UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-41596

CADRENAL THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**88-0860746**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
822 A1A North, Suite 306 Ponte Vedra, Florida	**32082**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(904) 300-0701**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.001 per share	CVKD	The Nasdaq Stock Market, LLC (The Nasdaq Capital Market)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 9, 2023, there were 11,722,754 outstanding shares of common stock, par value $0.001 per share, of Cadrenal Therapeutics, Inc.

CADRENAL THERAPEUTICS, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2023

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CADRENAL THERAPEUTICS, INC.
BALANCE SHEETS

	March 31, 2023 (unaudited)	December 31, 2022
Assets:		
Current assets:		
Cash	$ 4,028,367	$ 32,586
Prepaid expenses	410,903	22,715
Deferred offering costs	-	672,295
Total current assets	4,439,270	727,596
Property, plant and equipment	823	1,013
Right of use assets	38,180	43,578
Other assets	3,791	5,987
Total assets	$ 4,482,064	$ 778,174
Liabilities:		
Current liabilities:		
Accounts payable	$ 119,567	$ 404,897
Accrued liabilities	258,906	863,564
Operating lease liability	23,162	22,288
Promissory note payable, net of debt discount	-	43,728
Total current liabilities	401,635	1,334,477
Convertible note payable, net of debt discount - related parties	-	442,960
Convertible note payable, net of debt discount	-	110,380
Derivative liabilities	-	4,379,944
Accrued interest	-	40,213
Operating lease liability, noncurrent	15,167	21,350
Total liabilities	416,802	6,329,324
Stockholders' equity (deficit):		
Common stock, $0.001 par value; 75,000,000 shares authorized, 11,722,754 shares issued and outstanding as of March 31, 2023; 8,193,875 shares issued and outstanding as of December 31, 2022	11,722	8,194
Additional paid-in capital	15,941,443	1,154,985
Accumulated deficit	(11,887,903)	(6,714,329)
Total stockholders' equity (deficit)	4,065,262	(5,551,150)
Total liabilities and stockholders' equity (deficit)	$ 4,482,064	$ 778,174

The accompanying notes are an integral part of these financial statements.

CADRENAL THERAPEUTICS, INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited)

	Three Months Ended March 31, 2023	January 25, 2022 (inception) through March 31, 2022

Operating expenses:		
General and administrative expenses	$ 964,732	$ 152,661
Research and development expenses	3,235,317	17,860
Depreciation expense	190	-
Total operating expenses	4,200,239	170,521
Loss from operations	(4,200,239)	(170,521)
Other expense:		
Interest expense	3,534	2,081
Interest expense, amortization of debt discount	13,567	2,508
Change in fair value of derivative liabilities	216,095	1,538
Loss on extinguishment of debt	740,139	-
Total other expenses	973,335	6,127
Net loss and comprehensive loss	$ (5,173,574)	$ (176,648)
Net loss per common share, basic and diluted	$ (0.48)	$ (0.02)
Weighted average number of common shares used in computing net loss per common share, basic and diluted	10,772,493	7,500,000

The accompanying notes are an integral part of these financial statements.

CADRENAL THERAPEUTICS, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(unaudited)

	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity (Deficit)
Balance, December 31, 2022	8,193,875	$ 8,194	$ 1,154,985	$ (6,714,329)	$ (5,551,150)
Issuance of common shares in initial public offering, net of offering costs	1,400,000	1,400	5,407,175	-	5,408,575
Issuance of common shares to settle convertible debt	1,140,700	1,140	1,139,560	-	1,140,700
De-recognition of derivative liabilities	-	-	4,596,039	-	4,596,039
Issuance of common shares from exercise of warrants	250,000	250	249,750	-	250,000
Issuance of common shares to settle asset purchase obligation	600,000	600	2,999,400	-	3,000,000
Issuance of restricted common shares for prepaid consulting services	77,340	77	108,199	-	108,276
Equity-based compensation - options, restricted stock and RSUs	60,839	61	286,335	-	286,396
Net loss	-	-	-	(5,173,574)	(5,173,574)
Balance, March 31, 2023	11,722,754	$ 11,722	$ 15,941,443	$ (11,887,903)	$ 4,065,262

	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity (Deficit)
Balance, January 25, 2022	-	$ -	$ -	$ -	$ -
Issuance of founder shares	7,500,000	7,500	-	-	7,500
Net loss	-	-	-	(176,648)	(176,648)
Balance, March 31, 2022	7,500,000	$ 7,500	$ -	$ (176,648)	$ (169,148)

The accompanying notes are an integral part of these financial statements.

CADRENAL THERAPEUTICS, INC.
STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31, 2023	January 25, 2022 (inception) through March 31, 2022
Cash flows from operating activities:		
Net loss	$ (5,173,574)	$ (176,648)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	190	-
Equity-based compensation	286,396	-
Amortization of debt discount	13,567	2,508
Change in fair value of derivative liabilities	216,095	1,538
Loss on extinguishment of debt	740,139	-
Non-cash lease expense	89	-

Issuance of shares to settle asset purchase agreement	3,000,000	-
Changes in operating assets and liabilities:		
Prepaid expenses	(279,912)	(2,206)
Deferred offering costs	672,295	-
Other assets	2,196	(1,097)
Accounts payable	(285,330)	15,123
Accrued liabilities	(604,945)	117,083
Net cash used in operating activities	(1,412,794)	(43,699)
Cash flows from financing activities:		
Proceeds from issuance of convertible notes, net of debt issuance costs	-	498,540
Proceeds from issuance of founder shares	-	7,500
Proceeds from exercise of warrants	250,000	-
Repayment of promissory notes	(250,000)	-
Proceeds from sale of common stock in initial public offering, net of offering costs	5,408,575	-
Net cash provided by financing activities	5,408,575	506,040
Net change in cash	3,995,781	462,341
Cash – beginning of the period	32,586	-
Cash – end of the period	$ 4,028,367	$ 462,341
Supplemental disclosure of non-cash financing activity:		
Issuance of common shares to settle convertible debt	$ 1,140,700	$ -
De-recognition of derivative liabilities	$ 4,596,039	$ -
Issuance of common shares for prepaid consulting services	$ 108,276	$ -

The accompanying notes are an integral part of these financial statements.

CADRENAL THERAPEUTICS, INC.
Notes to Financial Statements

Note 1. Description of Business and Summary of Significant Accounting Policies

Cadrenal Therapeutics, Inc. (the “Company” or “Cadrenal”) was incorporated on January 25, 2022 (inception) in the State of Delaware and is headquartered in Ponte Vedra, Florida. Cadrenal is focused on developing a novel therapy with orphan drug and fast-track designations, tecarfarin, for the prevention of systemic thromboembolism (blood clots) of cardiac origin in patients with end-stage renal disease and atrial fibrillation (irregular heartbeat) or AFib. Tecarfarin is an anticoagulant designed using a drug design process which targets a different pathway than most commonly prescribed drugs for the treatment of thrombosis and AFib.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and applicable rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) for the fair presentation of the Company’s financial statements for the periods presented. The Company’s date of inception was January 25, 2022 and the fiscal year-end is December 31.

Liquidity

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. The financial statements do not reflect any adjustments relating to the recoverability and reclassification of assets and liabilities that might be necessary if the Company is unable to continue as a going concern. Since inception, the Company has incurred operating losses, and negative cash flows from operations. For the three months ended March 31, 2023, the Company had a net loss of $5,173,574, which included $4,256,475 of non-cash expenses. Cash used in operations for the three months ended March 31, 2023 totaled $1,412,794. As of March 31, 2022, the Company had cash of $ 4,028,367, working capital of $ 4,037,635, and an accumulated deficit of $11,887,903.

The Company is projecting that its existing cash balance as of May 9, 2023 is sufficient to fund its operations for at least the next twelve months from the date of the filing of its Quarterly Report on Form 10-Q, however, the Company will require additional funding to commence and complete its planned Phase 3 clinical trial and submit its NDA.

Management intends to raise additional funds through partnering and equity and debt financings. However, there can be no assurance that the Company will be able to complete partnering transactions or financings on terms acceptable to the Company or at all. If the Company is unable to raise additional funding to meet its working capital needs in the future, it will be forced to delay or reduce the scope of its research programs and/or limit or cease its operations.

Emerging Growth Company Status

As an “emerging growth company” (“EGC”) under the Jumpstart Our Business Startups Act (“JOBS Act”), the Company may elect to take advantage of certain forms of relief from various reporting requirements that are applicable to public companies. The relief afforded under the JOBS Act includes an extended transition period for the implementation of new or revised accounting standards. The Company has elected to take advantage of this extended transition period and, as a result, the Company’s financial statements may not be comparable to those of companies that implement accounting standards as of the effective dates for public companies. The Company may take advantage of the relief afforded under the JOBS Act up until the last day of the fiscal year following the fifth anniversary of an offering or such earlier time that it is no longer an EGC.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates and assumptions made in the accompanying financial statements include but are not limited to the fair value of financial instruments, the fair value of common stock, deferred tax assets and valuation allowance, income tax uncertainties, and certain accruals. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances change. Actual results could differ from those estimates.

Concentration of Credit and other Risks and Uncertainties

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist primarily of cash. Cash is maintained at high credit quality financial institutions and, at times, balances may exceed federally insured limits. All interest-bearing and non-interest-bearing cash balances are insured up to $250,000 per depositor at each financial institution. The Company has never experienced any losses related to these balances. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows.

The Company is subject to a number of risks common for early-stage biopharmaceutical companies including, but not limited to, dependency on the clinical and commercial success of its product candidate, ability to obtain regulatory approval of its product candidate, the need for substantial additional financing to achieve its goals, uncertainty of broad adoption of its approved products, if any, by physicians and patients, significant competition and untested manufacturing capabilities.

Segments

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is its Chief Executive Officer. The Company has determined it operates in a single operating segment and has one reportable segment.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less from the purchase date to be cash equivalents. The Company did not have any cash equivalents at March 31, 2023 or December 31, 2022.

Derivative Financial Instruments

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. The Company accounts for certain redemption features that are associated with convertible notes as liabilities at fair value and adjusts the instruments to their fair value at the end of each reporting period. Derivative financial liabilities are initially recorded at fair value, with gains and losses arising from changes in the fair value recognized in other income (expense) in the accompanying statements of operations and comprehensive loss for each reporting period while such instruments are outstanding. The embedded derivative liabilities are valued using a probability-weighted expected return model. If the Company repays the noteholders or if, during the next round of financing, the noteholders convert the debt into equity, the derivative financial liabilities will be de-recognized and reclassified to stockholders' equity (deficit) on that date. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Concurrent with the closing of the initial public offering in January 2023, the note holders converted the debt into common stock, accordingly, the derivative financial liabilities were de-recognized and reclassified to stockholders' equity (deficit) on January 24, 2023.

Stock-Based Compensation

The Company measures its stock-based awards granted to employees, consultants, and directors based on the estimated fair values of the awards and recognizes the compensation over the requisite service period. The Company uses the Black-Scholes option-pricing model to estimate the fair value of its stock option awards. Stock-based compensation is recognized using the straight-line method. As the stock compensation expense is based on awards ultimately expected to vest, it is reduced by forfeitures. The Company accounts for forfeitures as they occur.

Deferred Offering Costs

The Company capitalizes certain legal, professional, and other third-party costs that are directly associated with in-process equity financings until such financings are consummated, at which time such costs are recorded against the gross proceeds of the offering. Should an in-process equity financing be abandoned, the deferred offering costs will be expensed immediately as a charge to operating expenses in the statements of operations and comprehensive loss. The Company completed its initial public offering on January 24, 2023, and the offering costs were recorded against the proceeds of the offering. As of March 31, 2022, there were no deferred offering costs.

Acquisitions

The Company evaluates acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen test to determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If so, the transaction is accounted for as an asset acquisition. If not, further determination is required as to whether or not the Company has acquired inputs and processes that have the ability to create outputs, which would meet the definition of a business. Significant judgment is required in the application of the screen test to determine whether an acquisition is a business combination or an acquisition of assets.

Acquisitions meeting the definition of business combinations are accounted for using the acquisition method of accounting, which requires that the purchase price be allocated to the net assets acquired at their respective fair values. In a business combination, any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

For asset acquisitions, a cost accumulation model is used to determine the cost of an asset acquisition. Direct transaction costs are recognized as part of the cost of an asset acquisition. The Company also evaluates which elements of a transaction should be accounted for as a part of an asset acquisition and which should be accounted for separately. The cost of an asset acquisition, including transaction costs, is allocated to identifiable assets acquired and liabilities assumed based on a relative fair value basis. Goodwill is not recognized in an asset acquisition. Any difference between the cost of an asset acquisition and the fair value of the net assets acquired is allocated to the non-monetary identifiable assets based on their relative fair values. When a transaction accounted for as an asset acquisition includes an in-process research and development ("IPR&D") asset, the IPR&D asset is only capitalized if it has an alternative future use other than in a particular research and development project. For an IPR&D asset to have an alternative

future use: (a) the Company must reasonably expect that it will use the asset acquired in an alternative manner and anticipate economic benefit from that alternative use, and (b) the Company's use of the asset acquired is not contingent on the further development of the asset subsequent to the acquisition date (that is, the asset can be used in an alternative manner in the condition in which it existed at the acquisition date). Otherwise, amounts allocated to IPR&D that have no alternative use are expensed to research and development. Asset acquisitions may include contingent consideration arrangements that encompass obligations to make future payments to sellers contingent upon the achievement of future financial targets. Contingent consideration is not recognized until all contingencies are resolved and the consideration is paid or probable of payment, at which point the consideration is allocated to the assets acquired on a relative fair value basis.

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Management makes an assessment of the likelihood that the resulting deferred tax assets will be realized. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. Due to the Company's historical operating performance and net losses, the net deferred tax assets have been fully offset by a valuation allowance.

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Changes in recognition or measurement are reflected in the period in which judgment occurs. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of the provision for income taxes.

Net Loss Per Common Share

Basic net loss per common share is calculated by dividing the net loss by the weighted-average number of shares of common stock outstanding for the period, without consideration for potential dilutive shares of common stock. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock and common stock equivalents of potentially dilutive securities outstanding for the period determined using the treasury stock or if-converted methods. Since the Company was in a loss position for all periods presented, basic net loss per common share is the same as diluted net loss per common share since the effects of potentially dilutive securities are anti-dilutive. Shares of common stock subject to repurchase are excluded from the weighted-average shares.

Comprehensive Loss

Comprehensive loss is defined as the change in equity during a period from transactions and other events or circumstances from non-owner sources. Net loss and comprehensive loss were the same for the periods presented in the accompanying financial statements.

Research and Development Expenses

Research and development costs are expensed as incurred and consist of fees paid to other entities that conduct certain research and development activities on the Company's behalf. Acquired intangible assets are expensed as research and development costs if, at the time of payment, the technology is under development; is not approved by the FDA or other regulatory agencies for marketing; has not reached technical feasibility; or otherwise has no foreseeable alternative future use. Non-refundable advance payments for goods or services to be received in the future for use in research and development activities are capitalized and then expensed as the related goods are delivered or the services are performed.

Patents

Patent costs are comprised primarily of external legal fees, filing fees incurred to file patent applications, and periodic renewal fees to keep the patent in force and are expensed as incurred as a component of general and administrative expenses.

Note 2. Recent Accounting Guidance

Recent Accounting Pronouncements

In August 2020, the FASB issued ASU No. 2020-06, Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity.

ASU 2020-06 is effective on a prospective basis for annual reporting periods beginning after December 15, 2023 and for interim periods within those periods. Early adoption is permitted. The Company adopted ASU 2020-06 on January 25, 2022 (inception). The adoption of ASU 2020-06 did not have a material impact on the Company's financial position and results of operations.

Note 3. Fair Value Measurements

Assets and liabilities recorded at fair value on a recurring basis in the balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

- Level 1 — Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 — Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company classified its embedded derivative liability as a Level 3 financial instrument and measured and reported its embedded derivatives at fair value. Concurrent with the closing of the initial public offering in January 2023, the note holders converted the debt into common stock, accordingly, the

derivative financial liabilities were de-recognized and reclassified to stockholders' equity (deficit) on January 24, 2023.

Financial liabilities subject to fair value measurements on a recurring basis and the level of inputs used in such measurements by major security type are presented in the following table:

	March 31, 2023			
	Level 1	Level 2	Level 3	Fair Value
Financial Liabilities:				
Derivative liabilities	$ -	$ -	$ -	$ -
Total Financial Liabilities	$ -	$ -	$ -	$ -

	December 31, 2022			
	Level 1	Level 2	Level 3	Fair Value
Financial Liabilities:				
Derivative liabilities	$ -	$ -	$ 4,379,944	$ 4,379,944
Total Financial Liabilities	$ -	$ -	$ 4,379,944	$ 4,379,944

	Derivative liabilities
Balance at January 25, 2022	$ -
Fair value of financial instruments at issuance	474,348
Change in fair value	3,905,596
Balance at December 31, 2022	$ 4,379,944

	Derivative liabilities
Balance at December 31, 2022	$ 4,379,944
Change in fair value	216,095
Settlement of derivative liability	(4,596,039)
Balance at March 31, 2023	$ -

The carrying amounts of cash, prepaid expenses, deferred offering costs, accounts payable, and accrued liabilities approximate their fair values due to their short-term nature. There were no transfers of liabilities among the fair value measurement categories during any of the periods presented.

Note 4. Accrued Liabilities

Accrued liabilities consist of the following:

	March 31, 2023	December 31, 2022
Accrued consulting fees	$ 49,560	$ 165,192
Accrued compensation	170,283	605,290
Other	39,063	93,082
Total accrued liabilities	$ 258,906	$ 863,564

Note 5. Asset Purchase Agreement

On April 1, 2022, the Company completed an asset purchase agreement with HESP LLC, the assignee of tecarfarin and related assets (the "Asset Purchase Agreement"). Pursuant to the terms of the Asset Purchase Agreement, the Company acquired all of the assets of HESP LLC, including all intellectual property and other rights related to tecarfarin, the tecarfarin IND 77041, all rights under the license, development and commercialization agreement dated as of September 16, 2015 by and between Armetheon, Inc. ("Armetheon") (which was later assigned by Armetheon to Espero BioPharma, Inc. ("Espero"), and China Cardiovascular Focus Ltd, an affiliate of Lee's Pharmaceutical Holdings Limited ("Lee's Pharmaceutical"), relating to tecarfarin and related trademarks. In consideration of the purchase of the assets, the Company paid HESP LLC $100,000 on the closing date and paid an additional $100,000 on June 1, 2022. As additional consideration, the Company agreed to pay HESP LLC the following development milestone payments:

Development Milestones	Milestone Payments
Completion of enrollment of Lee's Pharmaceutical Phase 3 clinical trial	$ 250,000
First MAA submitted in the People's Republic of China	350,000
First Commercial Sale to a Third Party	$ 1,200,000

Financing Milestones

As additional consideration, the Company agreed to pay the following amounts, up to $ 2,000,000, upon each financing milestone as follows (i) 35% of any proceeds received from any licensing or partnering revenue; and (ii) IPO proceeds. The aggregate payments under the development milestone payments and financing milestone payments shall not exceed $2,000,000.

The Company accounted for the transaction as an asset acquisition as substantially all of the estimated fair value of the gross assets acquired was concentrated in a single identified in-process research and development asset, the tecarfarin asset, thus satisfying the requirements of the screen test in accordance with the criteria under ASC 805-10-55-5C. The assets acquired in the transaction were measured based on the fair value of the consideration paid including the direct transaction costs of $20,095, as the fair value of the consideration paid was more readily determinable than the fair value of the assets acquired. The following table summarizes the initial purchase price of the assets acquired:

In process research and development	$ 200,000

Transaction costs	20,095
Total	$ 220,095

All costs the Company incurred in connection with this Asset Purchase Agreement were recognized as research and development expenses in the Company's statement of operations and comprehensive loss as these assets had no alternative future use at the time of the acquisition transaction. Due to the nature of the regulatory, sales and financing-based milestones, the contingent consideration was not included in the initial cost of assets purchased as they are contingent upon events that are outside the Company's control.

However, upon achievement or anticipated achievement of each milestone, the Company will recognize the related appropriate payment as additional research and development expense. Contingent consideration will not be recorded until it is probable the milestone events occur.

On August 18, 2022, the Company entered into an Amendment to Asset Purchase Agreement, whereby in lieu of the $ 1,800,000 cash payment that would have been due to HESP LLC pursuant to the Asset Purchase Agreement as a result of an initial public offering, HESP LLC agreed to accept shares of the Company's common stock, such number of shares to be calculated based upon a 40% discount to the price of the Company's common stock sold in the initial public offering.

As of December 31, 2022, none of the contingent events have occurred. On January 19, 2023, the Company issued 600,000 shares of common stock to HESP LLC, pursuant to the terms of an Amendment to the Asset Purchase Agreement, dated August 18, 2022, between the Company and HESP LLC. The Company recognized the stock payment of $3.0 million as research and development expense on January 19, 2023.

Note 6. Debt

Debt outstanding is presented on the balance sheet as follows:

	March 31, 2023	December 31, 2022
Convertible notes payable - related parties	$ -	$ 550,000
Debt issuance costs	-	(107,040)
	-	442,960
Convertible note payable	-	575,000
Debt issuance costs	-	(464,620)
	-	110,380
Promissory note payable	-	26,404
Debt issuance costs	-	250,000
	-	276,404
Total debt, net	$ -	$ 829,744

March 2022 Convertible Note

In March 2022, the Company entered into a convertible promissory note agreement (the "March 2022 Note") and received cash proceeds of $ 500,000. The March 2022 Note bore interest at a rate equal to simple interest of 5.0% per annum computed on the basis of the 360-day year of twelve (12) 30-day months. The March 2022 Note was due and payable on March 1, 2025, unless earlier converted or repaid.

Pursuant to the March 2022 Note, the principal and accrued but unpaid interest was to be automatically converted into equity securities sold in the Next Equity Financing of the Company comprising a single transaction or a series of related transactions in which total proceeds of at least $3.0 million is raised. The principal and unpaid and accrued interest of the March 2022 Note at the date of conversion was to be converted into shares at a conversion price equal to 80% of the price per share paid by investors purchasing such shares in the Next Equity Financing. If the Company consummated a Change of Control (as defined in the March 2022 Note) prior to repayment in full of the March 2022 Note, immediately prior to the Change of Control, the outstanding principal and any unpaid and accrued interest would be automatically converted into common equity of the Company (or directly into proceeds paid to the holders of common equity in connection with the Change of Control) at a price per share that is 80% of the price per share of common equity paid at the Change of Control.

The Company evaluated whether the March 2022 Note contained embedded features that met the definition of derivatives under FASB ASC 815, Derivatives and Hedging. The Company determined that these redemption features contained rights and obligations for conversion contingent upon a potential future financing event or a change in control. Thus, the embedded put options were bifurcated from the face value of the March 2022 Note and accounted for as a derivative liability to be remeasured at the end of each reporting period with the change in the fair value included in other expense, in the accompanying statement of operations and comprehensive loss. The fair value of the put option derivative liability at issuance was $104,883, with the offsetting amount being recorded as a debt discount. Debt issuance costs totaled $1,460. The debt discount and debt issuance costs were being amortized to interest expense using the effective interest method over the expected term of the March 2022 Note. The effective interest rate of the March 2022 Note was 12.1% compared to a stated interest rate of 5.0%.

June 2022 Convertible Note

In June 2022, the Company entered into a convertible promissory note agreement (the "June 2022 Note") and received cash proceeds of $ 50,000. The June 2022 Note bore interest at a rate equal to simple interest of 6.0% per annum computed on the basis of the 360-day year of twelve (12) 30-day months. The June 2022 Note was due and payable on June 13, 2025, unless earlier converted or repaid.

Pursuant to the June 2022 Note, the principal and accrued but unpaid interest was to be automatically converted into equity securities sold in the Next Equity Financing of the Company comprising a single transaction or a series of related transactions in which total proceeds of at least $3.0 million is raised. The principal and unpaid and accrued interest of the June 2022 Note at the date of conversion was to be converted into shares at a conversion

price equal to 60% of the price per share paid by investors purchasing such shares in the Next Equity Financing. If the Company consummated a Change of Control (as defined in the June 2022 Note) prior to repayment in full of the June 2022 Note, immediately prior to the Change of Control, the outstanding principal and any unpaid and accrued interest would automatically convert into common equity of the Company (or directly into proceeds paid to the holders of common equity in connection with the Change of Control) at a price per share that is 60% of the price per share of common equity paid at the Change of Control.

The Company evaluated whether the June 2022 Note contained embedded features that meet the definition of derivatives under FASB ASC 815, Derivatives and Hedging. The Company determined that these redemption features contained rights and obligations for conversion contingent upon a potential future financing event or a change in control. Thus, the embedded put options were bifurcated from the face value of the June 2022 Note and accounted for as a derivative liability to be remeasured at the end of each reporting period with the change in the fair value included in other expenses, in the accompanying statement of operations and comprehensive loss. The fair value of the put option derivative liability at issuance was $29,532, with the offsetting amount being recorded as a debt discount. The debt discount was amortized to interest expense using the effective interest method over the expected term of the June 2022 Note. The effective interest rate of the June 2022 Note was 25.7% compared to a stated interest rate of 6.0%.

Boustead Private Placement Notes

In July 2022, the Company issued convertible promissory notes in the aggregate amount of $ 450,000 (the "July 2022 Notes"), in August 2022, the Company issued a convertible promissory note in the amount of $50,000 (the "August 2022 Note") and in September 2022, the Company issued convertible promissory notes in the aggregate amount of $75,000 (the "September 2022 Notes" and together with the July 2022 Note and the August 2022 Note, the "Private Placement Notes"). The July 2022 Notes, the August 2022 Note and the September 2022 Note bore interest at 6% and mature on September 13, 2025 ("Maturity Date").

The principal amount due under the July 2022 Notes, the August 2022 Note and the September 2022 Notes (and, at the Company's option, any accrued but unpaid interest under the July 2022 Notes, the August 2022 Note and the September 2022 Notes) was to be automatically converted, on or before the Maturity Date, into Next Equity Securities in the Next Equity Financing. The July 2022 Notes, the August 2022 Note and September 2022 Notes were convertible into shares of common stock at a conversion price equal to the quotient obtained by dividing (i) the entire principal amount of the July 2022 Notes, the August 2022 Note and the September 2022 Notes, plus (if applicable) any accrued but unpaid interest under the July 2022 Notes, the August 2022 Note and the September 2022 Notes by (ii) sixty percent (60%) of the price per share of the Next Equity Securities sold in the Next Equity Financing. In the event of a Change of Control (as defined in the Private Placement Notes) which occurred prior to repayment in full of the July 2022 Notes, the August 2022 Note or the September 2022 Notes, immediately prior to the Change of Control, the outstanding principal and any accrued but unpaid interest on the July 2022 Notes, the August 2022 Note and the September 2022 Notes was to convert directly into our common equity (or directly into proceeds paid to the holders of our common equity in connection with the Change of Control) at a price per share that is 60% of the price per share of common equity paid at the Change of Control. Boustead Securities, LLC acted as the placement agent for the private placement and received as part of its compensation and five-year warrants to purchase shares of the Company's common stock at a price equal to the conversion price of the Private Placement Notes in an amount equal to 6% of the shares of common stock underlying the Private Placement Notes. The Company has determined that the warrants issued to the placement agent receive equity treatment. The warrants were recorded at fair value at issuance and recorded as debt issuance costs associated with the Boustead Private Placement Notes.

The Company has determined the redemption features in the Private Placement Notes contained rights and obligations for conversion contingent upon a potential future financing event or a change in control, and that such features were required to be bifurcated from the host debt instrument and accounted for as a derivative liability to be remeasured at the end of each reporting period.

The Company evaluated whether the July, August, and September 2022 Notes contained embedded features that meet the definition of derivatives under FASB ASC 815, Derivatives and Hedging. The Company determined that these redemption features contained rights and obligations for conversion contingent upon a potential future financing event or a change in control. Thus, the embedded put options were bifurcated from the face value of the July, August and September Notes and accounted for as derivative liabilities to be remeasured at the end of each reporting period with the change in the fair value included in other expenses, in the accompanying statements of operations and comprehensive loss. The fair value of the put option derivative liabilities at issuance was $339,934, with the offsetting amount being recorded as a debt discount. The debt discount was being amortized to interest expense using the effective interest method over the expected term of the July, August and September 2022 Notes. The effective interest rates of the July, August and September 2022 Notes were 36.3%, 26.1%, and 28.8%, respectively, compared to a stated interest rate of 6.0%.

Non-Convertible Promissory Note

On November 30, 2022, the Company closed a $ 250,000 note offering (the "November Private Placement") pursuant to which the Company sold to two accredited investors units consisting of (i) notes in the aggregate principal amount of $250,000, which bore interest at the rate of 10%, repayable at the earlier of the time of the completion of the IPO or November 30, 2023 (the "November Notes") and (ii) warrants to purchase up to an aggregate of 250,000 shares of common stock exercisable at $ 1.00 per common share, which were exercisable at any time and were automatically exercised into shares of the Company's common stock upon the consummation of the IPO (the "November Warrants"). At the time the November Notes and November Warrants were sold, it was intended that the principal amount of the November Notes would be repaid upon the consummation of the IPO out of the proceeds of the November Warrants exercise.

The issuance of the November Warrants triggered an adjustment to the conversion price of the Private Placement Notes (the July 2022, August 2022 and September 2022 Notes) to $1.00 per share, pursuant to down-round protection included in those notes. As a result of the adjustment of the conversion price of the Private Placement Notes, the five-year warrants issued to Boustead Securities, LLC in connection with the Private Placement, were amended to provide for the purchase of an aggregate of 11,500 shares of the Company's common stock at an exercise price equal to 60% of the initial public offering price per share.

The Company also issued 15,000 warrants to Boustead for the placement of the November financing. The November placement agent warrants have an exercise price of $1.00 per common share.

In December 2022, the Company entered into amendments to the March 2022 Note and the June 2022 Note to adjust the conversion price of the March 2022 Note and the June 2022 Note to $1.00 per common share. The March 2022 Note and June 2022 Note originally had a conversion price equal to 80% and 60%, respectively, of the IPO price. While this amendment was not required, as the March 2022 Note and June 2022 did not have down-round protection like the Private Placement Notes, the amendment was entered into to provide the investors in the March and June Notes with the same conversion price as the Private Placement Notes.

The Company incurred debt issuance costs attributed to the November Notes, which were recorded as a debt discount.

January 2023 Settlement of Debt

On January 24, 2023, concurrent with the consummation of the IPO, the Company issued 1,140,700 shares of common stock upon conversion of the

convertible promissory notes. All convertible notes and related accrued interest were settled in full on January 24, 2023.

On January 24, 2023, the Company issued 250,000 shares of common stock upon the exercise of the November Warrants. The $ 250,000 of proceeds of the warrant exercise were used to concurrently pay off the $250,000 November Notes. All of the November Notes were settled in full on January 24, 2023.

Upon pay-off and settlement of the convertible promissory notes and November Notes, the Company had $ 740,139 of unamortized debt discount costs remaining on the balance sheet. During the three months ended March 31, 2023, the Company recorded a $740,139 loss on the extinguishment of debt for the unamortized debt issuance costs.

Note 7. Related Party Transactions

On January 25, 2022, the Company into an agreement with Phamace, LLC, a consulting firm of which Quang Pham, the Company's Chief Executive Officer, is the sole member, for an initial term of January 25, 2022 through February 28, 2022. Pursuant to the agreement, the Company shall pay the sum of $115,000 to Phamace, LLC for advisory and administrative services rendered relating to preparing the Company to launch as an operating company, which was due and payable on September 30, 2022. The Company settled this obligation in January 2023.

On January 25, 2022, the Company issued 7,500,000 shares of common stock, pursuant to a subscription agreement, to Quang Pham, the Company's Chief Executive Officer, of which 3,000,000 were subsequently transferred to a related trust, of which Mr. Pham's child is a beneficiary and Mr. Pham is the trustee with sole voting and disposition power with respect to the shares owned by the trust, 1,100,000 were subsequently transferred to friends, family and a trust of which Mr. Pham's child is a beneficiary, but of which Mr. Pham has no voting or disposition power, and 125,000 were transferred to non-profit organizations. Mr. Pham paid a total of $7,500 for such founders shares.

On March 1, 2022, the Company issued a convertible promissory note in the amount of $ 500,000 to John Murphy, a member of the Company's board of directors, which bears interest at 5% and matures on March 1, 2025. The note, as amended in December 2022, converted into 514,792 shares of the Company's common Stock at a conversion price equal to $1.00 upon consummation of the initial public offering. See Note 6 for further discussion.

On May 17, 2022, the Company issued 450,000 shares of restricted common stock, pursuant to a restricted stock purchase agreement, to Matthew Szot its Chief Financial Officer, which shares shall vest quarterly over a period of two years, subject to certain adjustments, as provided in the Restricted Stock Purchase Agreement dated May 17, 2022.

On August 22, 2022, the Company issued a convertible promissory note in the amount of $ 50,000 to Glynn Wilson, a member of the Company's board of directors, which bears interest at 6% and matures on September 13, 2025. The note was converted into 50,000 shares of the Company's common Stock at a conversion price equal to $1.00 upon consummation of the initial public offering. See Note 6 for further discussion.

Note 8. Leases, Commitments, and Contingencies

Leases

At lease inception, the Company determines if an arrangement is an operating or capital lease. For operating leases, the Company recognized rent expense, inclusive of rent escalation, on a straight-line basis over the lease term.

In accordance with ASC 842, Leases, the Company determines if an arrangement is or contains a lease at inception. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company classifies leases at the lease commencement date as operating or finance leases and records a right-of-use asset and a lease liability on the balance sheet for all leases with an initial lease term of greater than 12 months. Leases with an initial term of 12 months or less are not recorded in the balance sheet, but payments are recognized as expenses on a straight-line basis over the lease term. The Company has elected not to recognize leases with terms of 12 months or less.

A lease qualifies as a finance lease if any of the following criteria are met at the inception of the lease: (i) there is a transfer of ownership of the leased asset to the Company by the end of the lease term, (ii) the Company holds an option to purchase the leased asset that it is reasonably certain to exercise, (iii) the lease term is for a major part of the remaining economic life of the leased asset, (iv) the present value of the sum of lease payments equals or exceeds substantially all of the fair value of the leased asset, or (v) the nature of the leased asset is specialized to the point that it is expected to provide the lessor no alternative use at the end of the lease term. All other leases are recorded as operating leases.

The Company enters into contracts that contain both lease and non-lease components. Non-lease components may include maintenance, utilities, and other operating costs. The Company combines the lease and non-lease components of fixed costs in its lease arrangements as a single lease component. Variable costs, such as utilities or maintenance costs, are not included in the measurement of right-of-use assets and lease liabilities but rather are expensed when the event determining the amount of variable consideration to be paid occurs.

Finance and operating lease assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term using the discount rate implicit in the lease. If the rate implicit is not readily determinable, the Company utilizes an estimate of its incremental borrowing rate based upon the available information at the lease commencement date. Operating lease assets are further adjusted for prepaid or accrued lease payments. Operating lease payments are expensed using the straight-line method as an operating expense over the lease term.

The Company's operating lease ROU assets and liabilities as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
Assets		
Operating lease ROU assets	$ 38,180	$ 43,578
Liabilities		
Current		
Operating lease liabilities	$ 23,162	$ 22,288
Noncurrent		
Operating lease liabilities	15,167	21,350
Total operating lease liabilities	$ 38,329	$ 43,638

Operating lease expense was $6,636 for the three months ended March 31, 2023. Cash paid for amounts included in the measurement of operating lease liabilities included in operating cash flows was $6,501 for the three months ended March 31, 2023. The remaining operating lease term was 19 months, and the operating lease discount rate was 12% as of March 31, 2023.

Future annual lease payments under non-cancellable operating leases as of March 31, 2023 were as follows:

2023	$	19,567
2024		22,319
Total lease payments		41,886
Less: Imputed interest		3,557
Total operating lease liabilities	$	38,329

Contingencies

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnifications. The Company's exposure under these agreements is unknown, because it involves claims that may be made against the Company in the future, but have not yet been made. The Company accrues a liability for such matters when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

Indemnification

In accordance with the Company's certificate of incorporation and bylaws, the Company indemnifies its officers and directors for certain events or occurrences, subject to certain limits, while they are serving in such capacity. In addition, the Company has entered into indemnification agreements with its officers and directors. There have been no claims to date, and the Company has a directors and officers liability insurance policy that may enable it to recover a portion of any amounts paid for future claims.

Note 9. Stockholders' Equity and Warrants

Common Stock

Pursuant to the Certificate of Incorporation filed on January 25, 2022, the Company was authorized to issue a total of 10,000,000 shares of common stock with a par value of $0.001 per share. On December 5, 2022, the Company filed an Amended and Restated Certificate of Incorporation to increase the authorized capital stock of the Company to 82,500,000 shares, consisting of 75,000,000 shares of common stock, par value $ 0.001 per share, and 7,500,000 shares of preferred stock, par value $ 0.001 per share, which was approved by the Company's Board of Directors, as well as a majority of the Company's shareholders, on December 5, 2022.

Holders of common stock are entitled to one vote for each share of common stock held of record for the election of the Company's directors and all other matters requiring stockholder action. Holders of common stock will be entitled to receive such dividends, if any, as may be declared from time to time by the Company's Board in its discretion out of funds legally available therefor.

On January 24, 2023, the Company consummated its initial public offering (the "IPO") of 1,400,000 shares of its common stock at a public offering price of $5.00 per share, generating gross proceeds of $ 7,000,000 and net proceeds of $ 5,408,575. The Company's shares of common stock commenced trading on the Nasdaq Capital Market on January 20, 2023, under the symbol "CVKD."

In connection with the IPO, on January 19, 2023, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Boustead Securities, LLC, as representative of the underwriters (the "Representative"). Pursuant to the Underwriting Agreement, the Company agreed to issue to the underwriters a five-year warrant (the "Representative's Warrant") to purchase an aggregate of 84,000 shares of the Company's common stock, which is equal to six percent (6%) of the shares of common stock sold in the IPO. Such Representative's Warrant has an exercise price of $ 6.00, which is equal to 120% of the public offering price of the common stock in the IPO.

Warrants

The following table summarizes the total warrants outstanding at March 31, 2023:

	Issue Date	Exercise Price Per Share	Expiration Date	Outstanding as of December 31, 2022	New Issuance	Exercised	Outstanding as of March 31, 2023
Placement agent warrants	July - Sept 2022	$ 3.00	July - Sept 2027	11,500	-	-	11,500
Placement agent warrants	Nov 2022	$ 1.00	Nov 2027	15,000	-	-	15,000
Investor warrants	Nov 2022	$ 1.00	Earlier of IPO or Nov 2027	250,000	-	(250,000)	-
Representative warrants	Jan 2023	$ 6.00	Jan 2028	-	84,000	-	84,000
				276,500	84,000	(250,000)	110,500

Note 10. Equity-Based Compensation

The Company adopted the Cadrenal Therapeutics, Inc. 2022 Equity Incentive Plan (the "Initial Plan"), on July 11, 2022, which was later amended and restated on October 16, 2022, for purposes of clarifying the application of certain of the rules of the Initial Plan to awards approved before such amendment and restatement of the Initial Plan and to facilitate the transition to the Cadrenal Therapeutics, Inc. 2022 Successor Equity Incentive Plan (the "Successor Plan") for the issuance and approval of awards after consummation of the IPO. On October 16, 2022, the Board adopted and the Company's stockholders approved the Cadrenal Therapeutics, Inc. 2022 Successor Equity Incentive Plan (the "2022 Plan"), which is a successor to and continuation of the Initial Plan and became effective on January 19, 2023. Upon the effectiveness of the 2022 Plan, it replaced the Initial Plan, except with respect to awards outstanding under the Initial Plan, and no further awards will be available for grant under the Initial Plan.

Subject to certain adjustments, the maximum number of shares of common stock that could have been issued under the Plans in connection with awards was 2,000,000 shares, of which 760,000 remained available for issuance as March 31, 2023. The maximum number of shares of common stock that may be issued under the 2022 Plan will automatically increase on January 1 of each calendar year for a period of ten years commencing on January 1, 2024 and ending on (and including) January 1, 2033, to a number of shares of common stock equal to 20% of the total number of shares of common stock

outstanding on December 31 of the preceding calendar year; provided, however that the board of directors, or the compensation committee, may act prior to January 1 of a given calendar year to provide that the increase for such year will be a lesser number of shares of common stock. All available shares may be utilized toward the grant of any type of award under the 2022 Plan.

The Company measures its stock-based awards granted to employees, consultants and directors based on the estimated fair values of the awards and recognizes the compensation over the requisite service period. The Company uses the Black-Scholes option-pricing model to estimate the fair value of its stock option awards. Stock-based compensation is recognized using the straight-line method. As the stock compensation expense is based on awards ultimately expected to vest, it is reduced by forfeitures. The Company accounts for forfeitures as they occur.

Weighted average assumptions used in the Black-Scholes model are set forth below:

	March 31, 2023
Risk-free interest rate	2.98% – 4.10%
Dividend yield	—
Expected term (years)	5.27 – 5.81
Volatility	62.4% – 62.5%

Activity under the Plans for the period from December 31, 2022 to March 31, 2023 is set forth below:

	Number Outstanding	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2022	1,100,000	$ 0.84	9.57	$ 4,578,000
Granted	-	-	-	-
Exercised	-	-	-	-
Canceled/forfeited/expired	-	-	-	-
Outstanding at March 31, 2023	1,100,000	$ 0.84	9.33	$ 808,500
Options vested and exercisable at March 31, 2023	183,328	$ 0.64	9.31	$ 84,002
Options vested and expected to vest as of March 31, 2023	1,100,000	$ 0.84	9.33	$ 808,500

The weighted average grant date fair value of options granted to date was $ 1.11. At March 31, 2023, the Company had $ 935,190 of unrecognized stock-based compensation expense related to stock options which will be recognized over the weighted average remaining requisite service period of 2.0 years. The Company settles employee stock option exercises with newly issued shares of common stock.

On January 24, 2023, the Company granted 50,000 shares of the Company's common stock to the Company's Chief Financial Officer. The shares were fully vested on the date of grant.

On March 30, 2023, the Company issued 10,839 shares of its common stock to a consultant for services rendered.

On March 31, 2023, the Company issued 77,340 shares of its common stock for services to be performed from April through September 2023.

Total stock-based compensation expense and the allocation of stock-based compensation for the periods presented below were as follows:

	Three Months Ended March 31, 2023	January 25, 2022 (Inception) to March 31, 2022
General and administrative	$ 194,140	$ -
Research and development	92,256	-
Total stock-based compensation	$ 286,396	$ -

Note 11. Net Loss Per Share

The following table sets forth the computation of the basic and diluted net loss per common share:

	Three Months Ended March 31, 2023	January 25, 2022 (Inception) to March 31, 2022
Numerator:		
Net loss	$ (5,173,574)	$ (176,648)
Denominator:		
Weighted average common shares outstanding	10,772,493	7,500,000
Net loss per share, basic and diluted	$ (0.48)	$ (0.02)

Since the Company was in a loss position for the periods presented, basic net loss per share is the same as diluted net loss per share as the inclusion of all potential dilutive securities would have been anti-dilutive. For the periods presented, there were no potential dilutive securities other than the convertible notes, stock options, and warrants.

Note 12. Subsequent Events

The Company has evaluated events that occurred through May 9, 2023, the date that the financial statements were issued and determined that there have been no events that have occurred that would require adjustments to our disclosures in the financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following management's discussion and analysis of our financial condition and results of operations in conjunction with our unaudited financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our audited financial statements and notes thereto for the year ended December 31, 2022, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed on March 30, 2023 (the "Annual Report") with the U.S. Securities and Exchange Commission (the "SEC"). This discussion, particularly information with respect to our future results of operations or financial condition, business strategy, plans and objectives for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Special note regarding forward-looking statements" in this Quarterly Report on Form 10-Q. You should review the disclosure under Part 1, Item 1A of the Annual Report for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements. References in this Quarterly Report on Form 10-Q to "we," "us," "our" and similar first-person expressions refer to Cadrenal Therapeutics, Inc. ("Cadrenal").

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "seek," "should," "strategy," "target," "will," "would" and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified under Part 1, Item 1A of the Annual Report. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Company Overview

We are focused on developing tecarfarin, a novel therapy with orphan drug and fast-track designations, designed for the prevention of systemic thromboembolism (blood clots) of cardiac origin in patients with end-stage renal disease("ESRD"), and atrial fibrillation (irregular heartbeat), ("AFib"). We secured the rights to tecarfarin on April 1, 2022 via an asset purchase agreement from HESP LLC, a wholly owned subsidiary of Horizon Technology Finance Corporation. HESP LLC acquired the assets of Espero BioPharma, Inc., or Espero, including tecarfarin, in an assignment for the benefit of creditors in which the creditor, Horizon Technology Finance Corporation and Horizon Credit II LLC (collectively, Horizon), a secured lender of Espero, designated HESP LLC as the assignee of Espero's assets.

Tecarfarin is an anticoagulant that uses a drug design process which targets a different pathway than the most commonly prescribed drugs used in the treatment of thrombosis and AFib. Tecarfarin has been evaluated in eleven (11) human clinical trials conducted by its previous owners and other third parties in over 1,003 individuals (269 patients were treated for at least six months and 129 patients were treated for one year or more). In Phase 1, Phase 2 and Phase 2/3 clinical trials, tecarfarin has generally been well-tolerated in both healthy adult subjects and patients with chronic kidney disease, or CKD. In the Phase 2/3 trial, EMBRACE-AC, the largest tecarfarin trial with 607 patients having completed it, only 1.6% of the blinded tecarfarin subjects suffered from major bleeding and there were no thrombotic events. Five patients died during the trial, but only one death due to intracerebral hemorrhage was considered to be possibly related to the tecarfarin.

In 2019, the United States Food and Drug Administration("FDA"), provided input on the Phase 3 trial design for tecarfarin, which was submitted by Espero, the previous owner of tecarfarin. We intend to submit our Phase 3 trial design to the FDA using the same protocol that was submitted by Espero. Assuming the FDA accepts our Phase 3 trial design, we intend to commence the Phase 3 pivotal trial in the first half of 2024. However, there can be no assurance that the trial design will be accepted by the FDA. We are pursuing regulatory approval of tecarfarin as an individual treatment, although we might evaluate, in consultation with the FDA, other potential uses in the future.

In March 2019, the FDA granted orphan drug designation("ODD"), for tecarfarin for the prevention of systemic thromboembolism of cardiac origin in patients with ESRD and AFib. The FDA grants ODD status to drugs that are intended for the treatment, diagnosis, or prevention of rare diseases or conditions, which are defined as a disease or condition that affects fewer than 200,000 people in the U.S. The ODD program provides a drug developer with certain benefits and incentives, including a seven-year period of U.S. marketing exclusivity from the date of marketing authorization, waiver of FDA user fees, and tax credits for clinical research. The granting of an orphan drug designation does not alter the FDA's regulatory requirements to establish safety and effectiveness of a drug through adequate and well-controlled studies to support approval and commercialization. Furthermore, orphan drug designation does not indicate or guarantee FDA approval of the New Drug Application("NDA"), and we might not receive exclusivity.

Tecarfarin was developed by researchers using a retrometabolic drug design process which targets a different metabolic pathway than the most commonly prescribed drugs for the treatment of thrombosis and AFib. "Drug metabolism" refers to the process by which a drug is inactivated by the body and rendered easier to eliminate or to be cleared by the body. Most approved drugs, including warfarin, the only FDA-approved Vitamin K antagonists, or VKAs, which is a prescribed drug for the treatment of thrombosis, are metabolized in the liver through a pathway known as the Cytochrome CYP450 system, or CYP450, by the enzymes known as CYP2C9 and CYP3A4. By using a different metabolic pathway, tecarfarin eliminates or minimizes the CYP450 metabolism in the liver. Patients taking multiple medications that interact with CYP2C9, or CYP3A4 or those with impaired kidney function, can experience an overload in the pathway, creating a bottleneck that often leads to insufficient clearance, which results in a toxic build-up of one or more

drugs. In some instances, patients taking multiple medications metabolized by the same CYP450 pathway may experience decreased efficacy of one or more of the medications due to rapid metabolism or increased drug effect and/or toxicity due to enzyme induction. Patient-specific genetic differences can also hinder drug clearance in the CYP450 pathway. Our product candidate tecarfarin was designed to follow a metabolic pathway distinct from the CYP450 pathway and is metabolized by both CYP450 and non-CYP450 pathways. We believe this may allow elimination by large capacity and non-saturable tissue esterase pathways that exist throughout the body rather than just in the liver.

Tecarfarin is an orphan designated, vitamin K antagonist, oral, once-daily anticoagulant in the same drug class as warfarin designed for use in patients requiring chronic VKA anticoagulation, to prevent systemic thromboembolism of cardiac origin in patients with ESRD and AFib. The prevailing treatment for thrombosis is with an oral anticoagulant, either a VKA, like warfarin, or non-vitamin K oral anticoagulant ("NOAC"). VKAs block the production of vitamin K-dependent blood clotting factors, such that the blood is "thinned," preventing clots, while NOACs directly block the activity of certain of these clotting factors. Tecarfarin, like warfarin, is a VKA.

Vitamin K epoxide Reductase Complex subunit 1 (VKORC1) is a significant enzyme for effective clotting. VKORC1 reduces vitamin K epoxide to its active form (Vitamin K), which is the rate-limiting step in the physiological process of vitamin K recycling. Vitamin K serves as a cofactor for normal function of several clotting/anticoagulation factors including Factors II, VII, IX and X and Proteins C, S, and Z. VKORC1 genetic deficiencies result in increased sensitivity to VKAs, which results in an increase in the risk of significant hemorrhaging. We believe tecarfarin has similar potency for VKORC1 inhibition as warfarin, but it is an investigational new drug, and we must demonstrate it is safe and effective for its proposed indication.

AFib is the most common arrhythmia, with its incidence and prevalence increasing over the last 20 years. AFib is associated with an approximate five-fold increased risk of stroke. The risk of developing AFib increases in patients with CKD. According to 2021 estimates by the Centers for Disease Control and Prevention, approximately 15% of the U.S. adult population, or 37 million people, have CKD. An estimated 0.4% of people in the U.S. suffer from Stage 4 CKD and 0.1% of people in the U.S. have ESRD.

Patients with ESRD and AFib represent a spectrum of disorders involving both the heart and kidneys (known as cardiorenal syndrome "CRS") in which acute or chronic dysfunction in one organ may induce acute or chronic dysfunction in the other organ. These patients have typically been excluded from randomized clinical trials because the approved therapies for AFib have metabolic profiles that may increase drug exposures thereby increasing the known risks and challenges in managing these patients. The presence of either CKD or AFib, increases the risk of serious thromboembolic adverse clinical outcomes, such as stroke and death. Antithrombotic therapy is typically recommended to decrease this risk in AFib patients, but there are no approved treatment options for patients with ESRD and AFib. Warfarin may cause substantial harm in these patients. Low-dose apixaban (Eliquis) was approved by the FDA for use in ESRD patients on hemodialysis based upon limited pharmacokinetic data by 8 subjects, despite that randomized trials to date of apixaban versus warfarin for AFib excluded patients with severe and end-stage kidney disease. The RENAL-AF (Trial to Evaluate Anticoagulation Therapy in Hemodialysis Patients With Atrial Fibrillation) was terminated early in 2019 by its sponsor.

There are more than 809,000 Americans with ESRD, with approximately 70% on dialysis, according to the United States Renal Data System. Approximately 150,000 ESRD patients also have AFib. AFib nearly doubles the anticipated mortality and increases the stroke risk by approximately five-fold in these patients. There is evidence that AFib is an independent risk factor for developing ESRD in CKD patients. Both diseases share common risk factors including hypertension, diabetes, vascular disease, and advancing age. Cardiovascular disease contributes to more than half of all deaths among patients with ESRD. According to the Annual Data Report published by the United States Renal Data System, total Medicare spending for patients with ESRD reached $51 billion in 2019, accounting for approximately 7% of the Medicare paid claims costs.

We have licensed out the rights to tecarfarin for several Asian markets including China, to Lee's Pharmaceutical Holdings Limited, an integrated research-driven and market-oriented biopharmaceutical publicly listed company based in Hong Kong with over 25 years' experience in the pharmaceutical industry in China. Lee's Pharmaceutical Holdings Limited is developing tecarfarin as an anti-thrombotic for patients with mechanical heart valves. In 2020 and 2021, Lee's Pharmaceutical Holdings Limited completed two Phase 1 studies in China and Hong Kong and is currently preparing for its Phase 2 trial.

As more fully set forth in our risk factors, we are a clinical development biopharmaceutical company with a limited operating history. We have a history of operating losses and expect to continue to incur substantial losses for the foreseeable future. Our cash and the proceeds of our initial public offering will only fund our operations for a limited time. The proceeds from our initial public offering are insufficient to allow us to commence and complete our planned Phase 3 clinical trial and submit our NDA. We will need to raise additional capital for the initiation of enrollment of patients and completion of the planned pivotal Phase 3 trial.

With respect to tecarfarin, we have two issued U.S. patents directed to tecarfarin. While the patents currently expire in 2024, we expect to seek extensions of patent terms. In the United States, the Drug Price Competition and Patent Term Restoration Act of 1984 permits a patent term extension of up to five years beyond the normal expiration of the patent, which is limited to the approved indication (or any additional indications approved during the period of extension). We also intend to seek exclusivity for our proprietary product candidates through market and data exclusivity granted by regulatory agencies in the United States and other countries. Further, as discussed above, the ODD program provides a drug developer with certain benefits and incentives, including a seven-year period of U.S. marketing exclusivity from the date of marketing authorization.

While we have engaged intellectual property counsel to assist in protecting our patent ownership rights, to date, we have not had intellectual property counsel conduct a freedom to operate analysis regarding our tecarfarin product. As a result, we cannot be certain that we will not be exposed to third party legal claims, liabilities and/or litigation actions when we seek to develop, make and market products using our tecarfarin technology.

Clinical Trials

Tecarfarin has been evaluated in 11 human clinical trials in over 1,003 individuals which includes eight Phase 1 trials, two Phase 2 trials and one Phase 2/3 trial evaluating the efficacy and safety of tecarfarin.

In a Phase 2/3 randomized and blinded trial sponsored by ARYx Therapeutics, Inc. in 2008, 607 patients with indications for chronic anticoagulation were treated with either tecarfarin or warfarin. The Time in Therapeutic Range, or TTR, with tecarfarin was similar to that with well-managed warfarin and tecarfarin appeared to have a favorable safety profile and be well tolerated with only 1.6% of the blinded tecarfarin subjects suffering from major bleeding and no thrombotic events. When thrombotic and major bleeding events during the blinded period were combined, a numerical imbalance favoring tecarfarin over warfarin was seen (warfarin 11 subjects, 3.6%; tecarfarin 5 subjects, 1.6%). The trial however did not meet its primary endpoint as superiority of tecarfarin over warfarin as measured by TTR was not demonstrated.

In a subsequent Phase 1 study with 23 patients with CKD sponsored by Armetheon, Inc. in 2016, the metabolism of warfarin was inhibited, but not tecarfarin. The safety of repeated dosing of tecarfarin in CKD patients remained unknown. However, if the pharmacokinetic findings of this single-dose study are present with repeated dosing, tecarfarin may lead to dosing that is more predictable than warfarin in CKD patients who require anticoagulation therapy.

Recent Events

Fast Track Designation

On January 13, 2023, the FDA designated as a Fast Track development program the investigation of tecarfarin for the prevention of systemic thromboembolism of cardiac origin in patients with ESRD and AFib. Fast Track is a process designed to facilitate the development and expedite the review of drugs to treat serious conditions and fill an unmet medical need.

Initial Public Offering

On January 24, 2023, we consummated our initial public offering (the "IPO") of 1,400,000 shares of our common stock at a public offering price of $5.00 per share, generating gross proceeds of $7,000,000. Our shares of common stock commenced trading on the Nasdaq on January 20, 2023 under the symbol "CVKD."

In connection with our initial public offering, on January 19, 2023, we entered into the Underwriting Agreement with the Representative, pursuant to which we issued to the Representative the Representative's Warrant to purchase an aggregate of 84,000 shares of our common stock, which is equal to six percent (6%) of the shares of common stock sold in the initial public offering. Such Representative's Warrant has an exercise price of $6.00, which is equal to 120% of the public offering price of the common stock in the initial public offering.

In connection with the closing of the initial public offering, we entered into separate indemnification agreements with each of our directors (we had previously entered into separate indemnification agreements with each of our executive officers). The indemnification agreements, in addition to our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, require us to indemnify our directors, executive officers and certain controlling persons to the fullest extent permitted by Delaware law.

Resale Offering

Pursuant to the Resale Prospectus, dated January 19, 2023, 1,704,783 shares of our common stock have been registered for resale by the Selling Shareholders. We did, and will not, receive any proceeds from the sales by the Selling Stockholders of the securities set forth in the Resale Prospectus.

Results of Operations

The following table summarizes our results of operations for the three months ended March 31, 2023 and the period from January 25, 2022 (inception) through March 31, 2022.

	Three Months Ended March 31, 2023	January 25, 2022 (inception) through March 31, 2022
Operating expenses:		
General and administrative expenses	$ 964,732	$ 152,661
Research and development expenses	3,235,317	17,860
Depreciation expense	190	-
Total operating expenses	4,200,239	170,521
Loss from operations	(4,200,239)	(170,521)
Other expense:		
Interest expense	3,534	2,081
Interest expense, amortization of debt discount	13,567	2,508
Change in fair value of derivative liabilities	216,095	1,538
Loss on extinguishment of debt	740,139	-
Total other expenses	973,335	6,127
Net loss and comprehensive loss	$ (5,173,574)	$ (176,648)

General and administrative expenses

General and administrative expenses were $964,732 for the three months ended March 31, 2023. General and administrative expenses included $439,304 of personnel-related expenses, $194,140 of stock-based compensation, $120,305 in professional fees, $49,278 of contract labor, and $161,705 of other expenses.

General and administrative expenses were $152,661 for the period January 25, 2022 (inception) to March 31, 2022. General and administrative expenses for this period included $37,661 of personnel-related expenses and $115,000 in consulting fees.

Research and development expenses

Research and development expenses were $3,235,317 for the three months ended March 31, 2023. This included the issuance of 600,000 shares of common stock (valued at $3.0 million) in January 2023 to HESP LLC, pursuant to the terms of an Amendment to the Asset Purchase Agreement. Research and development expenses for the three months ended March 31, 2023 also included $92,256 of stock-based compensation and the remaining expenses related to personnel costs.

Research and development expenses were $17,860 for the period January 25, 2022 (inception) to March 31, 2022. Research and development expenses consisted of $17,860 of transaction costs which were expensed as in-process research and development.

Change in fair value of derivative liabilities

We determined that the redemption features in the convertible notes that we issued in March 2022, June 2022, July 2022, August 2022 and September 2022 in the aggregate principal amount of $1,125,000 contained rights and obligations for conversion contingent upon a potential future financing event or a change in control. Thus, the embedded put options were bifurcated from the face value of the convertible notes and accounted for as derivative liabilities to be remeasured at the end of each reporting period with the change in the fair value included in other expense, in the accompanying statement of operations and comprehensive loss.

Concurrent with the closing of the IPO in January 2023, the note holders converted the debt into common stock, accordingly, the derivative financial liabilities were de-recognized and reclassified to stockholders' equity (deficit) on January 24, 2023.

The derivative liabilities were considered a level 3 fair value financial instrument and were remeasured up to January 24, 2023 which was the date of derecognition. We recorded a non-cash charge of $216,095 in January 2023. This charge represented the increase in the fair value of the derivative liabilities since the previous measurement date of December 31, 2022.

Loss on extinguishment of debt

We recorded a $740,139 loss on the extinguishment of debt during the three months ended March 31, 2023. This loss represents the unamortized debt discount associated with the convertible notes and the November promissory notes, which were settled concurrent with the IPO.

Liquidity and Capital Resources

Since inception, we have incurred losses and negative cash flows from operations. To date, we have funded our operations from the proceeds of the sale of convertible notes, and the nonconvertible notes and warrants issued in November 2022 , as well as our recently completed IPO in January 2023. We had a net loss of $5,173,574 for the three months ended March 31, 2023 which included $4,256,475 of non-cash expenses. Cash used in operating activities for the three months ended March 31, 2023 totaled $1,412,794. As of March 31, 2023, we had cash of approximately $4.0 million and no debt. Our current cash is sufficient to fund our operations for at least the next twelve months, however, we expect to require additional funding to commence and complete our planned Phase 3 clinical trial and submit our NDA, the cost of which we anticipate will be approximately $45 million. In order to fund the commencement and completion of our Phase 3 clinical trial, we intend to raise additional funds through equity and debt financings as well as potential partnering relationships. However, there can be no assurance that we will be able to complete any additional financings on terms acceptable to the Company or at all. If we are unable to raise additional funding to meet our working capital needs in the future, we will be forced to delay or reduce the scope of our research programs and/or limit or cease our operations.

We estimate that we will require a total of $45 million for the completion of our planned pivotal Phase 3 clinical trial and other expenditures that we will need to incur in order to file our NDA. We intend to use approximately $3 million of the proceeds from our IPO to fund CMC preparation, research and development, and other trial preparation expenses necessary for the commencement of our planned pivotal Phase 3 clinical trial, therefore, we will require at least $42 million of additional funding to enroll patients and complete our pivotal Phase 3 clinical trial. Additionally, we estimate that we will require $13 million for general and administrative expenses anticipated to be incurred over the next three years.

Cash Flows

The following table summarizes our cash flows for the three months ended March 31, 2023 and for the period January 25, 2022 (inception) to March 31, 2022:

	Three Months Ended March 31, 2023	January 25, 2022 (inception) through March 31, 2022
Cash used in operating activities	$ (1,412,794)	$ (43,699)
Cash used in investing activities	-	-
Cash provided by financing activities	5,408,575	506,040
Net increase in cash	3,995,781	462,341
Cash, beginning of period	32,586	-
Cash, end of period	$ 4,028,367	$ 462,341

Operating activities

During the three months ended March 31, 2023, cash used in operating activities was $1,412,794. Net loss adjusted for the non-cash items as detailed on the statement of cash flows, used $917,099 in cash, and the changes in operating assets and liabilities, as detailed on the statement of cash flows, used $495,695 in cash primarily from a $285,330 decrease in accounts payable and a $604,945 decrease in accrued liabilities partially offset by a $672,295 decrease in deferred equity offering costs.

During the period from January 25, 2022 (inception) to March 31, 2022, cash used in operating activities was $43,699. Net loss adjusted for the non-cash items, as detailed on the statement of cash flows, used $172,602 in cash, and the changes in operating assets and liabilities, as detailed on the statement of cash flows, provided $128,903 in cash primarily from a $117,083 increase in accrued liabilities.

Financing activities

During the three months ended March 31, 2023, net cash provided by financing activities totaled $5,408,575 as we completed our IPO of 1,400,000 shares of our common stock at a public offering price of $5.00 per share, generating gross proceeds of $7,000,000 and net proceeds of $5,408,575. We also received $250,000 from the exercise of warrants that we issued in November 2022, which proceeds were used to repay the notes that were issued in November, with accrued interest on the notes being paid in cash.

During the period January 25, 2022 (inception) to March 31, 2022, net cash provided by financing activities was $506,490, primarily consisting of the $498,540 of net proceeds from the issuance of a convertible note in March 2022.

Critical Accounting Estimates

This discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimated under different assumptions or conditions. While our significant accounting policies are described in more detail in the notes to our financial statements, we believe that the following accounting policies are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgements and estimates.

Acquisitions

We evaluate acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen test to determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If so, the transaction is accounted for as an asset acquisition. If not, further determination is required as to whether or not we have acquired inputs and processes that have the ability to create outputs, which would meet the definition of a business. Significant judgment is required in the application of the screen test to determine whether an acquisition is a business combination or an acquisition of assets.

Acquisitions meeting the definition of business combinations are accounted for using the acquisition method of accounting, which requires that the purchase price be allocated to the net assets acquired at their respective fair values. In a business combination, any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

For asset acquisitions, a cost accumulation model is used to determine the cost of an asset acquisition. Direct transaction costs are recognized as part of the cost of an asset acquisition. We also evaluate which elements of a transaction should be accounted for as a part of an asset acquisition and which should be accounted for separately. The cost of an asset acquisition, including transaction costs, is allocated to identifiable assets acquired and liabilities assumed based on a relative fair value basis. Goodwill is not recognized in an asset acquisition. Any difference between the cost of an asset acquisition and the fair value of the net assets acquired is allocated to the non-monetary identifiable assets based on their relative fair values. When a transaction accounted for as an asset acquisition includes an in-process research and development (“IPR&D”) asset, the IPR&D asset is only capitalized if it has an alternative future use other than in a particular research and development project. For an IPR&D asset to have an alternative future use: (a) we must reasonably expect that we will use the asset acquired in the alternative manner and anticipate economic benefit from that alternative use, and (b) our use of the asset acquired is not contingent on further development of the asset subsequent to the acquisition date (that is, the asset can be used in the alternative manner in the condition in which it existed at the acquisition date). Otherwise, amounts allocated to IPR&D that have no alternative use are expensed to research and development. Asset acquisitions may include contingent consideration arrangements that encompass obligations to make future payments to sellers contingent upon the achievement of future financial targets. Contingent consideration is not recognized until all contingencies are resolved and the consideration is paid or probable of payment, at which point the consideration is allocated to the assets acquired on a relative fair value basis.

Research and Development Expenses

Research and development costs are expensed as incurred and consist of fees paid to other entities that conduct certain research and development activities on our behalf. Acquired intangible assets are expensed as research and development costs if, at the time of payment, the technology is under development; is not approved by the FDA or other regulatory agencies for marketing; has not reached technical feasibility; or otherwise has no foreseeable alternative future use. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are capitalized and then expensed as the related goods are delivered or the services are performed.

Derivative Financial Instruments

We evaluate all of our agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. We account for certain redemption features that are associated with convertible notes as liabilities at fair value and adjust the instruments to their fair value at the end of each reporting period. Derivative financial liabilities are initially recorded at fair value, with gains and losses arising from changes in the fair value recognized in other income (expense) in the accompanying statements of operations and comprehensive loss for each reporting period while such instruments are outstanding. The embedded derivative liability is valued using a probability-weighted expected return model. If we repay the note holders or if, during the next round of financing, the note holders convert the debt into equity, the derivative financial liability will be de-recognized on that date. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Stock-Based Compensation

We measure our stock-based awards granted to employees, consultants and directors based on the estimated fair values of the awards and recognize the compensation over the requisite service period. We use the Black-Scholes option-pricing model to estimate the fair value of our stock option awards. Stock-based compensation is recognized using the straight-line method. As the stock compensation expense is based on awards ultimately expected to vest, it is reduced by forfeitures. We account for forfeitures as they occur.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates and assumptions made in the accompanying financial statements include but are not limited to the fair value of financial instruments, the fair value of common stock prior to our IPO, deferred tax assets and valuation allowance, income tax uncertainties, and certain accruals. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances change. Actual results could differ from those estimates.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have during the period presented, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2023. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. We have adopted and maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in the reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q, is collected, recorded, processed, summarized, and reported within the time periods specified in the rules of the SEC. Our disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2023, our Chief Executive Officer and Chief Financial Officer concluded that, as of such a date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2023, there were no changes in our internal control over financial reporting (as defined in Rules 13a 15(f) and 15d 15(f) of the Exchange Act) that occurred that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings.

Item 1A. Risk Factors

Investing in our securities involves a high degree of risk. Please refer to Part I, Item 1A, "Risk Factors," contained in our Annual Report for a description of certain significant risks and uncertainties to which our business, financial condition and results of operations are subject., There have been no material changes from these risk factors as of the date of filing of this Quarterly Report on Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

We did not sell any equity securities during the quarter ended March 31, 2023 in transactions that were not registered under the Securities Act other than as previously disclosed in our filings with the SEC and as described below. We believe that each transaction was exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof.

On March 30, 2023, we issued 10,839 shares of our common stock to a consultant for services rendered.

On March 31, 2023, we issued 77,340 shares of our common stock to a consultant for services to be performed from April through September 2023..

Use of Proceeds

On January 24, 2023, we consummated our IPO of 1,400,000 shares of our common stock at a public offering price of $5.00 per share, generating gross proceeds of $7.0 million which resulted in net proceeds to us of approximately $5.4 million, after deducting underwriting discounts and commissions of $490,000, underwriter non-accountable expenses of $70,000, and offering-related transaction costs of approximately $1.0 million. None of the expenses associated with the IPO were paid to directors, officers, persons owning ten percent or more of any class of equity securities, or to their associates, or to our affiliates. Our shares of common stock commenced trading on the Nasdaq Capital Market ("Nasdaq") on January 20, 2023 under the symbol "CVKD." The offering has terminated.

In connection with our initial public offering, on January 19, 2023, we entered into an underwriting agreement (the "Underwriting Agreement") with Boustead Securities, LLC, as representative of the underwriters (the "Representative"), a form of which was previously filed as an exhibit to our registration statement on Form S-1, as amended (File No. 333-267562), which was declared effective by the SEC on January 19, 2023 (the "Registration Statement"). Pursuant to the Underwriting Agreement, we agreed to issue to the underwriters a five-year warrant (the "Representative's Warrant") to purchase an aggregate of 84,000 shares of our common stock, which is equal to six percent (6%) of the shares of common stock sold in the initial public offering. Such Representative's Warrant has an exercise price of $6.00, which is equal to 120% of the public offering price of the common stock in the initial public offering.

There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC on January 23, 2023 pursuant to Rule 424(b)(4), of $3 million of proceeds to be used for CMC preparation, research and development, and other trial preparation expenses necessary for initiation of our planned Phase 3 pivotal trial and $2.4 million of proceeds to be used for working capital, including payments made to officers in accordance with the terms of their employment agreements and payment to Phamace, LLC, a consulting firm of which Quang Pham, our Chief Executive Officer, is the sole member as described in the Note 7 to the Notes to Financial Statements.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None

Item 6. Exhibits.

The exhibits filed or furnished as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, which Exhibit Index is incorporated herein by reference.

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation (Incorporated by reference as Exhibit 3.1 to the Registration Statement on Form S-1 (File No. 333-267562) filed on September 22, 2022)
3.2	Amended and Restated Bylaws (Incorporated by reference as Exhibit 3.2 to the Registration Statement on Form S-1 (File No. 333-267562) filed on September 22, 2022)
4.1	Representative's Warrant issued to Boustead Securities, LLC (Incorporated by reference as Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-41596) filed on January 25, 2023).
10.1	Form of Indemnification Agreement (Incorporated by reference as Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-41596) filed on January 25, 2023).
10.2#	Employment Agreement, dated January 24, 2023 between Cadrenal Therapeutics, Inc. and Matthew Szot (Incorporated by reference as Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-41596) filed on January 25, 2023).
10.3#	Employment Agreement, effective as of January 24, 2023, by and between Cadrenal Therapeutics, Inc. and Douglas Losordo (Incorporated by reference as Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-41596) filed on January 25, 2023).
31.1*	Certification of the Principal Executive Officer Pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Financial Officer and Principal Accounting Officer Pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification by the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification by the Principal Financial Officer and Principal Accounting Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance*
101.SCH	Inline XBRL Taxonomy Extension Schema*
101.CAL	Inline XBRL Taxonomy Extension Calculation*
101.DEF	Inline XBRL Taxonomy Extension Definition*
101.LAB	Inline XBRL Taxonomy Extension Labeled*
101.PRE	Inline XBRL Taxonomy Extension Presentation*
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document)

* Filed herewith.
\# Management contract or compensatory plan or arrangement required to be identified pursuant to Item 15(a)(3) of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CADRENAL THERAPEUTICS, INC.
(Registrant)

Date: May 10, 2023

By: /s/ Quang Pham
Quang Pham
Chief Executive Officer
(Principal Executive Officer)

CADRENAL THERAPEUTICS, INC.
(Registrant)

Date: May 10, 2023

By: /s/ Matthew Szot
Matthew Szot
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Quang Pham, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cadrenal Therapeutics, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2023

By: /s/ Quang Pham
Name: Quang Pham
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Matthew Szot, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cadrenal Therapeutics, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2023

By: /s/ Matthew Szot
Name: Matthew Szot
Title: Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Quang Pham, Chief Executive Officer (Principal Executive Officer) of Cadrenal Therapeutics, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented.

Dated: May 10, 2023

By: /s/ Quang Pham
Name: Quang Pham
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew Szot, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) of Cadrenal Therapeutics, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented.

Dated: May 10, 2023

By: /s/ Matthew Szot
Name: Matthew Szot
Title: Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)