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Cadrenal Therapeutics, Inc.

(CVKD-NASDAQ)

CVKD: Recent Financings Raise $9.8 Million…

Based on our probability adjusted DCF model that takes into account potential future revenues for tecarfarin in LVADs, ESKD+AFib, and mechanical heart valves, CVKD is valued at $30.00/share. This model is highly dependent upon continued clinical success of tecarfarin and will be adjusted accordingly based upon future clinical results.

Current Price (11/20/24)	$15.13
Valuation	**$30.00**

OUTLOOK

On November 7, 2024, Cadrenal Therapeutics, Inc. (CVKD) announced financial results for the third quarter of 2024 and provided a business update. The company recently raised approximately $9.8 million, which included $5.1 million raised through its at-the-market (ATM) facility and $4.7 million through warrant exercises. Cadrenal recently met with the FDA to discuss the protocol for the planned Phase 3 clinical trial of tecarfarin in left ventricular assist device (LVAD) patients and those discussions are continuing. The company has also advanced collaboration discussions with Abbott regarding the planned Phase 3 trial in patients with the Abbott LVAD HeartMate 3, the only LVAD available in the U.S. Lastly, Cadrenal completed the activities necessary to supply clinical trial materials with its contract manufacturer in preparation for the initiation of the Phase 3 trial, which we anticipate starting in 2025.

SUMMARY DATA

52-Week High	**$27.29**
52-Week Low	**$5.85**
One-Year Return (%)	**101.71**
Beta	**1.52**
Average Daily Volume (sh)	**75,440**
Shares Outstanding (mil)	**2**
Market Capitalization ($mil)	**$25**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**8**
Insider Ownership (%)	**49**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2024 Estimate	**-1.9**
P/E using 2025 Estimate	**-4.0**

Risk Level	**High**
Type of Stock	**Small-Growth**
Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2024	0.0 A	0.0 A	0.0 A	0.0 E	0.0 E
2025					0.0 E
2026					0.0 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-$6.15 A	-$1.35 A	-$1.05 A	-$0.75 A	-$9.29 A
2024	-$1.56 A	-$2.24 A	-$2.18 A	-$1.41 E	-$7.18 E
2025					-$2.90 E
2026					$2.20 E

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WHAT'S NEW

Business Update

Cadrenal Therapeutics, Inc. (CVKD) is a biopharmaceutical company developing tecarfarin, a late-stage novel oral and reversible anticoagulant intended to prevent heart attacks, stroke, and death due to blood clots in patients suffering from rare cardiovascular conditions requiring chronic anticoagulation. These conditions include patients with left ventricular assist devices (LVADs), patients with end-stage kidney disease (ESKD) and atrial fibrillation (AFib), and patients with mechanical heart valves with difficult-to-control time in therapeutic range (TTR). We recently initiated on Cadrenal and for a full overview of the company we invite investors to read through our full initiation report here. Some highlights about why we believe Cadrenal is an exciting investment opportunity include:

- **Solving Warfarin's Major Problems** – Warfarin is a vitamin K antagonist (VKA) treatment option that has been used for thrombosis since the 1950's. However, there are many adverse events associated with warfarin's use, including bleeding, skin necrosis, and hair loss. In addition, there are many drug-drug interactions due to its metabolic profile. Tecarfarin is a VKA that was designed to solve the warfarin metabolism problem and is also not impacted by kidney function.

- **Metabolic Advantage Sets Tecarfarin Apart** – Tecarfarin is metabolized via an alternative pathway (Carboxylesterase 2, CES2) that is abundant and essentially unsaturable. Warfarin is metabolized by seven different CYP450 isoenzymes, with approximately 30% of the population harboring genetic variants of CYP2C9 that alters warfarin metabolism. In addition, warfarin metabolism is further complicated by inhibitors and inducers of CYP450 enzymes that directly impacts its activity.

- **Phase 3 Ready Asset** – Cadrenal has designed a randomized, single blind, Phase 3, multicenter study to evaluate tecarfarin compared to warfarin in patients with LVADs. The company is continuing discussions with the FDA regarding the finalized Phase 3 protocol and we anticipate an update in the first half of 2025. Cadrenal is also in discussions with Abbott, the maker of the only approved LVAD device in the U.S., on a potential collaboration for the Phase 3 trial.

- **ODD for LVADs and ESKD+Afib** – The U.S. Food and Drug Administration (FDA) granted Orphan Drug Designation (ODD) to tecarfarin for the prevention of thrombosis in patients with LVADS and ODD and Fast Track status to tecarfarin for the prevention of systemic thromboembolism of cardiac patients with ESKD and AFib. ODD provides an approved drug with a seven-year period of U.S. marketing exclusivity along with other benefits and incentives. Fast Track is designed to facilitate the development and expedite the review of drugs to treat serious conditions and fill an unmet medical need and could result in priority review of the New Drug Application (NDA).

Raises $9.8 Million Through ATM and Warrant Exercises

In an effort to strengthen its balance sheet, Cadrenal recently raised approximately $9.8 million through its at-the-market (ATM) facility and warrant exercises:

- On Oct. 24, 2024, Cadrenal announced it raised gross proceeds of approximately $5.1 million through the sale of 391,243 shares of common stock at a weighted average price of $13.15 per share.

- On Nov. 1, 2024, Cadrenal announced it entered into a definitive agreement for the exercise of certain outstanding warrants to purchase up to 285,715 shares having an exercise price of $26.25 per share at a reduced price of $16.50 per share. The gross proceeds were approximately $4.7 million.

  In consideration for the exercise of those warrants, the company issued Series A-1 warrants to purchase up to 285,715 shares of common stock and Series A-2 warrants to purchase up to 285,715 shares of common stock. Both sets of warrants will have an exercise price of $16.50 per share. The

Series A-1 warrants will have a term of five years while the Series A-2 warrants will have a term of 18 months.

The company now has sufficient capital to finance operations into 2025 and potentially initiate enrollment in the planned Phase 3 trial in LVAD patients, however we believe the goal will be to do a more significant financing to fund the trial once the company gains alignment with the FDA on the Phase 3 protocol and gets clarity on a potential collaboration with Abbott.

Joins Corporate Council of Anticoagulation Forum

In October 2024, Cadrenal announced it joined the Corporate Council of the Anticoagulation Forum (AC Forum). This is the largest professional organization of anticoagulation specialists, and will allow Cadrenal to interact with the organization's >15,000 members who are all committed to improving the lives of patients who require anticoagulation care.

Financials Update

On November 7, 2024, Cadrenal announced financial results for the third quarter of 2024. As expected, the company did not record any revenues for the third quarter of 2024. R&D expenses for the third quarter of 2024 were $0.8 million compared to $0.24 million for the third quarter of 2023. The increase was primarily due to increased CMC costs, consulting fees, and personnel-related expenses. G&A expenses were $1.7 million for the third quarter of 2024 compared to $0.9 million for the third quarter of 2023. The increase was primarily due to increased personnel-related expenses, public company expenses, non-cash stock-based compensation, and professional fees.

As of November 7, 2024, Cadrenal had approximately $11.3 million in cash and cash equivalents due in part to the financings discussed above. The company currently has approximately 1.7 million shares outstanding and, when factoring in stock options and warrants, a fully diluted share count of approximately 2.4 million.

Conclusion

We look forward to updates from the company in the first half of 2025 regarding the finalized Phase 3 protocol and collaboration discussions with Abbott. Having Abbott as a partner for the Phase 3 trial would be a huge advantage to the company just in terms of coordinating patient recruitment and conducting the study as Abbott has a wealth of experience working with LVAD patients.

While tecarfarin is the current focus, the company is continuing to explore complementary business development opportunities to potentially expand the pipeline, which we believe may occur if a compound that is a good strategic fit to the company's focus could be identified. With no changes to our model our valuation remains at $30 per share.

PROJECTED FINANCIALS

Cadrenal Therapeutics, Inc.	2023 A	Q1 A	Q2 A	Q3 A	Q4 E	2024 E	2025 E	2026 E
Tecarfarin	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
License and other revenues	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Revenues	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Cost of revenues	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Research & development	$4.1	$0.6	$1.3	$0.8	$1.2	$3.9	$4.0	$6.0
General & administrative	$3.5	$1.1	$1.2	$1.7	$1.2	$5.2	$4.7	$5.0
Depreciation Expense	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Operating Income	($7.6)	($1.8)	($2.5)	($2.5)	($2.4)	($9.1)	($8.7)	($11.0)
Non-Operating Expenses (Net)	$0.7	($0.1)	($0.1)	($0.1)	$0.0	($0.2)	$0.0	$0.0
Pre-Tax Income	($8.4)	($1.7)	($2.4)	($2.4)	($2.4)	($8.9)	($8.7)	($11.0)
Income Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income	**($8.4)**	**($1.7)**	**($2.4)**	**($2.4)**	**($2.4)**	**($8.9)**	**($8.7)**	**($11.0)**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($9.29)**	**($1.56)**	**($2.24)**	**($2.18)**	**($1.41)**	**($7.18)**	**($2.90)**	**($2.20)**
YOY Growth	-	-	-	-	-	-	-	-
Basic Shares Outstanding	0.9	1.1	1.1	1.1	1.7	1.2	3.0	5.0

Source: Zacks Investment Research, Inc. *David Bautz, PhD*

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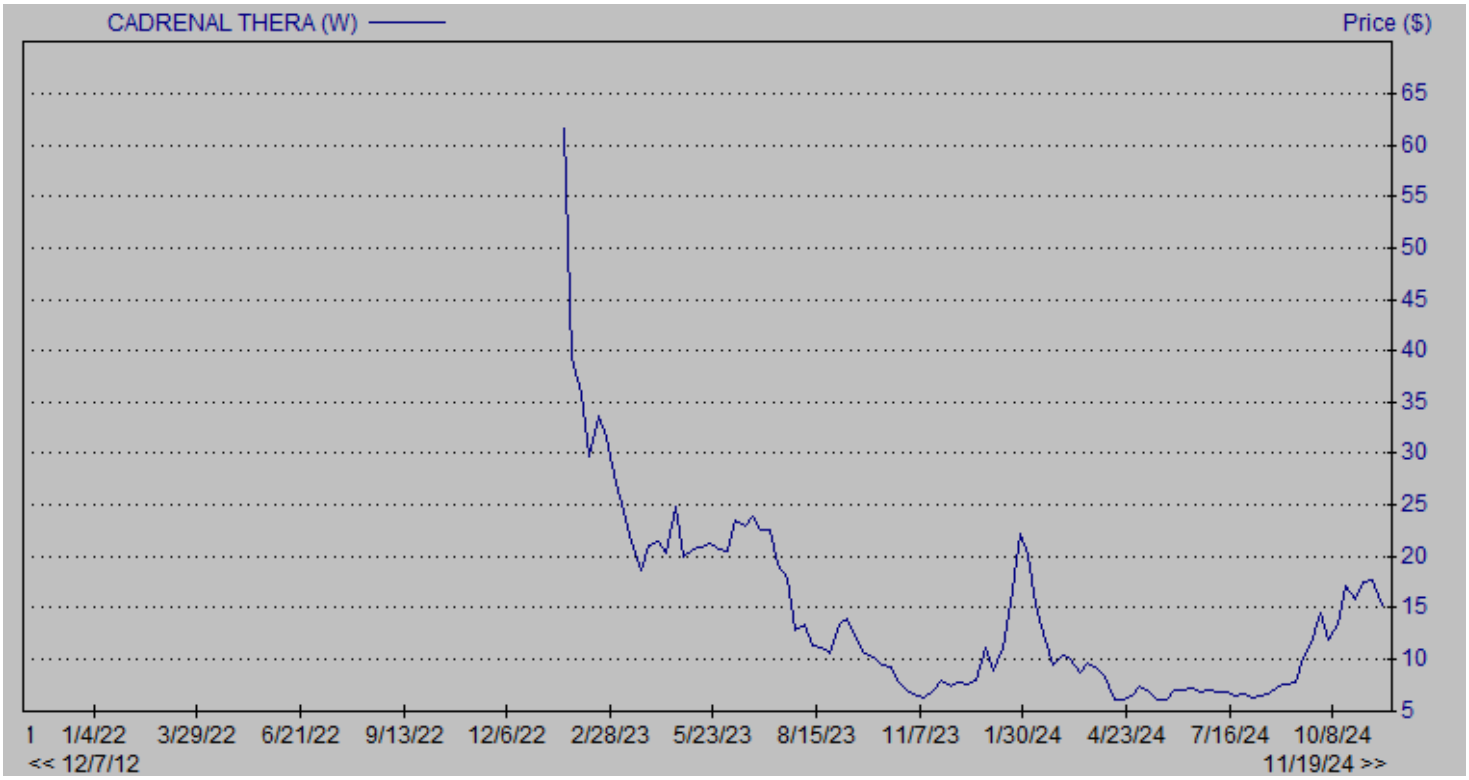

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