

## INVESTMENT HIGHLIGHTS

- In the past 15 years, the number of people seeking treatment for opioid addiction has risen by 770%. BioCorRx is positioned to gain significant market share of the treatment market in the US, worth \$35 billion annually.
- BICX has developed a counseling program and continues to partner with medical centers to increase awareness of this program along with its naltrexone implant in order to enhance its case for FDA approval.
- BioCorRx offers a unique treatment plan for opioid and alcohol addiction, but it faces competition from several services and clinics that provide treatment support and will be challenged to distinguish its offerings.

## COMPANY DESCRIPTION

BioCorRx, Inc. provides an alcoholism treatment program that empowers patients to succeed in their overall recovery through its wholly owned subsidiary Fresh Start Private, Inc. It offers treatment philosophy that combines medical intervention. The company was founded by Neil Muller and George O'Neill on January 28, 2008 and is headquartered in Anaheim, CA.

### COMPANY DATA

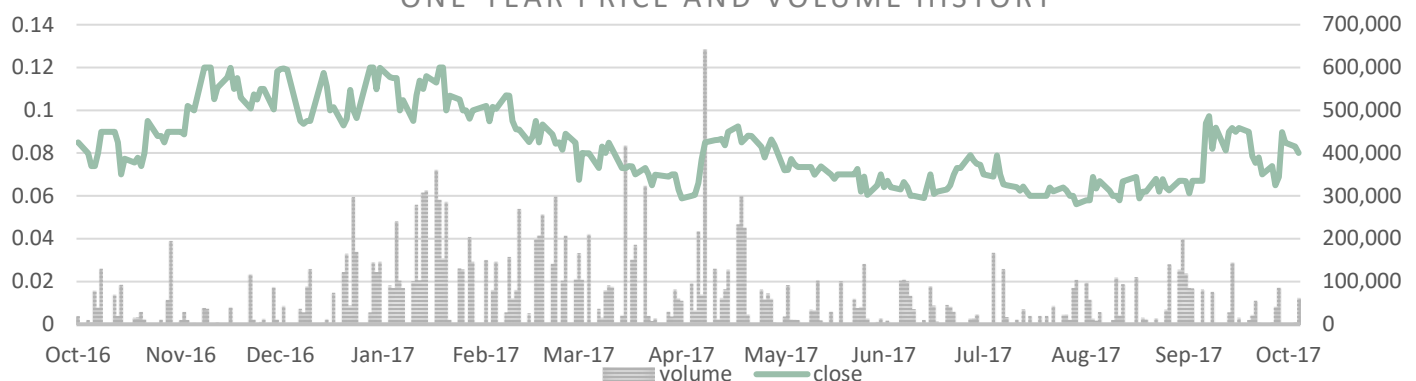
52-Week Range (\$)	0.03-0.28
Shares Outstanding (mn)	242.14
Market Cap (\$mn)	22.54
3-Mo. Average Volume (mn)	0.39
Total Cash (\$mn)	0.09
Total Debt (\$mn)	1.16
Dividend Yield (%)	0.00
Short Interest (%)	N/A
Insider Ownership (%)	22.18

### KEY FINANCIALS (in \$ millions, except EPS)

	FY13A	FY14A	FY15A	FY16A
Revenue	0.71	1.17	0.92	0.70
EPS	(0.03)	(0.02)	(0.03)	(0.03)
Net Income	(3.84)	(3.13)	(4.67)	(5.90)
EBIT	(2.50)	(3.05)	(1.48)	(2.05)
EBITDA	(2.36)	(2.92)	(1.35)	(2.02)

## SHARE PRICE PERFORMANCE

### ONE-YEAR PRICE AND VOLUME HISTORY



## BULL CONSIDERATIONS

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- **Unique, innovative offerings for a major untapped market**

An estimated 23.5 million people in the US are addicted to drugs and alcohol, according to the Substance Abuse and Mental Health Services Administration's national survey on drug use and health. Around 85% of the people with alcohol abuse or dependence do not get proper treatment, while 100 American people die from preventable overdose almost every day. In the last 15 years, there has been a massive 770% rise in the patients seeking treatment for opioid addiction.

BioCorRx (BICX) is uniquely poised to gain significant market share of the \$35 billion annual treatment market in the US. The company follows an innovative approach combining medication with supportive behavioral management. BICX is currently developing a patent-pending injectable BICX101 and naltrexone implant formula. Its management team has extensive business and healthcare knowledge and is preparing to build a strong case for expedited FDA approval of its naltrexone implant, strategically ahead of the injectable BICX101. The company says it already sees strong interest for the implant from several government entities and that discussions are underway to explore opportunities for assistance in bringing this product to market. Moreover, it expects the naltrexone implant to provide a significant first-mover advantage, as it can advance this particular program much faster, while it further enhances and develops the injectable BICX101 for later approval. Once approved, the implant will likely open up new, substantial opportunities for BICX's commercial offerings in the growing global implant market.

- **Rapid expansion possibilities for proprietary counseling program**

BICX has developed a proprietary 16-session counseling program identifying 35 key areas specific to the treatment of patients on long-term naltrexone made available through a growing network of counselors nationwide certified to deliver the program. BICX continues to partner with medical centers to increase awareness of its recovery program and naltrexone implant, in order to enhance its case for FDA approval. More than one-third of US adults suffer from obesity, according to the Centers for Disease Control and Prevention (CDC), and BICX recently started a pilot program for weight loss with Atlantis Medical Wellness Center in Silver Spring, MD. This program is also designed to help individuals learn realistic ways to incorporate healthy behaviors into their daily routines. BICX believes the naltrexone implant will have a positive effect on weight management by reducing food craving.

- **Increasing use of technology to support recovery from addiction**

BICX launched a beta version of its proprietary mobile application in September 2017, to be used by licensed behavioral specialists for the treatment of opioid and alcohol abuse. The company's new technology platform will enable counselors and therapists to remotely monitor patients' progress as they complete the program modules. The cognitive-behavioral treatment (CBT) program consists of 35 modules developed by addiction experts with years of experience in treating individuals receiving long-term naltrexone therapy. BICX says many state and federal

entities have expressed interest in this program. It plans to create potential monetization opportunities globally with the use of various forms of naltrexone becoming more widespread.

## BEAR CONSIDERATIONS

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- **Faces competition from other injectable and implant naltrexone products and providers**

BICX faces tough competition from an existing FDA-approved sustained release injectable naltrexone-Vivitrol from Alkermes PLC. Alkermes benefitted from a strong demand of Vivitrol during 2016 and generated around \$200 million in revenue, representing 25% of 2016 revenues, according to a June 2017 BICX investor presentation. Recent feedback from users of Vivitrol injections seem to be negative, however, lack of any FDA-approved alternative has contributed to its mounting demand. Further, the company also faces competition from FDA-approved buprenorphine implant. It is a six-month subdermal implant developed by Titan Pharmaceuticals. While the implant has many limitations confirmed from user feedbacks, lack of any FDA-approved substitute contributes to the present sales of this product. In addition, Braeburn Pharmaceuticals is also developing a one-week and one-month injectable buprenorphine.

Although BICX offers a unique proprietary treatment plan for opioid and alcohol addiction, it faces competition from several services and clinics that provide treatment support. Many rehabilitation and treatment centers in close proximity to the company's licensed providers offer treatment for alcohol and opioid addiction, and detoxification services, some using other naltrexone implants. We believe BICX may not be able to distinguish its offerings from the competition if its program becomes less successful than its competitors'. Moreover, a delay in obtaining FDA approval could increase patients' reluctance to use its product offerings.

- **Delay in FDA approvals could impede potential commercial advantages**

BICX may not be able to sustain continuous losses in the near term in the event of an unforeseen delay in obtaining FDA approval. It is still in the early stages of operation and has not yet generated significant revenue, while it continues to spend heavily on developing its new drug and on increasing awareness of its recovery program, resulting in rising operating losses. A lack of significant revenue generation would result in persistent operating losses. The company reported a large operating loss of \$1,198,961 in H1 2017 due to a rapid rise in operating costs. Further, the company could lose out to the active competition due to delay in approval, which would hamper its first-mover advantage and potential monetization opportunities from planned commercial offerings.

- **Liquidity concerns remain, continued losses could reduce ability to raise funding**

BICX has recently tapped private financing and seeks to raise more funds through similar channels. However, we believe growing concerns about its declining liquidity and ability to report profits in the near term adversely affect future capital raising. BICX reported a cash balance of \$845,067 at

end-June 2017, but holds long-term convertible note debt of \$1,266,062. It had raised \$1,660,000 from the issuance of convertible notes and \$940,000 from the sale of common stock in H1 2017. BICX believes that its current cash levels will be sufficient only to fund its projected operating requirements through December 2017.

## FINANCIAL AND VALUATION OVERVIEW

P/E		EPS Growth (vs. Previous Quarter)		Sales Growth (vs. Previous Quarter)	
P/E (2016)	NM	3Q2017	-1.11%	3Q2017	NM
P/E (ttm)	NM	2Q2017	19.43%	2Q2017	NM
PEG Ratio	NM	1Q2017	-0.54%	1Q2017	NM
Price Ratios (ttm)		ROE		ROA	
Price/Book	NM	3Q2017	NM	3Q2017	NM
Price/Cash Flow	NM	2Q2017	NM	2Q2017	NM
Price/Sales	7.28	1Q2017	NM	1Q2017	NM
Current Ratio		Quick Ratio		Operating Margin	
3Q2017	0.82	3Q2017	0.82	3Q2017	-373%
2Q2017	1.15	2Q2017	1.15	2Q2017	-307%
1Q2017	0.04	1Q2017	0.04	1Q2017	-792%
Net Margin		Pre-Tax Margin		Book Value	
3Q2017	NM	3Q2017	NM	3Q2017	-0.01
2Q2017	NM	2Q2017	NM	2Q2017	-0.18
1Q2017	NM	1Q2017	NM	1Q2017	-0.04
Inventory Turnover		Debt-to-Equity		Debt-to-Capital	
3Q2017	NM	3Q2017	NM	3Q2017	NM
2Q2017	NM	2Q2017	NM	2Q2017	NM
1Q2017	NM	1Q2017	NM	1Q2017	NM

Income Statement (\$ in millions)	4Q2016	1Q2017	2Q2017	3Q2017	2013	2014	2015	2016
<b>Total Revenue</b>	0.17	0.12	0.13	0.21	0.71	1.17	0.92	0.70
<i>% growth</i>		-31%	16%	57%	240%	64%	-21%	-24%
<b>Total Cost of Revenue</b>	0.06	0.06	0.03	0.18	0.30	0.36	0.28	0.21
<i>% of sales</i>		51%	24%	83%	41%	30%	30%	29%
<b>Gross Profit</b>	0.11	0.06	0.10	0.04	0.42	0.81	0.65	0.50
<i>Margin %</i>	65%	49%	76%	17%	59%	70%	70%	71%
R&D	NM	NM	0.01	0.04	NM	NM	NM	NM
<i>% of sales</i>	NM	NM	6%	21%	NM	NM	NM	NM
SG&A	374.07	840.67	383.55	390.43	408.36	330.26	229.89	362.70
<i>% of sales</i>	NM	NM	NM	NM	NM	NM	NM	NM
<b>EBIT</b>	(0.52)	(0.92)	(0.41)	(0.79)	(2.50)	(3.05)	(1.48)	(2.05)
<i>Margin %</i>	-309%	-792%	-307%	-374%	-350%	-261%	-160%	-292%
Interest Expense	0.21	0.45	9.76	0.46	0.31	0.35	0.38	1.05
<b>EBT</b>	(0.73)	(1.36)	(10.17)	(1.25)	(2.81)	(3.41)	(1.86)	(3.10)
Tax Expense	0	0	0	0	0	0	0	0
<i>Tax Rate %</i>	0%	0%	0%	0%	0%	0%	0%	0%
<b>EBITDA</b>	(0.50)	(0.91)	(0.40)	(0.78)	(2.36)	(2.92)	(1.35)	(2.02)
<i>Margin %</i>	-297%	-785%	-301%	-370%	-331%	-249%	-146%	-288%
<b>Net Income Applicable to Common Shareholders</b>	(2.61)	(1.69)	(38.34)	11.30	(3.84)	(3.13)	(4.67)	(5.90)
<i>Margin %</i>	NM	NM	NM	NM	NM	NM	NM	NM
Basic Shares	169	182	203	242	117	139	155	170
Dil Shares	169	182	203	580	117	139	155	170
EPS - Basic	-0.02	-0.01	-0.19	0.05	-0.03	-0.02	-0.03	-0.03
EPS - Dil	-0.02	-0.01	-0.19	0.02	-0.03	-0.02	-0.03	-0.03

Balance Sheet (\$ in millions)	4Q2016	1Q2017	2Q2017	3Q2017	2013	2014	2015	2016
<b>Current Assets</b>	0.17	0.10	1.71	0.90	0.53	0.21	0.31	0.10
Total Assets	0.63	0.47	2.07	1.26	4.43	4.08	1.41	0.47
<b>Current Liabilities</b>	1.76	2.45	1.48	1.11	1.36	1.94	3.76	2.45
Total Liabilities	7.58	8.60	46.12	2.95	4.20	3.78	4.69	8.60
Shareholders' Equity	(6.95)	(8.13)	(44.05)	(1.69)	0.22	0.31	(3.28)	(8.13)
<b>Total Liabilities and Shareholders' Equity</b>	0.63	0.47	2.07	1.26	4.43	4.08	1.41	0.47

Cash Flow Statement (\$ in millions)	4Q2016	1Q2017	2Q2017	3Q2017	2013	2014	2015	2016
Cash from operating activities	(0.61)	(0.37)	(0.84)	(0.82)	0.10	0.17	0.05	(1.99)
Cash from investing activities	(0.13)	(0.12)	0	0	(0.03)	(0.03)	0	(0.34)
Cash from financing activities	(0.35)	0.50	2.43	(0.02)	0.03	(0.19)	0.12	2.20
<b>Net Change in Cash</b>	<b>(1.09)</b>	<b>0.01</b>	<b>1.59</b>	<b>(0.84)</b>	<b>0.10</b>	<b>(0.06)</b>	<b>0.17</b>	<b>(0.13)</b>
<b>Cash at beginning of the year</b>	<b>1.17</b>	<b>0.08</b>	<b>0.09</b>	<b>1.68</b>	<b>0.01</b>	<b>0.13</b>	<b>0.05</b>	<b>0.22</b>
<b>Cash at the end of the year</b>	<b>0.08</b>	<b>0.09</b>	<b>1.68</b>	<b>0.85</b>	<b>0.13</b>	<b>0.05</b>	<b>0.22</b>	<b>0.09</b>

Valuation Data (\$ in millions)		Sales		EPS	
	Ticker	2016	2017E	2016	2017E
Providence Service Corporation	PRSC	1,578.9	1,686.1	(6.4)	1.8
U.S. Physical Therapy, Inc.	USPH	356.5	437.3	1.6	2.4
Acadia Healthcare Company, Inc.	ACHC	2,810.9	3,080.7	0.1	2.8
AAC Holdings, Inc.	AAC	279.8	333.2	(0.0)	0.6
Titan Pharmaceuticals, Inc.	TTNP	15.1	2.1	0.2	(0.5)
BioCorRx, Inc.	BICX	0.7	NM	(0.0)	NM

Insider / Stakeholders	%OS	Position (000)
GRANIER BRADY JAMES	7.14	17280.23
FELIX LOURDES	5.22	12633.33
MULLER NEIL TERRENCE	4.65	11250.00
EMRY KENT	4.11	9950.00
WELCH THOMAS PATRICK	1.07	2584.94
<b>Total</b>	<b>22.18</b>	<b>53698.51</b>

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## COMPANY INFORMATION

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## DISCLOSURE

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