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## BioCardia Inc. (BCDA-NASDAQ) – Neutral Rated

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### A Curious Press Release Followed by a Raise

On the 20<sup>th</sup> of June (Wed.), we caught a curious press release from the company - “BioCardia announces FDA completes review of proposed adaptive statistical analysis design for ongoing CardiAMP cell therapy in heart failure pivotal study”. We had to read the release a few times as it seemed to suggest: Under the adaptive statistical analysis plan, should the CardiAMP Cell Therapy for Heart Failure study be stopped early for anticipated efficacy. We found the release curious. We learned last night that the company has now used the brief jump in the stock to raise badly needed capital – but it looks like it will be only \$2.6M. The company had \$4.8M on its balance sheet at the end of 1Q23 and reported a net loss of \$3.5M. We remain neutral on the stock.

#### Investment Highlights:

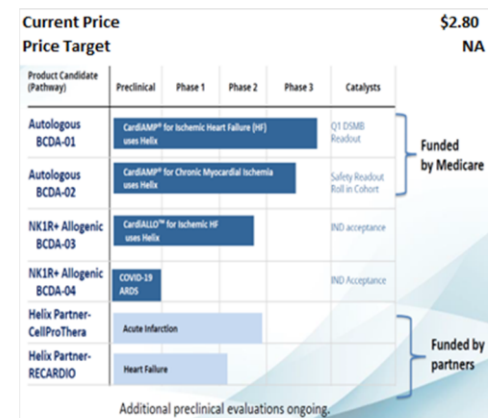
**June 20<sup>th</sup> Press Release** – BioCardia announced that FDA Center for Biologics Evaluation and Research (CBER) has completed review of the CardiAMP Cell Therapy System adaptive statistical analysis design supplement for the ongoing pivotal study to treat ischemic heart failure with reduced ejection fraction (HFrEF). The adaptive statistical analysis plan is on track to be implemented at the upcoming Data Safety Monitoring board (DSMB) meeting, scheduled for 12-Jul-23.

Under the adaptive statistical analysis plan, should the CardiAMP Cell Therapy for Heart Failure study be stopped early for anticipated efficacy at this, or any future DSMB review, study sites will continue to follow all enrolled (randomized) patients until all of them have reached their one-year follow-up visit, at which time the trial results would be unblinded. Enrollment would continue after any DSMB meeting that stops randomization for anticipated efficacy, with all subsequently enrolled patients receiving the study treatment. The open-label patients receiving the study treatment are intended to increase the amount of data available to address safety considerations for the pre-market application and market approval for the CardiAMP Cell Therapy System by FDA CBER.

Additional details, including the minimum number of patients treated open-label and any additional follow-up testing required, are to be confirmed with the FDA. It is our expectation that the adaptive statistical analysis plan will not extend the duration of the trial past the follow-up of the last randomized patient enrolled. The adaptive statistical analysis plan is expected to have minimal impact on statistical power of the trial. The DSMB may stop the trial early for safety or futility at any time.

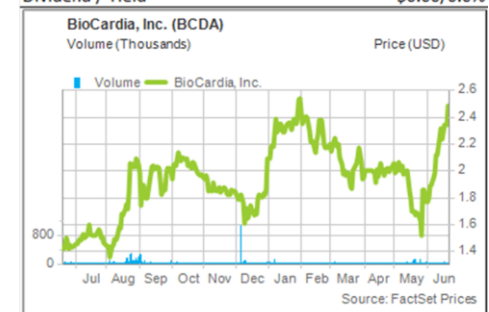
**Valuation:** We model to 2030 with probability of success factors in our models. In addition, in our free cash flow (FCFF), discounted EPS (EPS), and sum-of-the-parts (SOP) models, we apply a risk rate (r) of 30%. Our models are equal-weighted, averaged, and rounded to the nearest whole number to derive a fair-value target.

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



Source: BioCardia

Stock Data			
52-Week Range	\$1.31	-	\$2.92
Shares Outstanding (mil.)	20.2		
Market Capitalization (mil.)	\$57		
Enterprise Value (mil.)	\$56		
Debt to Capital	0%		
Book Value/Share	\$2.62		
Price/Book	1.1		
Average Three Months Trading Volume (K)	15		
Insider Ownership	37.8%		
Institutional Ownership	16.0%		
Short interest (mil.)	1.0%		
Dividend / Yield	\$0.00/0.0%		



**Exhibit 1. Income Statement**

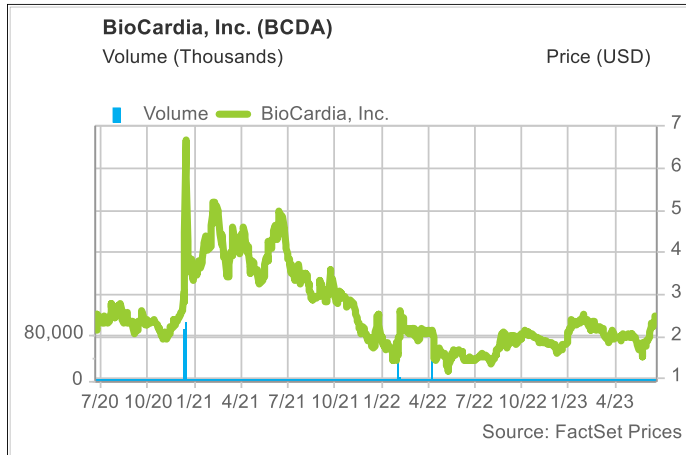
BioCardia Inc: Income Statement (\$000)																	
BCDA: YE December	2018A	2019A	2020A	2021A	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net product revenue	282	300	23	1													
Collaboration agreement revenue	343	382	122	1,014													
BCDA-01 CardiaAMP 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						0	0	0	0	-	-	-	4,502	68,679	93,131	94,717	96,330
BCDA-02 CardiaAMP Cell Therapy revenues EU						0	0	0	0	-	-	-	-	-	64,974	98,437	165,706
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
<b>Total Product Sales</b>	<b>625</b>	<b>599</b>	<b>145</b>	<b>1,015</b>	<b>1,352</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,054</b>	<b>13,386</b>	<b>86,431</b>	<b>185,926</b>	<b>242,780</b>	<b>327,292</b>
<b>Product Sales &amp; Royalties &amp; Milestones</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>3,054</b>	<b>10,629</b>	<b>78,135</b>	<b>107,082</b>	<b>116,521</b>	<b>128,101</b>
<b>Expenses</b>																	
Cost of goods sold	517	543	4	24		0	0	0	0	0	0	733	3,079	19,015	39,044	48,556	65,458
			3%	2%	0%	25%	25%	25%	25%	#DIV/0!	#DIV/0!	24%	23%	22%	21%	20%	20%
Research and Development	8,453	8,876	9,809	8,558	8,834	2,384	2,226	2,319	2,412	9,276	9,739	10,226	10,738	11,275	11,838	12,430	13,052
				4%													
Selling, general and administrative	5,757	6,045	5,861	5,087	4,419	1,190	1,320	1,375	1,430	5,500	10,000	20,000	21,000	22,050	23,153	24,310	25,526
<b>Total expenses</b>	<b>14,727</b>	<b>15,192</b>	<b>15,674</b>	<b>13,645</b>	<b>13,253</b>	<b>3,574</b>	<b>3,546</b>	<b>3,694</b>	<b>3,842</b>	<b>14,656</b>	<b>19,345</b>	<b>30,355</b>	<b>34,182</b>	<b>51,673</b>	<b>73,335</b>	<b>84,562</b>	<b>103,264</b>
Operating income (Loss)	(14,102)	(14,593)	(15,529)	(12,630)	(11,901)	(3,574)	(3,546)	(3,694)	(3,842)	(14,656)	(19,345)	(27,301)	(20,796)	34,758	112,590	158,218	224,028
Interest expense																	
Interest Income	118	23	21	9													
Other expense	(3)	(1)	504	(2)	6	9											
<b>Total other income</b>	<b>115</b>	<b>(1)</b>	<b>504</b>	<b>(2)</b>	<b>6</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pretax Income</b>	<b>(13,987)</b>	<b>(14,571)</b>	<b>(15,004)</b>	<b>(12,623)</b>	<b>(11,907)</b>	<b>(3,501)</b>	<b>(3,546)</b>	<b>(3,694)</b>	<b>(3,842)</b>	<b>(14,656)</b>	<b>(19,345)</b>	<b>(27,301)</b>	<b>(20,796)</b>	<b>34,758</b>	<b>112,590</b>	<b>158,218</b>	<b>224,028</b>
Income Tax Benefit (Provision)														8,342	31,525	47,466	76,170
<b>Tax Rate</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>24%</b>	<b>28%</b>	<b>30%</b>	<b>34%</b>
<b>GAAP Net Income (loss)</b>	<b>(13,987)</b>	<b>(14,571)</b>	<b>(15,004)</b>	<b>(12,623)</b>	<b>(11,907)</b>	<b>(3,501)</b>	<b>(3,546)</b>	<b>(3,694)</b>	<b>(3,842)</b>	<b>(14,656)</b>	<b>(19,345)</b>	<b>(27,301)</b>	<b>(20,796)</b>	<b>26,416</b>	<b>81,065</b>	<b>110,753</b>	<b>147,859</b>
Deemed Dividend on Preferred Stock																	
<b>GAAP-EPS</b>	<b>(0.37)</b>	<b>(0.92)</b>	<b>(1.48)</b>	<b>(0.75)</b>	<b>(0.67)</b>	<b>(0.17)</b>	<b>(0.13)</b>	<b>(0.14)</b>	<b>(0.14)</b>	<b>(0.58)</b>	<b>(0.71)</b>	<b>(1.00)</b>	<b>(0.76)</b>	<b>0.96</b>	<b>2.92</b>	<b>3.97</b>	<b>5.29</b>
GAAP EPS (dil)	(0.37)	(2.13)	(1.55)	(0.29)	(0.33)	(0.09)	(0.06)	(0.06)	(0.07)	(0.28)	(0.34)	(0.47)	(0.36)	0.46	1.39	1.89	2.52
Weighted shares basic	38,285	15,761	10,118	16,917	17,721	20,177	27,191	27,218	27,245	25,458	27,314	27,423	27,533	27,643	27,754	27,865	27,977
Weighted shares dil	38,285	15,136	13,445	44,209	36,000	40,000	57,098	57,155	57,212	52,866	57,355	57,585	57,816	58,047	58,280	58,513	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
- Update – Buy – May 18, 2022 – Price Target \$3.0
- Update – Buy – August 31, 2022 – Price Target \$3.0
- Update – Buy – October 3, 2022 – Price Target \$3.0
- Rating Change – Buy to Neutral – November 10, 2022 – Price Target \$NA
- Update – Neutral – December 16, 2022 – Price Target \$NA
- Update – Neutral – March 7, 2023 – Price Target \$NA
- Update – Neutral – April 21, 2023 – Price Target \$NA
- Update – Neutral – June 8, 2023 – Price Target \$NA
- Update – Neutral – June 22, 2023 – Price Target \$NA

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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 21-Jun-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	26	72%	2	5.50%
Market Perform (Neutral)	10	28%	2	5.50%
Market Underperform (Sell)	0	0%	0	0.00%
Total	36	100%	4	11.00%

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