BiotechStockReview

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Biotech – Health Technology - Medical Devices – Medical Networks – Pharma - Stem Cells

Immunomedics (IMMU) $33 | Raising Price Potential to $60

American BriVision (ABVC) $3.00 | Initiating Coverage

We Are Raising the Price Potential of Immunomedics (IMMU) to $60, Highest on the Street, and Initiating Coverage on Another $3.00 Medical Start-Up American BriVision (ABVC).

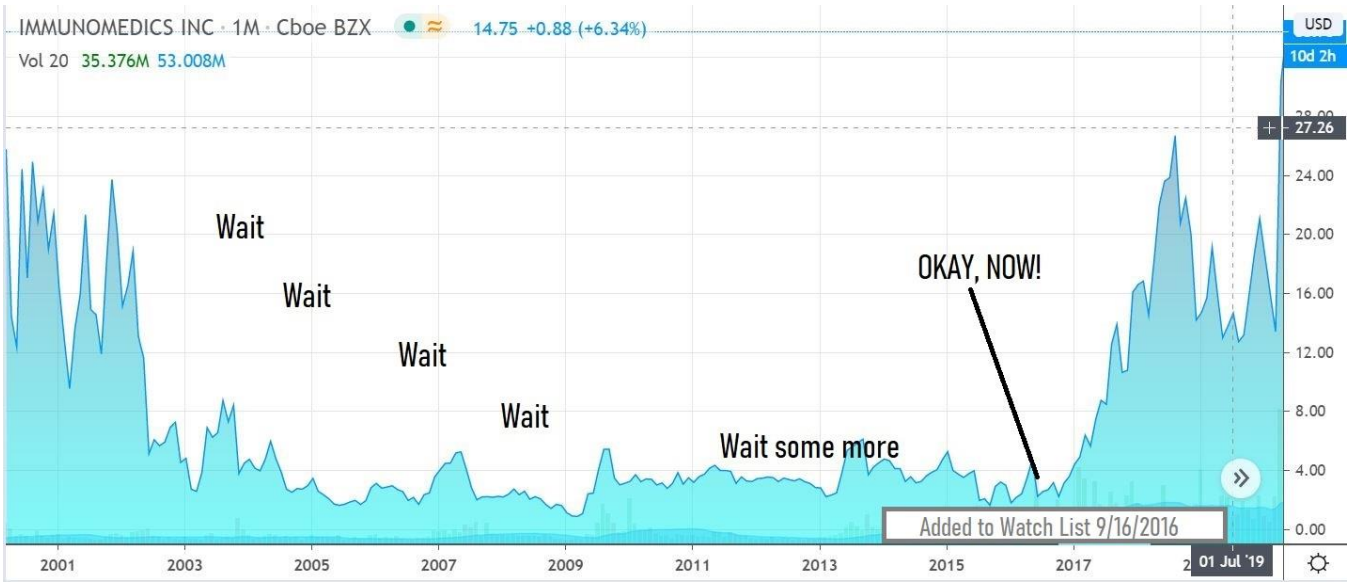
To put it mildly, for long-term investors – we've had both remarkable timing and luck with companies priced around $3.00 that have been brutally beaten down for years, and then seemingly turned around like magic and made a trek to over $20.00 (see charts below on Immunomedics and Dicerna). After being added to the Watch List when combined, gains exceeded $5 billion for the two companies.

In both instances, there was little love when we first discovered them. Though it wasn't a straight path to over $20, with intermittent battles with aggressive short-sellers and well-educated naysayers. But we won in both instances and now, we just may have uncovered a third.

Let's for a moment look at the long-term charts on **Immunomedics** (IMMU), **Dicerna** (DRNA), and **American BriVision** (ABVC) – if for no other reason than they are so spooky similar. While past performance is absolutely, positively no indication or even inkling into future performance – if American BriVision trades over $20 in two or three (or even four) years...we will absolutely, positively be crowned the King of $3.00 biotechs.

Even if we must go out and buy the Crown ourselves at the dollar store. Three $3.00 stocks to go over $20? It would be EPIC and maybe never to be duplicated again! It would be like finding Amgen, Biogen, and Repligen – not three years *after* they went public and traded sideways for a decade – but three years *before* they started their epic runs.

IMMUNOMEDICS (IMMU)



DICERNA (DRNA)

AMERICAN BRIVISION (ABVC)

RAISING IMMUNOMEDICS PRICE POTENTIAL TO $60.

In this past January we added Immunomedics to our 'Biotech 5 Pack. 5 Biotech Stocks We Expect to Double in 2020' when it was trading at $18. This raised a few eyebrows, in that the share price had already risen some six-fold, from where we originally discovered it.

The other four names – with equally eyebrow-raising gains, were companies that had also already made significant moves from where we initially discovered them.

Name	Added to Watch List	Current Price / Gain	Potential Price*
Citius Pharma (CTXR)	$0.55	$1.02 / +85%	$3.00
Dicerna Pharma (DRNA)	$3.30	$20.12 / +509%	$40.88
Dyadic International (DYAI)	$1.32	$5.91 / +347%	$14.00
Fortress Biotech (FBIO)	$1.74	$2.70 / +55%	$6.10
Immunomedics IMMU)	$3.00	$18.78 +526%	$45.00

**Not to be confused with price target.*

So why raise the price potential to $60 from $45, while it was trading at $33 just five months later?

First in January, there were rumors (guesstimates) of a favorable ruling from the FDA with regards to Trodelvy a TNBC drug 'some time' in 2020. The FDA declined to approve the drug in January 2019, because of issues at the manufacturing plant where it was to be produced.

Trodelvy is described as a new standard of care in Triple-Negative Breast Cancer (mTNBC) to help improve the lives of people with hard-to-treat cancers worldwide.

Second, *early* approval of Trodelvy in April – by way of the FDA, came in the form of the FDA saying to 'halt' Phase 3 trials due to 'compelling evidence' of efficacy. Normally news headlines of FDA trial halts,

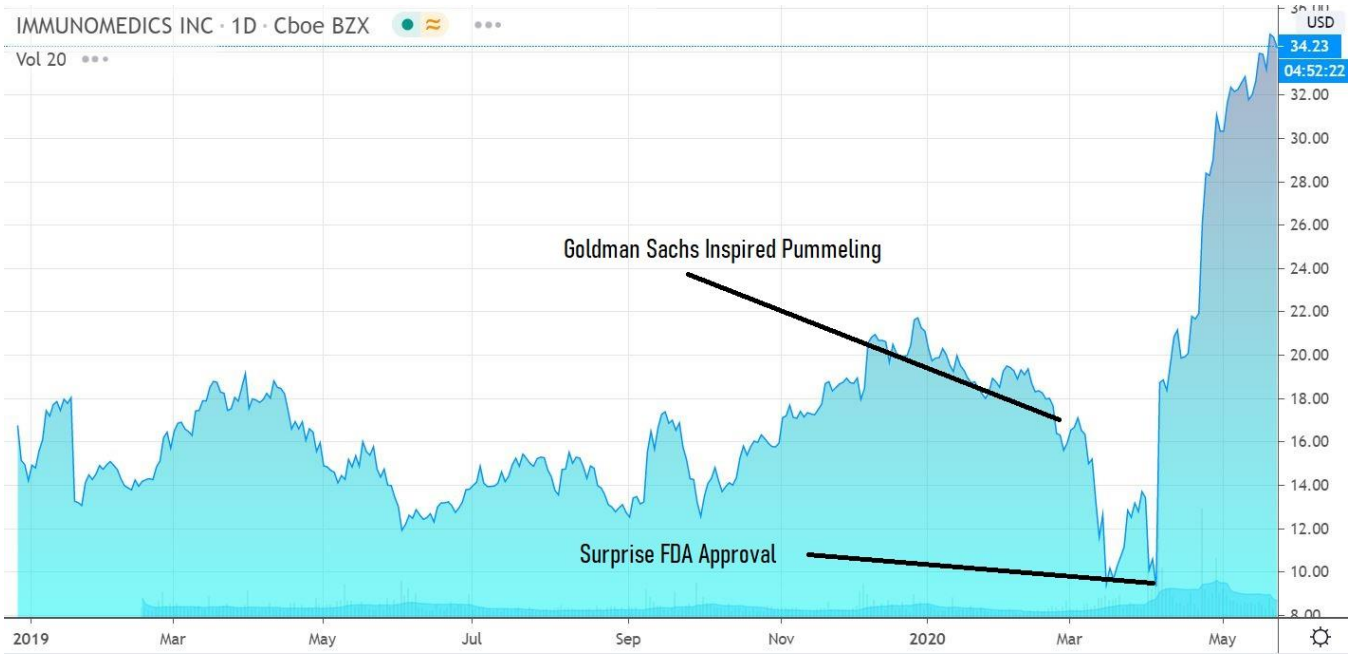
drive fear, and panic into the hearts of biotech speculators. Not so this time. Except for the shorts who were short 31 million shares going into the surprise approval.

SETTLEMENT DATE	SHORT INTEREST
04/30/2020	28260218
04/15/2020	31491432
03/31/2020	29150332
03/13/2020	26724823

Third, IMMU wasn't trading anywhere near the $20 January level, when the news came out. It was trading at $9.00. The March/April plunge was attributed, by our sources, to very-educated short-sellers who were claiming they FDA found yet 'more' problems at the IMMU manufacturing plant identified in something called FDA Form 483.

We're not sure how the short-sellers gained access to the document, which notifies the company's management of objectionable conditions. It sent chills up our spine but that's neither here nor there, at least not anymore.

Another contributing factor to IMMU being taken out to the woodshed before the approval, was comments from Peter Choi of Goldman Sachs who issued a 'double downgrade' (what the) and reduced his price target to $5 from $24. Peter also cited Form 483 (everyone saw it but us) and he thought 'no-way' could IMMU's problems be fixed by a June 2, 2020, FDA review deadline. Some people listen to Goldman, some don't. But the rub is that Goldman raised them $288 million just four months earlier at $17.50, so when Goldman about-faced and said 'run for the hills' investors ran.



So what's our point? Well had IMMU been trading at $20 pre-approval, it could have very well had a one day jump from $20 to $30 and then inched up to $40 in the following month. Then, $60 would be in the eyes of investors as they anticipate the rollout Trodelvy.

Fourth, investors are now looking to news ahead related to metastatic endometrial cancer and metastatic urothelial cancer. Choi predicted those trials would be at risk, as IMMU might not have access to funding, that they would expect to have, with a favorable ruling on Toldevy which clearly, he wasn't expecting.

Instead, approval did come and the company completed an oversubscribed public offering adding approximately $465 million to their balance sheet! Plus approval of Trodelvy triggered a $60 million contractual milestone payment from Everest Medicines, their partner in China.

So what's not to like and what else lies ahead, now that IMMU has approval and made bank?

1) The Company has stated with regards to the pandemic, while "early to assess the precise extensive disruption to the conduct of our trials, we are confident that the impact will be manageable." So we can watch how these trials progress.

2) To return the favor of an early approval, the Company was successful in making Trodelvy available to people with mTNBC shortly upon FDA approval. They stated, "Trodelvy was shipped to our specialty distributors last week and the first patient was treated with commercial product exactly a week ago today, one week after FDA approval." So investors can read of lives being extended and revenues being generated.

   Currently there's said to be a "groundswell of excitement" over the drug—as it's the first FDA-approved option in the third-line TNBC setting. The numbers we've heard (third party sources) we're $16,096 per 21-day cycle with a total addressable market, which is said to be around 8,000 to 9,000 patients a year in the third-line setting, and 6,000 to 7,000 in the fourth line.

   In a phase 1/2 study, Trodelvy shrank tumors in about one-third of patients and delayed the time to disease progression or death by a median of 5.5 months. Historically, chemotherapies only trigger response rates of 10% or less, stalling progression for around 1.5 months to 2.5 months

   Finally, states are now generally obligated to cover Trodelvy as of July 1st, three months ahead of their scheduled timeline which is a big win for Medicaid patients.

3) **ASCO**. **In the very near term**. Metastatic urothelial cancer patients who are platinum-ineligible and progressed after prior checkpoint inhibitor therapy has been accepted for poster presentation at the 2020 American Society of Clinical Oncology (ASCO) virtual meeting.

   An abstract from a Phase 1/2 study of Trodelvy in patients with previously-treated metastatic endometrial cancer has also been accepted for poster presentation at the 2020 ASCO virtual meeting.

So there you go, our price potential is at the top of the pack at $60. Time will tell.

5/7/2020	Morgan Stanley	Boost Price Target	Equal Weight	$22.00 → $32.00
5/7/2020	HC Wainwright	Lower Price Target	Buy	$60.00 → $54.00
5/4/2020	Barclays	Initiated Coverage	Overweight	$40.00
4/23/2020	Goldman Sachs Group	Upgrade	Sell → Neutral	$5.00 → $22.00
4/23/2020	Wells Fargo & Co	Boost Price Target	Overweight	$34.00 → $41.00
4/23/2020	Guggenheim	Boost Price Target	Positive → Buy	$35.00 → $39.00
4/23/2020	Cowen	Boost Price Target	Outperform	$30.00 → $45.00

AMERICAN BRIVISION (ABVC).

Our latest find puts us in our favorite sector of biotechnology, which is described as 'incubator' or 'accelerator' depending on who you ask. Without going into a long dissertation – what it means to us that while typically early, incubators have multiple 'start-up' shots on goal.

And in American BriVision's case, true multiple shots on goal. Three in this case. Many times biotech companies (validly) claim to have multiple shots from a 'platform' technology. Meaning the drug, treatment, or solution they are working on - if successful – could be used for multiple indications, meaning multiple revenue streams. The problem with multi-indication platform technologies is if the first indication that is furthest in the FDA approval process fails, the rest of the indications pretty much fall like dominoes.

We are working on a detailed report for each of their three technologies, but for now – we'll simply highlight features of the three. And put the spotlight on the technology (Vitargus) which in our opinion shows the greatest near term potential for getting investors excited. The summary goal of any new idea we come across is simply to give a heads up. Most of our past ideas which later went on to perform beyond our wildest expectation – had little or no volume when we found them, with the lack of liquidity contributing to volatility.

Immunomedics traded from $3.00 to $2.00 in the month after the idea was shown to us. In hindsight, it could be said the heads up allowed sophisticated investors the opportunity to acquire a meaningful stake for investors with a 2-3 year timeframe.

If you read what we read about American BriVison, and see the enormous opportunity we do – it doesn't matter much whether the shares are trading at $2.00 or $5.00 in the coming months. What matters is you commit to enough research to warrant further research and if the lights flash green – try to get in ahead of the crowd, get in ahead of volume that comes ahead of a truly significant move, that only comes with news of progression through the FDA approval process. That is the point of a heads up.

When we were [first introduced to Dicerna Pharma (DRNA)], things were looking bleak. It was broken down and hobbling. Revenues not surprisingly were zero. They lost $56 million in 2016 and were on a path to lose another $50 million in 2017.

It was a hot IPO going public at $15 (raising $90 million) closing the first day of trading at $45 or a market cap of $700 million. This despite everyone knowing it was at least a year before starting their first clinical trial.

The market cap at $3.00 had fallen to $68 million – down nearly 90%, a fall from grace to put it mildly. The chart looked like a patient on a ventilator. And cash in the bank had fallen to $45 million, meaning the clock was running out fast, maybe another year. But then they bit the bullet unlike we've rarely seen and raised $70 million, painfully diluting current investors, but living to see another year.

American Brivision filed its 10K on May 15th, which we'll call required reading. Below are highlights from the 10K and it's important to know they completed a painful 18:1 reverse split on May 8th of 2019, so our assumption is the investor who typically sells after a reverse split has sold during the year that just past.

Here is a zoom in on a difficult year for prior shareholders, whose selling has created an excellent entry level for current and future investors the way we look at it.

In our opinion, the first potential item of news which will right the ship is news of finding an investment banker (or strategic partner) – much like both Immunomedics and Dicerna did. This will let investors know they are nearing the goal line. It is the type of news that can come at the drop of a hat and that in nearly all instances, something that speculative investors want to be ahead of - to be able to acquire a meaningful position in thinly traded stock.

VITARGUS

Sidney Retina Clinic, Lead by Dr. Thomas Pham, Dr. Yasser Tariq, and Dr. James Wong

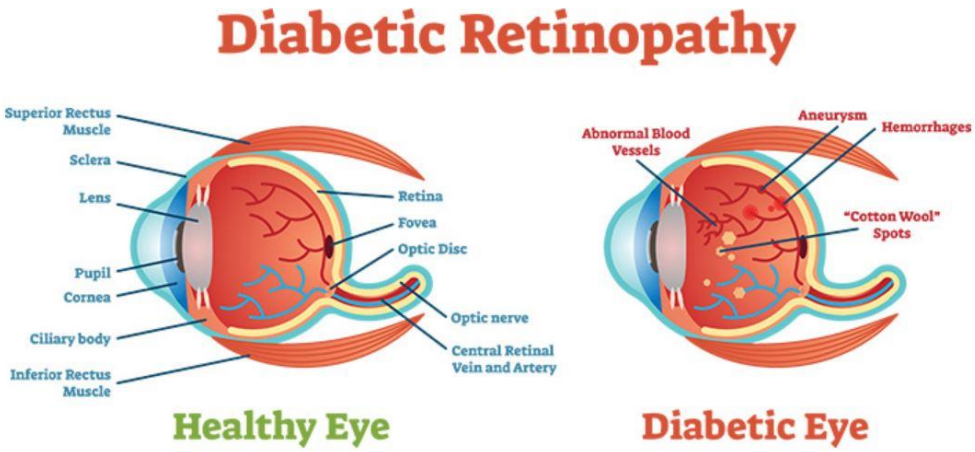
ABVC successfully finished the Phase I clinical trial of Vitargus (ABV-1701) at Sydney Retina Clinic and Day Surgery, a clinic located in Sydney, Australia. This was the only site for this Phase I clinical trial.

The trial started on November 17, 2016, and was completed with positive results in July 2018. The Protocol Title was "A Phase I, single-center, safety and tolerability study of Vitargus in the treatment of Retinal Detachment."

Vitargus is a biodegradable HydroGel designed to replace the fluid in an eye for patients who have

undergone vitrectomy surgery for retinal detachment or vitreous hemorrhage.

Dr. Howard Doong, the CEO of American BriVision stated in a recent press release that "One of the earliest milestones expected to be achieved is the licensing of ABVC's innovative vitreous substitute, Vitargus, to one or more marketing partners. Since it has demonstrated in clinical trials that, compared with other currently used methods, patients undergoing surgery to re-attach the retina through Vitargus can recover more quickly and experience little side effects to retinal tissue and vision. Also, because Vitargus is bio-degradable, there is no need for a second surgery."



Our laser focus is Vitargus use in **Diabetic Retinopathy** (DR) because it is an enormous market – in that diabetes is an enormous market. Worldwide, one-third of the estimated 285 million people with diabetes show signs of DR. That's a potential addressable market of 95 million individuals.

Diabetic retinopathy is a condition that may occur in people who have diabetes. It causes progressive damage to the retina, the light-sensitive lining at the back of the eye. Diabetic retinopathy is a serious sight-threatening complication of diabetes.

Diabetes interferes with the body's ability to use and store sugar (glucose). The disease is characterized by too much sugar in the blood, which can cause damage throughout the body, **including the eyes**.

Over time, diabetes damages small blood vessels throughout the body, including the retina. Diabetic retinopathy occurs when these tiny blood vessels leak blood and other fluids. This causes the retinal tissue to swell, resulting in cloudy or blurred vision. The condition usually affects both eyes. The longer a person has diabetes, the more likely they will develop diabetic retinopathy. If left untreated, diabetic retinopathy can cause blindness.

An exploratory analysis showed a statistically significant improvement in best corrected visual acuity (BCVA) from the baseline. Given the encouraging study results, a multi-national, multi-site pivotal study for Vitargus® is planned in 2020.

ADDITIONAL SHOT'S ON GOAL, ABV 1504 – ABV 1505.

ABV-1504 in Major Depressive Disorder ("MDD")

A Phase II clinical study - pursuant to U.S. Food and Drug Administration (FDA) and Taiwan FDA (TFDA) clinical protocol code BLI-1005-002 was successfully completed by **Stanford University** and five major medical centers in Taiwan. A full clinical study report (CSR) was submitted to the FDA and TFDA on the FDA (on 2019/12/4) and TFDA (on 2019/12/5).

ABV-1505 in Adult Attention-Deficit Hyperactivity Disorder ("ADHD")

A Phase II Part I clinical trial, under FDA clinical protocol code BLI-1008-001 for adult attention-deficit hyperactivity disorder (ADHD), was initiated at the **University of California** San Francisco (UCSF) Medical Center in the fall of 2019.

ABVC Products Address Several Significant Billion Dollar Markets

Vitargus®, ABVC's ophthalmological medical device now in development, is targeted at the $1.8 billion (in 2019) retinal vitrectomy market. ABV-1504, a drug now under development would be used in the major depressive disorder drug market, which was a $6.5B worldwide market in 2017. Additionally, ABV-1505, a drug now being evaluated in the ADHD drug market, had a $17.2B worldwide market in 2018.

The company has an active pipeline of six drugs and one medical device (ABV-1701/Vitargus®) under development.

In our follow-up report, we will delve into further details about trial results, strategic partnerships already entered into, and management backgrounds.

Final note: On May 21st, the Company announced it was increasing the size of a small private placement to $2 million. The private placement of 444,445 common shares has been expanded to 890,000 common shares.

The company said demand for the previous offering was greater than expected, leading ABVC to increase the offering size to raise a total of approximately $2,000,000 through the sale of the 890,000 shares to qualified U.S. and non-U.S. investors at a purchase price of $2.25 per share. Each investor will also be granted a five-year warrant at an exercise price of $6.00 per share for each share of ABVC common stock purchased.

According to Dr. Howard Doong, ABVC chief executive officer, "We were pleased by the response to our private placement offering from both new investors and those who had previously invested in the company. This timely funding will support our growth goals and ensure that ABVC's ongoing clinical drug trials proceed as planned and help move our new medicines to commercialization as quickly as possible."

The placement is expected to close on or before June 15, 2020.

For further information call Andy An – Chief Financial Officer, 765-610-8826

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Statement Under the Private Securities Litigation Reform Act | American BriVision

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