 14,727 | 15,192 | 15,674 | 13,645 | 6,207 | 6,477 | 6,746 | 7,016 | 26,446 | 30,806 | 34,523 | 40,009 | 48,793 | 74,151 | 98,829 | 119,371 | 128,691 |
| Operating income (Loss) | (14,102) | (14,593) | (15,529) | (12,630) | (6,207) | (6,477) | (6,746) | (7,016) | (26,446) | (30,806) | (25,818) | (14,822) | 8,295 | 92,693 | 184,558 | 271,065 | 298,025 |
| Interest expense | | | | | | | | | | | | | | | | | |
| Interest Income | 118 | 23 | 21 | 9 | | | | | | | | | | | | | |
| Other expense | (3) | (1) | 504 | (2) | | | | | | | | | | | | | |
| Total other income | 115 | (1) | 504 | (2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Pretax Income | (13,987) | (14,571) | (15,004) | (12,623) | (6,207) | (6,477) | (6,746) | (7,016) | (26,446) | (30,806) | (25,818) | (14,822) | 8,295 | 92,693 | 184,558 | 271,065 | 298,025 |
| Income Tax Benefit (Provision) | | | | | (621) | (648) | (675) | (702) | (2,645) | (5,545) | (5,164) | (3,557) | 1,991 | 22,246 | 51,676 | 81,320 | 101,328 |
| Tax Rate | 0% | 0% | 0% | 0% | 10% | 10% | 10% | 10% | 10% | 18% | 20% | 24% | 24% | 24% | 28% | 30% | 34% |
| GAAP Net Income (loss) | (13,987) | (14,571) | (15,004) | (12,623) | (5,586) | (5,829) | (6,072) | (6,315) | (23,802) | (25,261) | (20,655) | (11,265) | 6,305 | 70,446 | 132,882 | 189,746 | 196,696 |
| Deemed Dividend on Preferred Stock | | | | | | | | | | | | | | | | | |
| GAAP-EPS | (0.37) | (0.92) | (1.48) | (0.75) | (0.33) | (0.21) | (0.22) | (0.23) | (0.97) | (0.93) | (0.76) | (0.41) | 0.23 | 2.55 | 4.78 | 6.80 | 7.02 |
| GAAP EPS (dil) | (0.37) | (2.13) | (1.55) | (0.29) | (0.12) | (0.10) | (0.11) | (0.11) | (0.44) | (0.44) | (0.36) | (0.20) | 0.11 | 1.21 | 2.28 | 3.24 | 3.35 |
| Weighted shares basic | 38,285 | 15,761 | 10,118 | 16,917 | 17,100 | 27,117 | 27,144 | 27,172 | 24,633 | 27,240 | 27,349 | 27,458 | 27,568 | 27,679 | 27,790 | 27,901 | 28,013 |
| Weighted shares dil | 38,285 | 15,136 | 13,445 | 44,209 | 46,823 | 56,870 | 56,927 | 56,984 | 54,401 | 57,127 | 57,356 | 57,585 | 57,816 | 58,048 | 58,280 | 58,514 | 58,748 |

Source: Dawson James estimates, company reports

Companies mentioned in this report:

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
- Price Target Change – Buy – March 2, 2021 – Price Target \$5.00
- Rating Change – Buy to Neutral – April 15, 2021 – Price Target NA
- Update - Neutral – June 24, 2021 – Price Target NA
- Update - Neutral – December 14, 2021 – Price Target NA
- Rating Change – Buy – January 24, 2022 – Price Target \$4.0
- Update – Buy – February 3, 2022 – Price Target \$4.0
- Update – Buy – February 14, 2022 – Price Target \$4.0
- Update – Buy – March 3, 2022 – Price Target \$4.0
- Update – Buy – March 30, 2022 – Price Target \$4.0
- Update Price Target Change – Buy – April 19, 2022 – Price Target \$3.0

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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.

Current as of... 7-Apr-22

| | Company Coverage | | Investment Banking | |
|-----------------------------|-------------------------|------------|---------------------------|-------------|
| Ratings Distribution | # of Companies | % of Total | # of Companies | % of Totals |
| Market Outperform (Buy) | 31 | 74% | 4 | 13% |
| Market Perform (Neutral) | 11 | 26% | 0 | 0% |
| Market Underperform (Sell) | 0 | 0% | 0 | 0% |
| Total | 42 | 100% | 4 | 10% |

Analyst Certification:

The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.