

Member FINRA/SIPC

Toll-Free: 866-928-0928 ♦ www.DawsonJames.com ♦ 101 North Federal Highway - Suite 600 ♦ Boca Raton, FL 33432

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

December 6, 2023

Jason Kolbert

Managing Director & Senior Analyst  
jkolbert@dawsonjames.com

### Dilution is Better than Extinction – Sure

BioCardia announced an ATM (At the Market) stock sales agreement for \$2.75M this morning. The company closed the September quarter with just \$1.8M in cash (and spent \$2.5M in the same period). Running on fumes, the company will take advantage of the recent stock price and volume jump to raise badly needed capital. Of course, raising capital makes sense however we remain concerned given both the burn rate of the company and the recent string of bad news both in the regenerative medicine space, (multiple clinical failures reported) and BioCardia's own failures (Sept. 23 BioCardia announces: "The 250-patient randomized controlled study is unlikely to meet its primary three-tiered FS efficacy endpoint"). We remain neutral-rated.

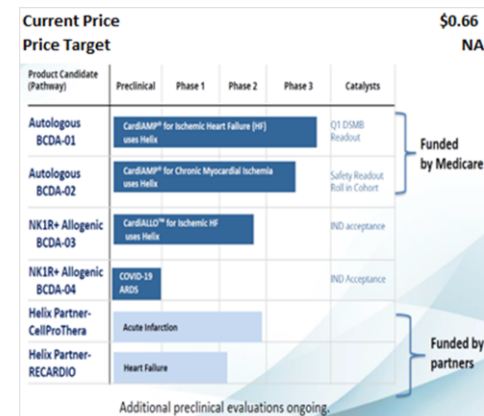
#### Investment Highlights:

We expect the stock to return to its lows as management sells shares into existing volume in order to raise badly needed capital, in effect "dripping on the share price". We can appreciate that the company needs capital, and an ATM is an "easy choice". The recent string of clinical failures in the space – just look at Athersys (ATHX-Not rated) and Mesoblast (MESO-Not Rated) - have made believing in the regenerative medicine space difficult. While cells appear to have an effect it also appears to be modest. Questions remain on potency, how best to deliver cells, what dose of cells, which indication and the required clinical power (patient n value) to realize a statically significant result. We don't believe these questions have been adequately answered and we don't see the regen companies as having the resources (expertise, money & time) to properly answer.

Is this good news? BioCardia provided an update after its recent consultation with Japan's Pharmaceutical and Medical Device Agency (PMDA) towards approval of its CardiAMP autologous cell therapy for the treatment of patients with ischemic heart failure of reduced ejection fraction (HFrEF). Japan's PMDA asked for further details on a number of elements included in BioCardia's CardiAMP preclinical and clinical packages in order to gain approval. In the request for additional details with regard to the clinical package, PMDA has signaled that they would not require additional studies in Japan and could approve CardiAMP Cell Therapy based on data from overseas. The press release from the company suggests approval in Japan is possible based on positive results from the U.S. OK, that's fair enough and easy to say but it's been our experience that it's unlikely to see rapid approval in Japan following the U.S. and we challenge the market assumptions around the need in Japan (very different diets and rates of heart disease than the U.S.).

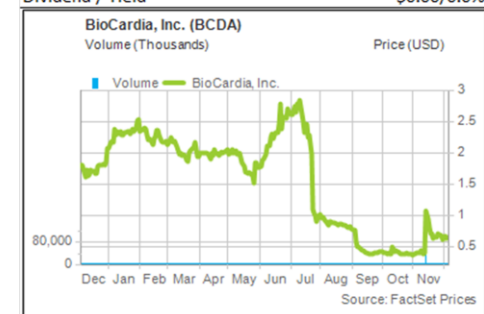
**Valuation:** We model to 2030 with probability of success factors in our models. In addition, in our free cash flow (FCFF), discounted EPS (EPS), and sum-of-the-parts (SOP) models, we apply a risk rate (r) of 30%. Our models are equal-weighted, averaged, and rounded to the nearest whole number to derive 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	\$0.36	-	\$2.92
Shares Outstanding (mil.)	21.6		
Market Capitalization (mil.)	\$14		
Enterprise Value (mil.)	\$14		
Debt to Capital	0%		
Book Value/Share	\$2.62		
Price/Book	0.3		
Average Three Months Trading Volume (K)	447		
Insider Ownership	53.5%		
Institutional Ownership	18.1%		
Short interest (mil.)	0.7%		
Dividend / Yield	\$0.00/0.0%		



**Exhibit 1. Income Statement**

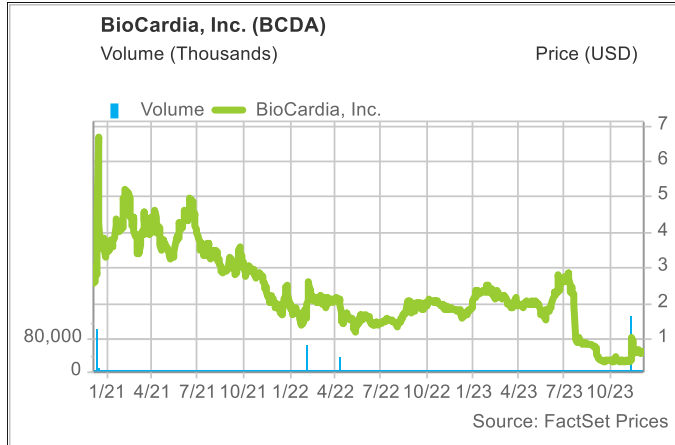
Biocardia Inc: Income Statement (\$000)																	
BCDA: YE December	2018A	2019A	2020A	2021A	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net product revenue	282	300	23	1													
Collaboration agreement revenue	343	382	122	1,014													
BCDA-01 CardiaAMP 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>43</b>	<b>357</b>	<b>-</b>	<b>464</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	2,314	1,872	2,000	8,570	8,999	9,448	9,921	10,417	10,938	11,485	12,059
				4%													
Selling, general and administrative	5,757	6,045	5,861	5,087	4,419	1,190	1,181	1,083	1,000	4,454	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>3,495</b>	<b>2,955</b>	<b>3,000</b>	<b>13,024</b>	<b>18,619</b>	<b>29,593</b>	<b>33,381</b>	<b>50,832</b>	<b>72,453</b>	<b>83,635</b>	<b>102,291</b>
Operating income (Loss)	(14,102)	(14,593)	(15,529)	(12,630)	(11,901)	(3,574)	(3,452)	2,598	(3,000)	(13,024)	(18,619)	(26,538)	(19,995)	35,599	113,473	159,145	225,001
Interest expense																	
Interest Income	118	23	21	9													
Other expense	(3)	(1)	504	(2)	6	9	28	24									
<b>Total other income</b>	<b>115</b>	<b>(1)</b>	<b>504</b>	<b>(2)</b>	<b>6</b>	<b>9</b>	<b>28</b>	<b>24</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>(3,424)</b>	<b>(2,574)</b>	<b>(3,000)</b>	<b>(13,024)</b>	<b>(18,619)</b>	<b>(26,538)</b>	<b>(19,995)</b>	<b>35,599</b>	<b>113,473</b>	<b>159,145</b>	<b>225,001</b>
Income Tax Benefit (Provision)														8,544	31,772	47,744	76,500
<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>(3,424)</b>	<b>(2,574)</b>	<b>(3,000)</b>	<b>(13,024)</b>	<b>(18,619)</b>	<b>(26,538)</b>	<b>(19,995)</b>	<b>27,055</b>	<b>81,700</b>	<b>111,402</b>	<b>148,501</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>(0.17)</b>	<b>(0.12)</b>	<b>(0.12)</b>	<b>(0.59)</b>	<b>(0.71)</b>	<b>(1.01)</b>	<b>(0.76)</b>	<b>1.03</b>	<b>3.08</b>	<b>4.19</b>	<b>5.56</b>
GAAP EPS (dil)	(0.37)	(2.13)	(1.55)	(0.29)	(0.33)	(0.09)	(0.09)	(0.05)	(0.05)	(0.27)	(0.32)	(0.46)	(0.35)	0.47	1.40	1.90	2.53
Weighted shares basic	38,285	15,761	10,118	16,917	17,721	20,177	20,384	21,615	26,000	22,044	26,065	26,169	26,274	26,380	26,485	26,591	26,698
Weighted shares dil	38,285	15,136	13,445	44,209	36,000	40,000	40,000	57,155	57,212	48,592	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
- Update – Neutral – July 24, 2023 – Price Target \$NA
- Update – Neutral – August 17, 2023 – Price Target \$NA
- Update – Neutral – September 5, 2023 – Price Target \$NA
- Update – Neutral – December 6, 2023 – Price Target \$NA

Dawson James Securities, Inc. (the "Firm") is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Firm does not make a market in the securities of the subject company(s). The Firm has NOT engaged in investment banking relationships with the subject company in the prior twelve months, as a manager or co-manager of a public offering and has NOT received compensation resulting from those relationships. The Firm may seek compensation for investment banking services in the

future from the subject company(s). The Firm has NOT received any other compensation from the subject company(s) in the last 12 months for services unrelated to managing or co-managing of a public offering.

Neither the research analyst(s) whose name appears on this report nor any member of his (their) household is an officer, director or advisory board member of these companies. The Firm and/or its directors and employees may own securities of the company(s) in this report and may increase or decrease holdings in the future. As of November 14, 2023, the Firm as a whole did not beneficially own 1% or more of any class of common equity securities of the subject company(s) of this report. The Firm, its officers, directors, analysts or employees may affect transactions in and have long or short positions in the securities (or options or warrants related to those securities) of the company(s) subject to this report. The Firm may affect transactions as principal or agent in those securities.

Analysts receive no direct compensation in connection with the Firm's investment banking business. All Firm employees, including the analyst(s) responsible for preparing this report, may be eligible to receive non-product or service-specific monetary bonus compensation that is based upon various factors, including total revenues of the Firm and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.

Although the statements in this report have been obtained from and are based upon recognized statistical services, issuer reports or communications, or other sources that the Firm believes to be reliable, we cannot guarantee their accuracy. All opinions and estimates included in this report constitute the analyst's judgment as of the date of this report and are subject to change without notice.

The securities of the company discussed in this report may be unsuitable for investors depending on their specific investment objectives and financial position. This report is offered for informational purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. Additional information is available upon request.

**Ratings Definitions:**

- 1) **Buy:** The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

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 14-Nov-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	61.76%	3	8.80%
Market Perform (Neutral)	13	38.24%	2	5.90%
Market Underperform (Sell)	0	0%	0	0.00%
Total	34	100%	5	14.70%

**Analyst Certification:**

The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.