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Zacks Small-Cap Research

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BioCorRx Inc (BICX-OTCQB)

BICX104: IND Approved

Our $5.65 valuation for BioCorRx uses a sum-of-products NPV, less corporate overhead and a 15% discount rate. We've modeled for $20 million of equity funding and $10 million in research grants through 2024.

OUTLOOK

BioCorRx, Inc. is at an early point in front of a vast market opportunity for medication assisted treatment (MAT) of opioid and alcohol use disorders. The Company received its IND approval from the US FDA for a subcutaneous pellet of naltrexone (BICX104) and expects to commence clinical trials later this year. While it may be 2024-25 to see significant revenues from its BICX104 development efforts, we believe that the Company is on the right long-term path for sustainable growth.

Current Price (05/17/21)	$4.99
Valuation	**$5.65**

SUMMARY DATA

52-Week High	**$6.00**
52-Week Low	**$0.84**
One-Year Return (%)	**143.66**
Beta	**1.44**
Average Daily Volume (sh)	**3,269**
Shares Outstanding (mil)	**7**
Market Capitalization ($mil)	**$32**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**21**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-31.5**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2021 Estimate	**-8.4**
P/E using 2022 Estimate	**-5.2**
Zacks Rank	**N/A**

Risk Level	**High,**
Type of Stock	**N/A**
Industry	**Medical Service**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in thousands of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	65.3 A	66.0 A	46.6 A	62.0 A	240.3 A
2020	36.9 A	33.7 A	29.8 A	22.2 A	122.6 A
2021					188.5 E
2022					402.8 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	-$0.67 A	-$0.67 A	-$0.33 A	-$0.04 A	-$1.71 A
2020	-$0.20 A	-$0.14 A	-$0.14 A	-$0.17 A	-$0.65 A
2021					-$0.57 E
2022					-$0.92 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

RECENT NEWS

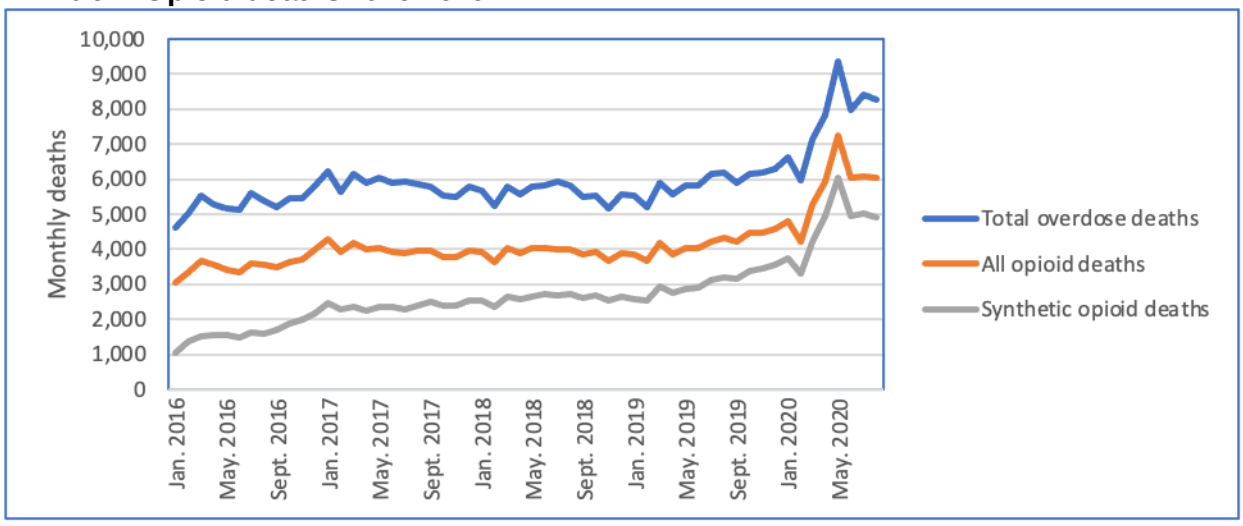
In early May, BioCorRx reached a key milestone when it received US FDA IND approval for its subcutaneous naltrexone pellet, BICX104, for the treatment of opioid and alcohol use disorders. The approval came about 30 days after filing, in line with expectations. In addition, in March, the Company raised $2.25 million from existing shareholders at $2.00/share.

BioCorRx, Inc. develops and markets medication-assisted treatment and behavioral therapy programs to treat opioid use disorder (OUD), alcohol use disorder (AUD), and weight-management. The Company's offerings combine proprietary cognitive-behavioral-therapy (CBT) and peer support with medications (primarily naltrexone) prescribed by a physician which can enable them to provide customizable solutions to their patients. BioCorRx has sold its *Beat Addiction Recovery* program for OUD and AUD since 2010.

Naltrexone implants of various types have been available for over two decades under compounding pharmacy guidelines, but none have ever gone through the FDA approval process. In 2018, BioCorRx had a pre-IND meeting with the FDA to seek guidance on getting approval for BICX102, a proprietary, implantable naltrexone pellet. The Company ultimately filed for a slightly different formulation (BICX104) based on preclinical and manufacturing factors. If all goes according to plan, the Company expects to begin clinical trials later this year and submit its NDA application for approval in 2022.

Opioid misuse has been a top public health issue for the past decade. The pandemic has reignited this concern as drug overdose deaths increased 18% in the twelve months ended May 2020 after having leveled off in the previous two years.

Exhibit 1: Opioid deaths 2016-2020



Source: Provisional drug overdose death counts, CDC National Center for Health Statistics, 2021.

BioCorRx will devote the next few years to seeking approval for BICX104, working to gain payer reimbursement for its addiction treatment program and building out sales of *UnCraveRx*, for weight management. During the next two years, we expect catalysts to come from several areas:

- Clinical milestones for BICX104 and progress towards filing for FDA approval.
- Public health and policymaker actions to educate the public and providers on the benefits of MAT.
- Expanded access to MAT in office-based settings.
- Fewer hurdles to insurance reimbursement for MAT in both private and public payer programs.

Our model is based on the BICX104 implant, addiction recovery program, and *UnCraveRx* weight management program in the US market. For 2024, we forecast product sales of $3.9 million. We've modeled BICX104 product sales at $57 million and *UnCraveRx* sales of $7-8 million by 2031.

We assume a 2023 launch for BICX104 with an average product price of $4,500. Our model includes 1% annual growth in patients treated for OUD, 4% growth in patients receiving MAT and 7-10% annual growth in patients receiving naltrexone through 2031. For now, we use a 10% naltrexone market share for BICX104 by 2031 to allow for competition. Our estimates use an 80% product gross margin after royalties and 35% operating margins before corporate overhead. Our model uses a 15% discount rate on assumptions, risk-adjusted to 75% for clinical risk.

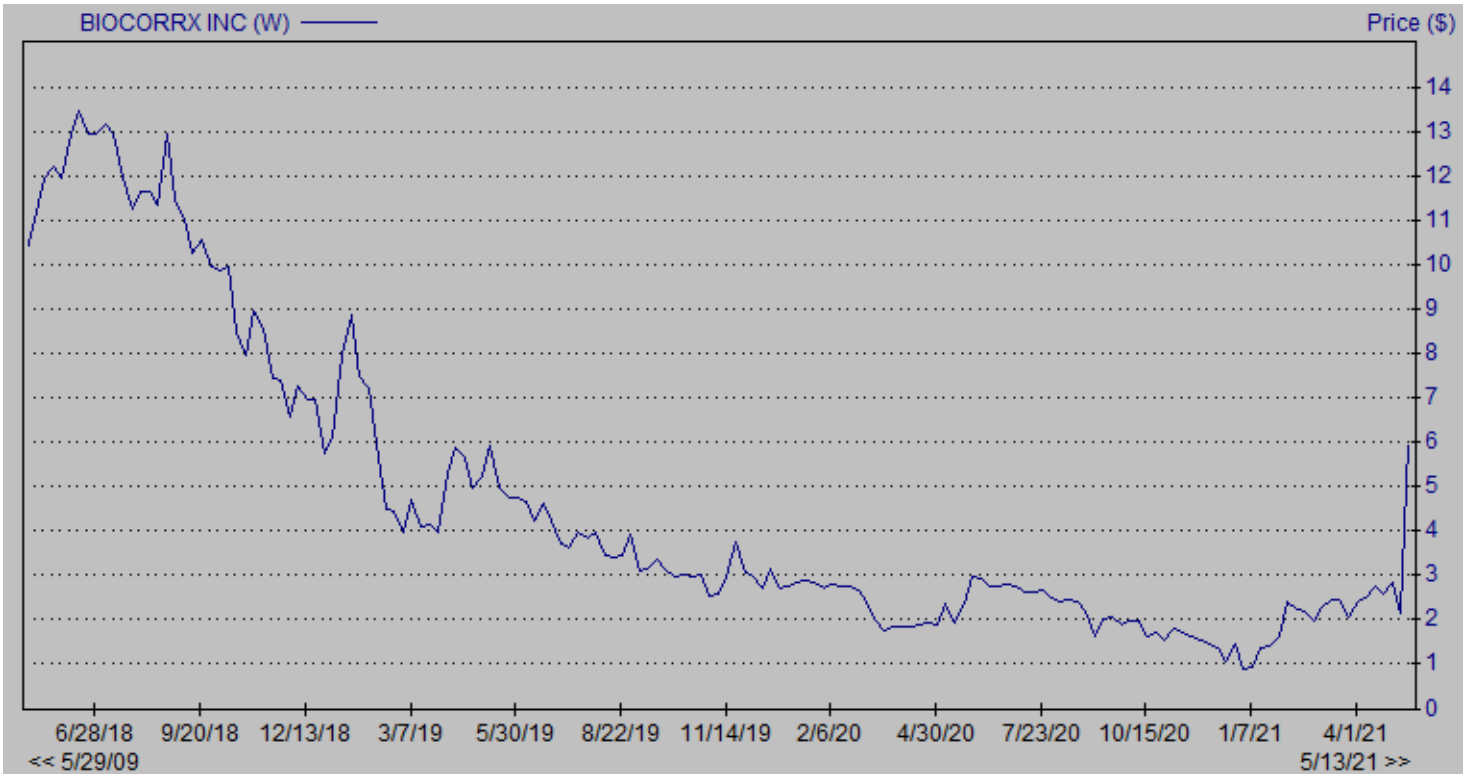
We assume that BioCorRx retains sales and marketing function and outsources manufacturing and distribution. Under this scenario results in an estimated gross profit margin of 80% and 45% operating margin (before corporate overhead) and mid-30s operating margin with corporate G&A in 2031 across all the businesses.

Factors that we believe may affect forecasts, results and valuation over the next several years include: regulatory and developmental, commercialization, competition, reimbursement and financing needs. Policymakers are focused on expanding types of MAT and accessibility, while lowering the hurdles that have limited broad clinical adoption for all types of MAT. While results will likely remain volatile for a few years as the Company invests in regulatory approval for its naltrexone implant for OUD and AUD, we expect this to stabilize as the business grows.

Our intrinsic value for BICX of $5.65/share is based on an NPV for an FDA-approved naltrexone implant for OUD and AUD, the Company's addiction recovery program, and the *UnCraveRx* program for weight management. Our model assumes BICX carries all R&D costs through approval (estimated range of $12-15 million) partially offset by research grants of nearly $10 million through 2023.

Several factors provide upside to our valuation including: additional research funding beyond our $10 million assumption, partnership that provides milestones and/or R&D cost sharing; a faster, or less-costly path to US approval; and the potential for sales in other geographies and indications as well as the possibility of additional approvals.

HISTORICAL STOCK PRICE



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