

August 22, 2025

## On Good Data, Aren't Stocks Supposed to Go Up, Not Down?

Enlivex reported what we, along with every expert we consulted, viewed not just as good but truly exceptional data in its knee osteoarthritis program. The Phase IIa topline results at 3 months demonstrated meaningful efficacy gains while maintaining an excellent safety profile. In the overall mITT population, Allocetra achieved a 24% reduction in knee pain and a 26% improvement in knee function compared to placebo. Among patients with age-related primary osteoarthritis, outcomes were even more striking, with a 72% reduction in pain and a 95% improvement in function. Safety remained favorable, with no severe adverse events and only mild, transient side effects. One KOL characterized the results as “unheard of” in the knee pain space. So why, after an initial surge in the stock, has the share price pulled back? The likely explanation lies in technical factors tied to an earlier financing rather than the data itself. If this is indeed the case, as we believe, the stock could be poised for a rebound.

**What technical factors can cause a stock to fall?** In this case, we believe the pressure on the stock is less about the clinical data and more about trading dynamics tied to a prior financing. One possibility is that an original investor from that round, who acquired both shares and derivative instruments (such as warrants), used the strength following the data to short the stock. By doing so, the investor locks in gains or hedge their exposure while still holding warrants that benefit from upside. Another explanation is that the investor simply exited the position, selling into the rally and creating artificial downward pressure on the stock. Both scenarios are technical in nature and unrelated to the clinical fundamentals. Importantly, if this is the true driver, the selling should prove temporary, and the shares could rebound once that overhang is cleared.

**What Exactly Were the Results?** The topline efficacy outcomes in the mITT cohort (24% pain reduction, 26% function improvement) indicate meaningful therapeutic potential, particularly since these align with common Phase III primary endpoints used in osteoarthritis trials. Moreover, the age-related primary osteoarthritis subgroup delivered especially compelling results, with a 72% reduction in pain and almost complete restoration of function compared to placebo. The absence of severe adverse events reinforces Allocetra’s favorable tolerability, as most side effects were mild to moderate, transient, and manageable. These topline data position Allocetra as a strong candidate for further development in an area where no currently approved treatment halts or reverses joint damage.

**Valuation:** We project our model out to 2034. In our product model, we apply a 30% success probability to our projected revenues, in addition to our 30% risk rate applied in our Free Cash Flow to the Firm (FCFF), discounted EPS (dEPS), and Sum-of-the-Parts (SOP) models. We use a fully diluted out-year share count, assuming multiple raises. The result is equal-weighted, averaged, and rounded to the nearest whole number to derive our 12-month projected price target of \$13.00.

**Risks to our thesis include:** 1. Regulatory Approvals, 2. Capital Requirements, 3. Adoption Rates, 4. Intellectual Capital, and 5. Dilution.

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### MARKET DATA

Rating	Buy
Price Target	\$13.00
Price	\$1.10
Average Daily Volume (000)	884
52-Week Range (\$)	\$1.15–\$4.59
Market Cap (M)	\$26
Enterprise Value (M)	\$6
Dividend Yield	0.0%
Cash (M)	\$23
Qrtly Burn Rate (M)	\$(4)

### ESTIMATES

	2024A	2025E	2026E
Revenue (M)	\$0.0	\$0.0	\$0.0
Total Expenses (M)	\$(15)	\$(14)	\$(27)
GAAP EPS	\$(0.65)	\$(0.58)	\$(0.59)

### One Year Performance Chart



Please see analyst certification and important disclosures on page 2 of this report.

## Important Disclosures

### Analyst Certification

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**BUY (B)** - Total return expected to exceed S&P 500 by at least 10%

**HOLD (H)** - Total return expected to be in-line with S&P 500

**SELL (S)** - Total return expected to underperform S&P 500 by at least 10%

### Distribution of Ratings/IB Services

#### D. Boral

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
<b>BUY</b>	<b>63</b>	<b>92.65</b>	<b>18</b>	<b>28.57</b>
<b>HOLD</b>	<b>5</b>	<b>7.35</b>	<b>2</b>	<b>40.00</b>
<b>SELL</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

### Enlivex Therapeutics Ltd. Rating History as of 08/20/2025



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