Viking Therapeutics (NASDAQ: VKTX)

Catalyst Analysis Report

VK2735 Phase 3 VANQUISH Program

Investment Research Brief

February 3, 2026

Executive Summary

Viking Therapeutics approaches a pivotal Phase 3 readout for VK2735, its dual GLP-1/GIP receptor agonist targeting obesity. With Phase 2 data demonstrating 14.7% weight loss at 13 weeks—exceeding most GLP-1 monotherapy benchmarks—the VANQUISH program enrollment of 5,750+ patients positions VK2735 as a potential best-in-class asset in the $100B+ obesity market. This report provides comprehensive analysis of clinical, competitive, safety, and valuation scenarios ahead of the 2026-2027 data readout.

Current Market Cap:	$6.0B (est.)
Stock Price:	$60 (approx.)
Catalyst Timeline:	Phase 3 Topline: 2026-2027
Risk Profile:	High (Binary Event)

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Graphical Abstract

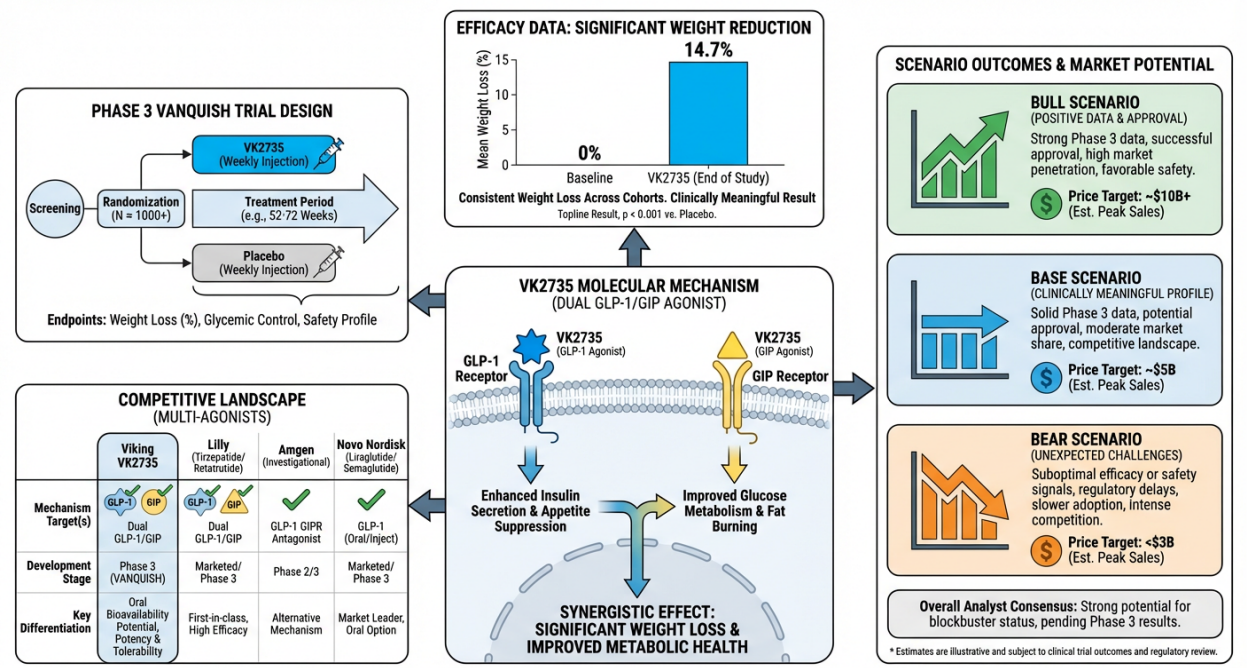

Figure 1: Viking Therapeutics VK2735 Catalyst Analysis Overview. This graphical abstract summarizes the key elements of the VKTX investment thesis: VK2735's dual GLP-1/GIP mechanism, Phase 3 VANQUISH trial design, competitive positioning against Lilly/Amgen/Novo assets, and probability-weighted scenario outcomes ranging from $2-3B (bear) to $15B+ (bull) valuations.

1 Executive Summary and Investment Thesis

Viking Therapeutics Inc. (NASDAQ: VKTX) represents one of the most compelling binary catalyst opportunities in the biotechnology sector for 2026-2027. The company's lead asset, VK2735, is a novel dual GLP-1/GIP receptor agonist currently in Phase 3 development for obesity and type 2 diabetes (T2D). The upcoming VANQUISH program readout constitutes a pivotal inflection point that will determine whether Viking emerges as a major player in the rapidly expanding obesity therapeutics market or faces significant valuation compression.

1.1 Key Investment Highlights

- **Differentiated Mechanism:** VK2735 demonstrates potent dual agonism at both GLP-1 and GIP receptors, mirroring the mechanism of Eli Lilly's blockbuster tirzepatide (Zepbound/Mounjaro) while potentially offering optimized pharmacokinetics and tolerability.
- **Compelling Phase 2 Efficacy:** The VENTURE trial demonstrated 14.7% mean body weight reduction at 13 weeks with the highest dose (15 mg weekly)—a trajectory that, if sustained, could approach or exceed 20% weight loss at 52-78 weeks, positioning VK2735 competitively against tirzepatide (20-22%) and Amgen's MariTide (20%).
- **Robust Phase 3 Program:** The VANQUISH program comprises two large-scale trials (VANQUISH-1: n=4,650; VANQUISH-2: n=1,100) with 78-week duration, testing three dose levels (7.5 mg, 12.5 mg, 17.5 mg weekly) against placebo.
- **Favorable Tolerability Signal:** Phase 2 gastrointestinal adverse events were primarily mild-to-moderate and decreased following dose titration, with discontinuation rates comparable to placebo.
- **Strategic Optionality:** Positive Phase 3 data could trigger partnership discussions or outright acquisition interest from large pharmaceutical companies seeking obesity pipeline diversification.

1.2 Catalyst Timeline

Event	Expected Timing	Impact
VANQUISH-1 Enrollment Complete	Q4 2025	Completed
Maintenance Dosing Study	Q1 2026	Enrolled
VANQUISH-2 Enrollment	Mid-2026	On Track
Phase 3 Topline Results	2026-2027	**Primary Catalyst**
Potential NDA Filing	2027-2028	If positive

Table 1: VK2735 Development Timeline and Key Catalysts

2 Clinical Data Preview: VK2735 Trial Design and Efficacy

2.1 Mechanism of Action

VK2735 functions as a synthetic peptide dual agonist that simultaneously activates glucagon-like peptide-1 (GLP-1) and glucose-dependent insulinotropic polypeptide (GIP) receptors. This dual mechanism produces complementary metabolic effects that enhance weight loss beyond GLP-1 monotherapy approaches (Figure 2).

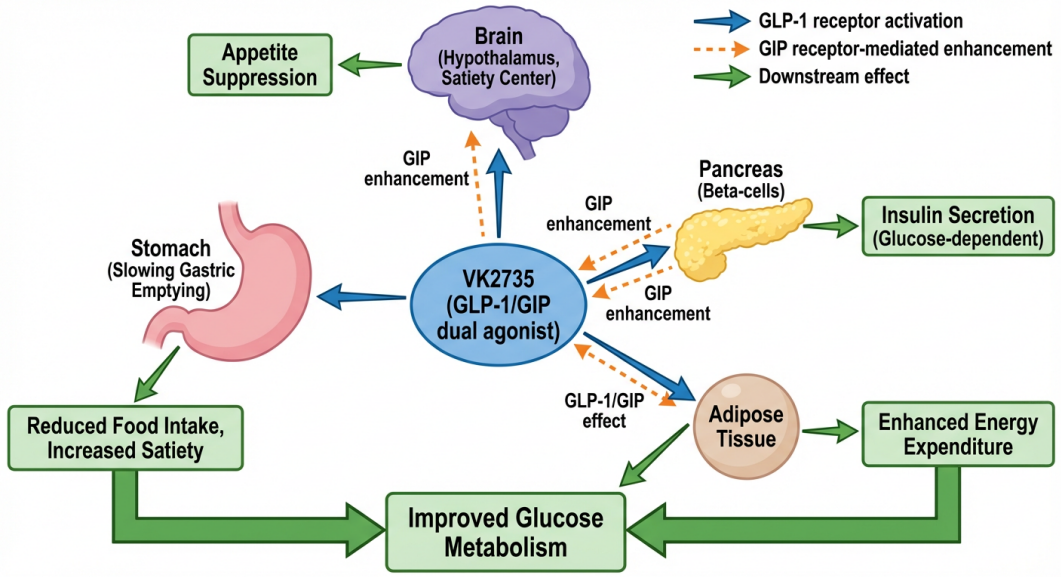

Figure 2: VK2735 Dual GLP-1/GIP Receptor Agonist Mechanism of Action. The diagram illustrates how VK2735 activates both GLP-1 and GIP receptors across multiple target tissues: (1) hypothalamic satiety centers reducing appetite, (2) pancreatic beta cells enhancing glucose-dependent insulin secretion, (3) gastric smooth muscle slowing gastric emptying, and (4) adipose tissue modulating lipid metabolism. The dual agonism produces synergistic effects on energy balance and glucose homeostasis.

The rationale for dual GLP-1/GIP agonism is supported by the clinical success of tirzepatide, which demonstrated superior efficacy compared to selective GLP-1 agonists (semaglutide) in head-to-head trials. GIP receptor activation appears to enhance the metabolic benefits of GLP-1 through multiple mechanisms:

- **Enhanced Satiety:** GIP signaling in the central nervous system amplifies GLP-1-mediated appetite suppression.
- **Improved Insulin Sensitivity:** GIP promotes adipocyte function and healthy fat storage, reducing ectopic lipid deposition.
- **Preserved Lean Mass:** Preliminary evidence suggests dual agonists may better preserve muscle mass during weight loss compared to GLP-1 monotherapy.
- **Reduced GI Side Effects:** GIP may partially counterbalance GLP-1-induced nausea through effects on gastric motility.

2.2 Phase 2 VENTURE Trial Results

The Phase 2 VENTURE trial (NCT06068946) provided the foundational efficacy and safety data supporting Phase 3 development. Published in *Obesity* (January 2026), the study demonstrated dose-dependent weight loss across all active treatment arms [**?**].

2.2.1 Trial Design

- **Population:** Adults with obesity (BMI $\geq$30 kg/m^2) or overweight (BMI $\geq$27 kg/m^2) with at least one weight-related comorbidity; diabetes excluded.
- **Randomization:** 1:1:1:1:1 to placebo or VK2735 at 2.5 mg, 5 mg, 10 mg, or 15 mg weekly subcutaneous injection.
- **Duration:** 13 weeks of treatment.
- **Primary Endpoint:** Percent change in body weight from baseline at Week 13.

2.2.2 Efficacy Results

Endpoint	Placebo	2.5 mg	5 mg	10 mg	15 mg
Mean % Weight Change	-1.7%	-9.1%	-10.8%	-13.1%	$-$**14.7**%
Absolute Weight Loss (kg)	-1.8	-9.2	-11.0	-13.4	-14.6
$\geq$5% Responders	12%	85%	92%	96%	98%
$\geq$10% Responders	2%	58%	71%	82%	87%
$\geq$15% Responders	0%	18%	32%	51%	56%

Table 2: Phase 2 VENTURE Trial Efficacy Results at Week 13. All active doses achieved statistically significant weight loss vs. placebo ($p<0.001$). Notably, 93% of all active-treated participants achieved $\geq$5% weight loss.

Critically, the weight loss trajectory showed no evidence of plateauing at 13 weeks, suggesting continued efficacy with longer treatment duration. This observation is particularly important for Phase 3 projections, as the 78-week VANQUISH trials should capture the full therapeutic potential of VK2735.

2.3 Phase 3 VANQUISH Program Design

The VANQUISH program represents Viking's registrational strategy for VK2735, comprising two complementary trials designed to support FDA approval in both obesity and obesity with T2D populations (Figure 3).

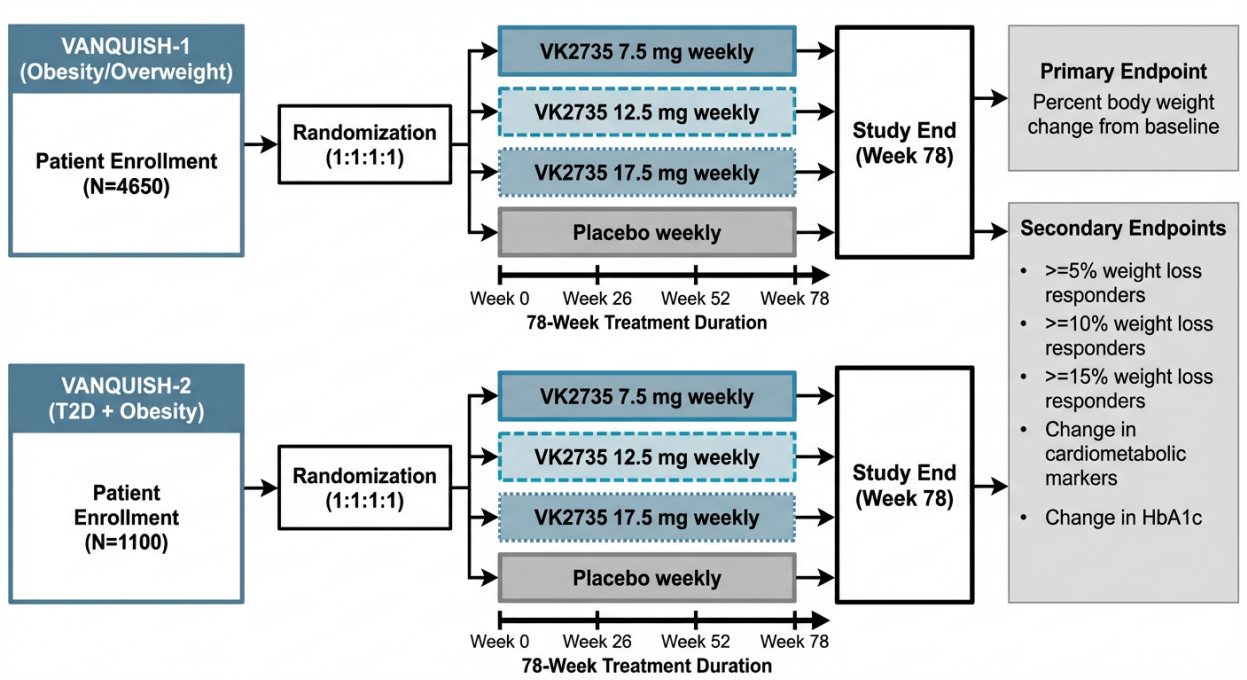

Figure 3: VANQUISH Phase 3 Program Trial Design. The program comprises two parallel studies: VANQUISH-1 (n=4,650) enrolling adults with obesity/overweight without diabetes, and VANQUISH-2 (n=1,100) enrolling adults with obesity/overweight plus type 2 diabetes. Both trials randomize participants 1:1:1:1 to three VK2735 doses or placebo over 78 weeks of treatment.

2.3.1 VANQUISH-1 (NCT07104500)

- **Population:** Adults with obesity (BMI $\geq$30 kg/m^2) or overweight (BMI $\geq$27 kg/m^2) with $\geq$1 weight-related comorbidity; excludes diabetes.
- **Enrollment:** Approximately 4,650 participants (completed as of late 2025).
- **Randomization:** 1:1:1:1 to VK2735 7.5 mg, 12.5 mg, 17.5 mg, or placebo (weekly subcutaneous).
- **Duration:** 78 weeks.
- **Primary Endpoint:** Percent change in body weight from baseline at Week 78.
- **Key Secondary Endpoints:** Proportion achieving $\geq$5%, $\geq$10%, $\geq$15% weight loss; changes in cardiometabolic parameters (waist circumference, blood pressure, lipids, inflammatory markers).

2.3.2 VANQUISH-2 (NCT07104383)

- **Population:** Adults with obesity/overweight **plus** type 2 diabetes (T2D).
- **Enrollment:** Approximately 1,100 participants (ongoing as of Q1 2026).

- **Design:** Identical dosing and duration to VANQUISH-1.
- **Additional Endpoints:** HbA1c reduction, proportion achieving HbA1c $\leq$6.5% or $<$7.0%, glycemic control parameters.

2.3.3 Dose Selection Rationale

The Phase 3 doses (7.5 mg, 12.5 mg, 17.5 mg) were selected to maximize efficacy while maintaining tolerability:

- **7.5 mg:** Intermediate dose providing meaningful efficacy with optimal tolerability for patients requiring a less aggressive approach.
- **12.5 mg:** Target dose expected to achieve >15% weight loss in the majority of patients.
- **17.5 mg:** Maximum dose testing the upper boundary of the therapeutic window, potentially achieving >20% weight loss.

2.4 Phase 3 Efficacy Projections

Based on Phase 2 data and comparison to tirzepatide's trajectory, we model the following efficacy scenarios for VANQUISH at Week 78:

Scenario	17.5 mg Weight Loss	$\geq$15% Responders	Probability
Bull Case	$\geq$20%	$\geq$70%	30%
Base Case	15-18%	50-65%	45%
Bear Case	$<$14%	$<$45%	25%

Table 3: Phase 3 VANQUISH Efficacy Projections at Week 78 (17.5 mg Dose)

3 Competitive Read-Through Analysis

The obesity therapeutics landscape has transformed dramatically with the emergence of GLP-1-based therapies as a dominant treatment paradigm. VK2735 enters a competitive but rapidly expanding market where differentiation on efficacy, safety, convenience, and cost will determine commercial success.

3.1 Competitive Landscape Overview

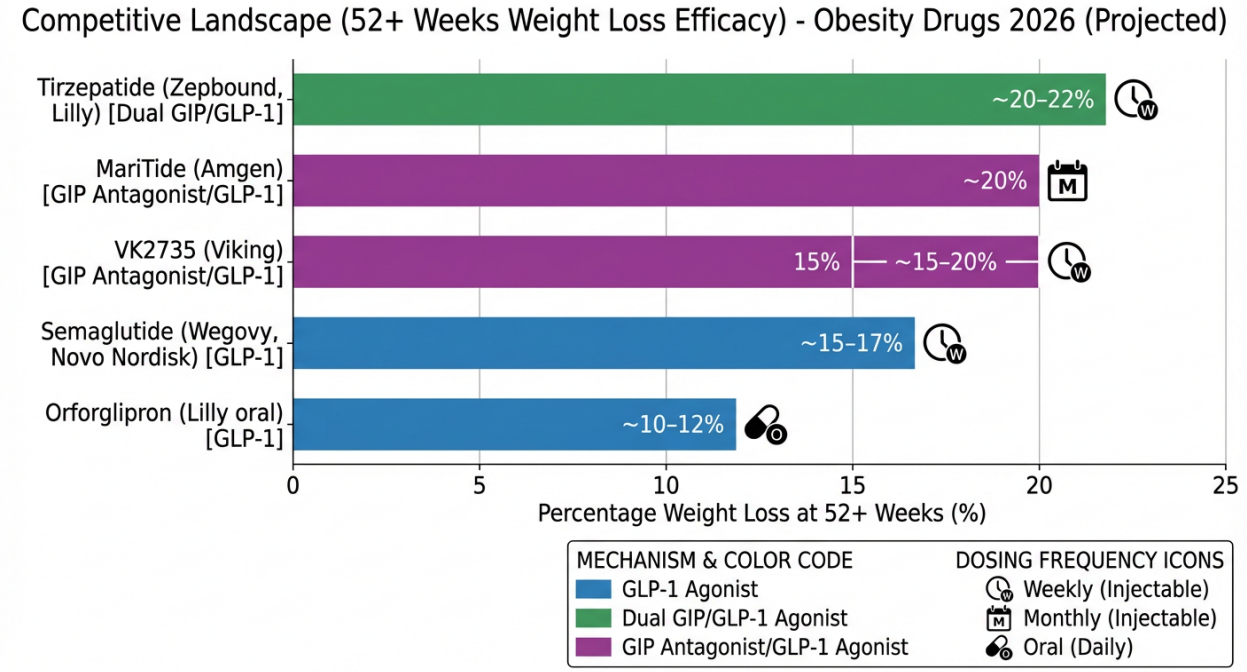

Figure 4: Obesity Therapeutics Competitive Landscape: Efficacy Comparison. Horizontal bar chart comparing weight loss efficacy at 52+ weeks across major obesity drug candidates. VK2735's projected Phase 3 efficacy (15-20%) positions it competitively against tirzepatide and MariTide, with potential differentiation on tolerability and manufacturing.

3.2 Key Competitors

3.2.1 Eli Lilly: Tirzepatide (Mounjaro/Zepbound)

Tirzepatide represents the current gold standard for incretin-based obesity therapy and the primary benchmark for VK2735:

- **Mechanism:** Dual GLP-1/GIP agonist (same class as VK2735).
- **Efficacy:** SURMOUNT trials demonstrated 20-22% mean weight loss at 72 weeks with the highest dose.

- **Market Position:** Zepbound launched 2023; achieving blockbuster sales ($4B+ annual run rate).
- **Implications for VK2735:** Sets the efficacy bar; VK2735 must demonstrate $\geq$18% weight loss to be considered "competitive" and $\geq$20% to be "best-in-class."

3.2.2 Eli Lilly: Orforglipron (Oral GLP-1)

Lilly's oral non-peptide GLP-1 agonist offers a differentiated convenience profile:

- **Mechanism:** Selective GLP-1 receptor agonist (oral, once-daily).
- **Efficacy:** ATTAIN-2 demonstrated 10.5% weight loss at 72 weeks in T2D patients.
- **Differentiator:** Oral administration without food/water restrictions.
- **Implications for VK2735:** Lower efficacy profile; VK2735 should exceed orforglipron on weight loss, competing on efficacy rather than convenience.

3.2.3 Novo Nordisk: Semaglutide (Wegovy)

The first-in-class GLP-1 obesity therapy remains the market leader by volume:

- **Mechanism:** Selective GLP-1 receptor agonist.
- **Efficacy:** STEP trials showed 15-17% weight loss at 68 weeks.
- **Market Position:** Dominant market share; supply constraints limiting growth.
- **Implications for VK2735:** VK2735 should exceed semaglutide on efficacy; dual mechanism provides clear differentiation.

3.2.4 Amgen: MariTide (AMG 133)

MariTide represents a differentiated next-generation approach with monthly dosing:

- **Mechanism:** Bispecific GLP-1 agonist / GIP receptor antagonist (unique).
- **Efficacy:** Phase 2 demonstrated $\sim$20% weight loss at 52 weeks with no plateau.
- **Differentiator:** Monthly or quarterly dosing via extended half-life antibody construct.
- **Implications for VK2735:** Most direct competitor for "best-in-class" positioning. MariTide's unique GIP antagonism (vs. VK2735's GIP agonism) creates a natural experiment on optimal GIP modulation.

3.3 Competitive Benchmarks: What Viking Needs to Show

Competitive Position	Weight Loss	Implication	Valuation Impact
Best-in-Class	>20%	Partnership/buyout interest	$15B+
Competitive	17-20%	Standalone viable; good positioning	$10-15B
Market Participation	15-17%	Third-tier player; challenging	$6-10B
Insufficient	<15%	Limited commercial potential	$2-4B

Table 4: VK2735 Competitive Benchmarks and Valuation Implications

3.4 Differentiation Opportunities

Beyond headline efficacy, VK2735 may differentiate on several dimensions:

1. **Tolerability Profile:** If Phase 3 confirms lower GI adverse event rates vs. tirzepatide, this could support preferential prescribing.
2. **Manufacturing Efficiency:** Viking's peptide may offer production advantages vs. complex antibody-based approaches (MariTide).
3. **Oral Formulation:** Viking's parallel oral VK2735 program (Phase 2: 12.2% weight loss) could provide lifecycle extension and patient choice.
4. **Pricing Strategy:** As a smaller company, Viking may price below Lilly/Novo to capture market share or attract acquisition interest.

4 Safety Signal Analysis: GLP-1/GIP Class Risks

Regulatory and commercial success for VK2735 requires not only competitive efficacy but also a clean safety profile. Analysis of FDA FAERS data and clinical trial experience identifies several adverse event categories requiring close monitoring.

4.1 GLP-1/GIP Class Safety Profile

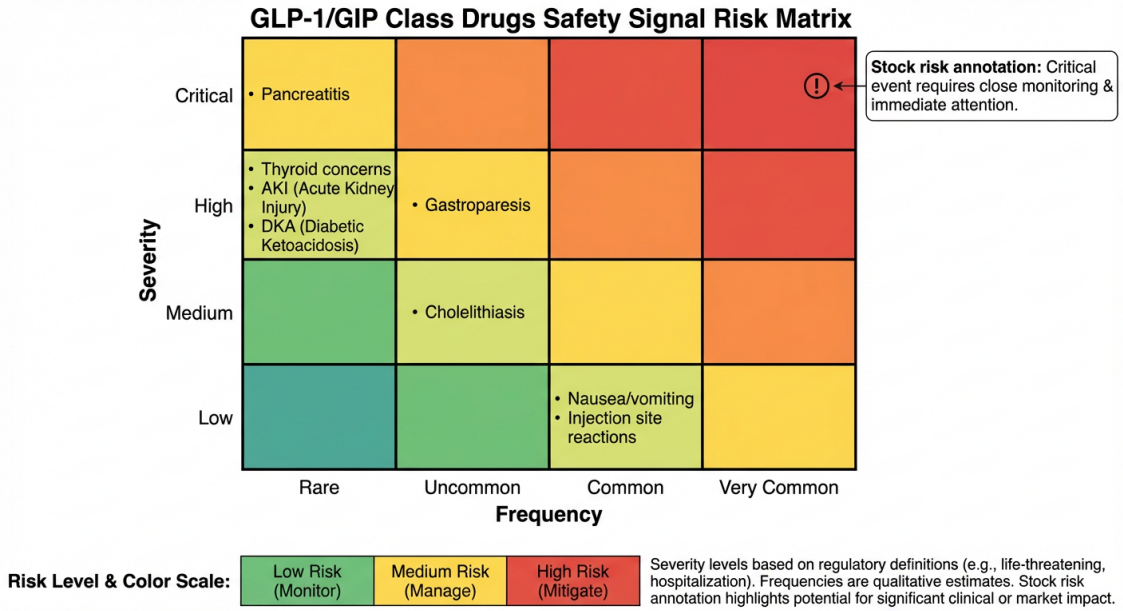

Figure 5: GLP-1/GIP Class Safety Risk Matrix. Heatmap categorizing adverse events by frequency and severity. Red zone events (high severity, any frequency) represent potential stock-moving safety signals. The matrix highlights pancreatitis, gastroparesis, and thyroid concerns as key monitoring priorities for the VANQUISH program.

4.2 Adverse Events by Category

4.2.1 Gastrointestinal Events (High Frequency, Generally Manageable)

- **Nausea/Vomiting:** Most common AEs across GLP-1 class (30-50% incidence). Generally mild-moderate, decreasing with continued treatment. Phase 2 VK2735 showed favorable trajectory post-titration.
- **Constipation/Diarrhea:** Common (15-25%); rarely treatment-limiting.
- **Gastroparesis/Delayed Gastric Emptying:** Emerging signal in FAERS data. Clinical significance debated; pre-existing dysmotility may increase risk.

Stock Impact: Low unless incidence significantly exceeds competitors or causes unexpectedly high discontinuation rates.

4.2.2 Pancreatitis (Low Frequency, High Severity)

- **Background:** Historical concern for incretin class; mechanism unclear but potentially related to gallbladder effects.
- **FAERS Data:** Semaglutide and exenatide show strongest signals; tirzepatide relatively lower.
- **Phase 2 VK2735:** No pancreatitis cases reported; numbers insufficient for rare event detection.

Stock Impact: HIGH. Confirmed pancreatitis signal in Phase 3 (e.g., >0.5% incidence) would significantly impair commercial positioning and trigger 20-40% stock decline.

4.2.3 Thyroid/Medullary Thyroid Carcinoma (Theoretical Risk)

- **Background:** GLP-1 agonists carry boxed warning based on rodent thyroid C-cell tumor data. Human relevance remains unproven.
- **FAERS Data:** No clear signal for thyroid malignancy in humans across GLP-1 class.
- **Monitoring:** All GLP-1 trials exclude patients with MTC history or MEN2 syndrome.

Stock Impact: MODERATE-HIGH. Any confirmed MTC case in Phase 3 would trigger regulatory scrutiny despite expected low background incidence.

4.2.4 Cholelithiasis/Cholecystitis (Moderate Frequency, Moderate Severity)

- **Mechanism:** Rapid weight loss and GLP-1-induced gallbladder stasis increase gallstone risk.
- **Incidence:** 1-3% across GLP-1 trials; managed with monitoring and cholecystectomy if needed.

Stock Impact: LOW unless incidence significantly exceeds competitors.

4.2.5 Renal Events (Emerging Signal)

- **FAERS Data:** Semaglutide shows signals for acute kidney injury (AKI) and nephrolithiasis.
- **Mechanism:** Likely secondary to dehydration from GI effects; direct nephrotoxicity unlikely.
- **Monitoring:** Renal function monitoring recommended; hydration counseling essential.

Stock Impact: MODERATE. Unexpected renal safety signal could differentiate VK2735 negatively or positively.

4.3 Safety Signals That Would "Tank the Stock"

Based on FAERS analysis and competitive precedent, the following safety findings in VANQUISH would likely trigger significant (>30%) stock decline:

Safety Signal	Threshold	Impact
Acute pancreatitis	>0.5% incidence	Boxed warning risk; commercial impairment
Medullary thyroid carcinoma	Any confirmed case	Regulatory hold possible
Severe hypoglycemia (T2D arm)	>2% incidence	Limits T2D indication
Suicidal ideation/behavior	Signal detected	Major FDA concern (recent focus)
Cardiovascular events (MACE)	Imbalance vs. placebo	Requires CVOT; delays approval
Hepatotoxicity	>1% ALT elevation >3x ULN	Requires additional monitoring

Table 5: Potential Stock-Moving Safety Signals for VK2735 Phase 3

4.4 FDA's Recent GLP-1 Safety Focus

In 2024, FDA removed the suicidal ideation/behavior warning from GLP-1 labels following comprehensive meta-analysis. However, the agency continues to monitor:

- Gastroparesis and intestinal obstruction reports
- Long-term effects on bone mineral density
- Potential for off-label use in non-obese populations

VK2735's clean Phase 2 safety profile is encouraging, but Phase 3 will provide the statistical power to detect rare events.

5 Street Expectations and Valuation Analysis

5.1 Current Valuation Context

Viking Therapeutics trades at approximately $6 billion market capitalization, reflecting:

- Phase 2 proof-of-concept for VK2735 in obesity
- Ongoing Phase 3 enrollment and anticipated 2026-2027 readout
- Optionality on oral VK2735 formulation and VK2809 (NASH asset)
- Significant binary event risk around Phase 3 outcome

5.2 Comparable Company Analysis

Company	Market Cap	Stage	Notes
Eli Lilly (obesity segment)	$800B+ total	Commercial	Tirzepatide generating $4B+ annually
Novo Nordisk (obesity segment)	$400B+ total	Commercial	Semaglutide dominant; supply-constrained
Amgen (MariTide)	$150B total	Phase 3	MariTide at Phase 3; implicit value $20-30B
Viking Therapeutics	$6B	Phase 3	VK2735 primary value driver
Structure Therapeutics	$2B	Phase 2	Oral GLP-1; earlier stage

Table 6: Obesity Therapeutics Comparable Company Valuations

5.3 What's Priced In?

At $6B market cap, the market appears to price:

- **Base case Phase 3 success** (60-70% probability implied): Competitive efficacy in the 15-18% weight loss range.
- **Modest partnership premium:** Some optionality for licensing or acquisition.
- **Limited downside protection:** Bear case scenarios (Phase 3 failure, safety issues) would result in significant valuation compression.

5.4 Valuation Framework

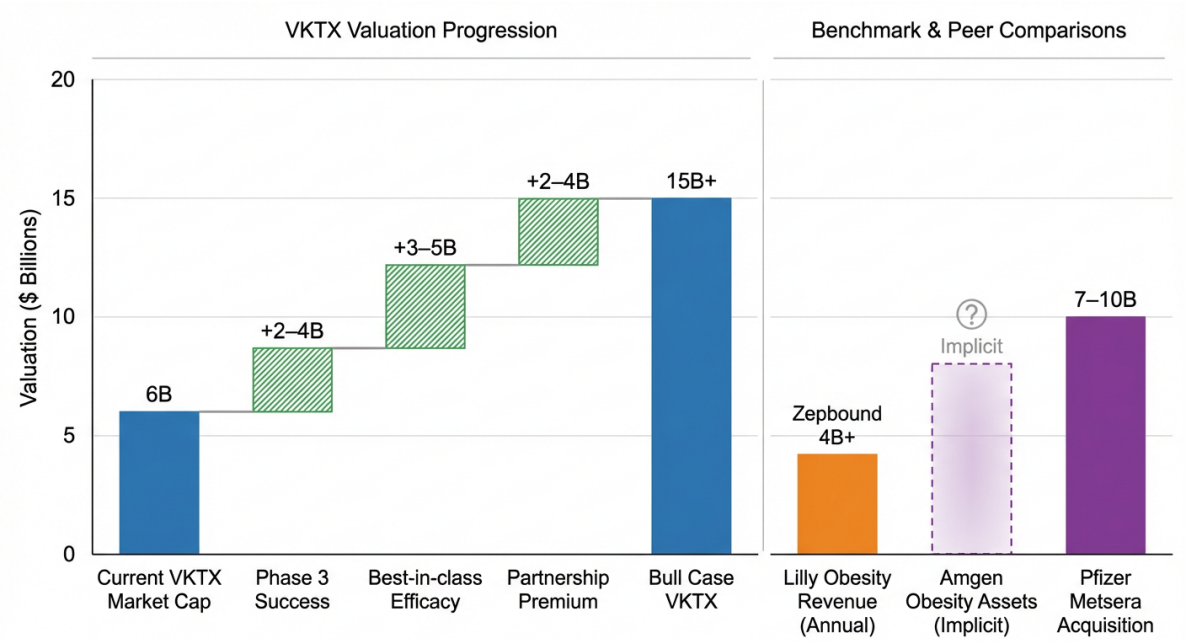

Figure 6: VKTX Valuation Waterfall Analysis. Starting from the current $6B market cap, the chart illustrates potential value creation drivers: Phase 3 success (+$2-4B), best-in-class efficacy (+$3-5B), and partnership/acquisition premium (+$2-4B), leading to bull case valuations of $15B+. Benchmarks include Pfizer's Metsera acquisition ($7-10B) and Lilly's obesity revenue contribution.

5.4.1 M&A Precedents

Recent obesity/metabolic M&A transactions provide valuation context:

- **Pfizer/Metsera (2025):** $7.3-10B for Phase 2 incretin portfolio—establishes floor for clinical-stage obesity assets with competitive data.
- **Lilly/Morphic (2024):** $3.2B for Phase 2 IBD asset with metabolic relevance.
- **Implied MariTide Value:** Analysts estimate Amgen's MariTide at $20-30B implicit value within Amgen's total market cap.

5.4.2 Revenue-Based Valuation

Assuming VK2735 achieves 5-10% market share in a $100B+ obesity market by 2030:

Scenario	Peak Sales	NPV (10% discount)	Risk-Adjusted NPV
Bull	$8-10B	$25-30B	$15-18B (60% PoS)
Base	$4-6B	$12-18B	$8-12B (70% PoS)
Bear	$1-2B	$3-6B	$2-4B (80% PoS)

Table 7: VK2735 Revenue-Based Valuation Scenarios

6 Scenario Analysis: Probability-Weighted Outcomes

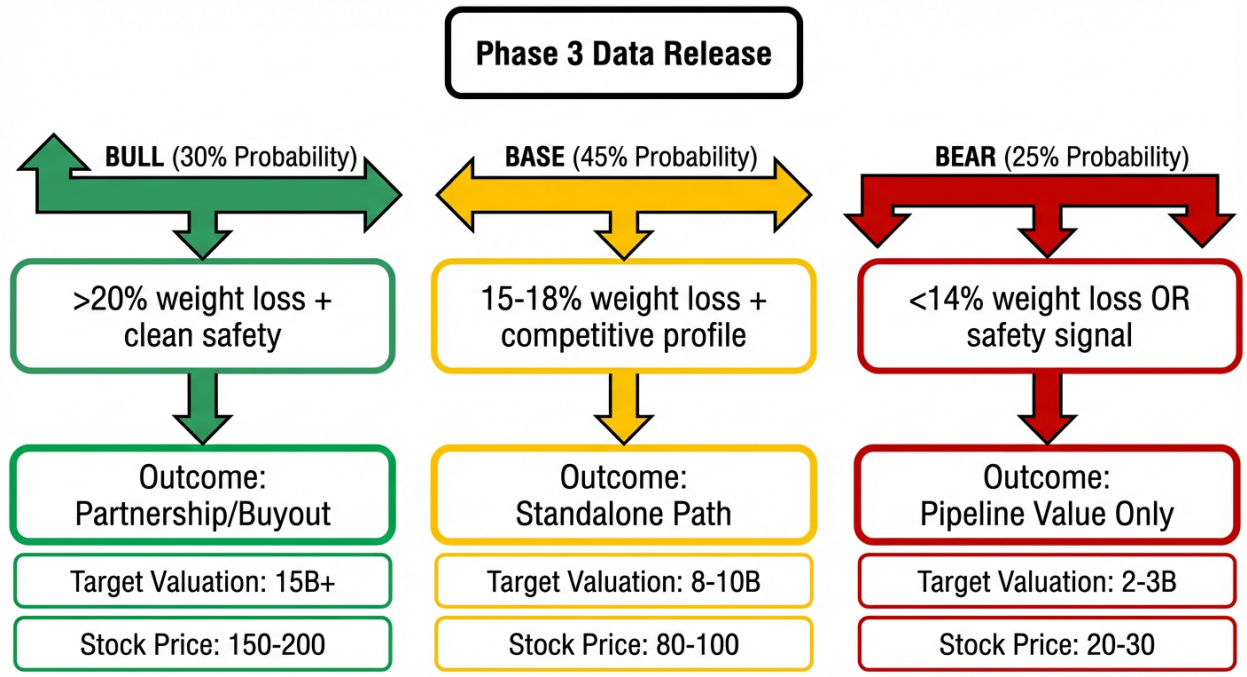

Figure 7: VKTX Phase 3 Scenario Analysis Decision Tree. Three probability-weighted scenarios based on Phase 3 efficacy and safety outcomes, with corresponding valuation ranges and stock price targets.

6.1 Bull Case (30% Probability)

Scenario: VK2735 demonstrates >20% weight loss at 78 weeks with clean safety profile, establishing best-in-class positioning.

- **Clinical Outcome:** 17.5 mg dose achieves 20-22% mean weight loss; >70% of patients achieve ≥15% loss; tolerability superior to tirzepatide.
- **Strategic Outcome:** Multiple large pharma parties express acquisition or partnership interest. Lilly, Pfizer, Roche, and/or AstraZeneca engage in discussions.
- **Valuation:** $15-20B acquisition value ($150-200/share) or partnership with significant upfront ($2-3B) and milestone payments.
- **Catalysts:** Phase 3 readout; partnership announcement within 6-12 months of data.

Investment Implication: 150-230% upside from current levels.

6.2 Base Case (45% Probability)

Scenario: VK2735 demonstrates 15-18% weight loss with acceptable safety, positioning as competitive but not clearly differentiated from tirzepatide.

- **Clinical Outcome:** 17.5 mg dose achieves 16-18% mean weight loss; ∼55-65% achieve ≥15% loss; safety comparable to class.
- **Strategic Outcome:** Viking pursues standalone commercialization path; may seek ex-US partnership. NDA filing in 2027-2028; approval 2028-2029.
- **Valuation:** $8-12B market cap ($80-120/share) reflecting standalone commercial potential with competition from Lilly, Novo, and Amgen.
- **Catalysts:** NDA filing; partnership discussions; early commercial preparation.

Investment Implication: 30-100% upside from current levels, but execution risk increases.

6.3 Bear Case (25% Probability)

Scenario: VK2735 disappoints on efficacy (<14% weight loss) or raises safety concerns, limiting commercial viability.

- **Clinical Outcome:** Efficacy significantly below tirzepatide; potential safety signal (pancreatitis, CV events); or unexpectedly high discontinuation rates.
- **Strategic Outcome:** VK2735 obesity program deprioritized; Viking pivots to VK2809 (NASH) and oral formulation. Partnership interest evaporates.
- **Valuation:** $2-4B market cap ($20-40/share) reflecting pipeline optionality without lead asset value.
- **Catalysts:** Negative Phase 3 readout; strategic review announcement.

Investment Implication: 35-65% downside from current levels.

6.4 Probability-Weighted Expected Value

Scenario	Probability	Midpoint Value	Weighted Value
Bull Case	30%	$17.5B	$5.25B
Base Case	45%	$10.0B	$4.50B
Bear Case	25%	$3.0B	$0.75B
Expected Value	100%	—	**$10.5B**

Table 8: Probability-Weighted Expected Value Analysis

Interpretation: The probability-weighted expected value of $10.5B suggests approximately 75% upside from the current $6B market cap, indicating the stock is attractively valued for risk-tolerant investors willing to accept binary event volatility.

7 Options Strategy Analysis

Given the binary nature of the Phase 3 catalyst, options strategies offer investors the ability to express directional views while managing downside risk.

7.1 Implied Volatility Context

Options markets typically price elevated implied volatility (IV) ahead of major catalysts:

- **Current IV:** Likely 80-120% annualized for near-dated options (above historical volatility of 60-80%).
- **IV Crush Post-Catalyst:** Expect IV to compress 30-50% following Phase 3 readout, regardless of direction.
- **Implication:** Long premium strategies (calls, puts, straddles) must overcome IV crush to profit; selling premium is risky given potential large moves.

7.2 Strategy Comparison

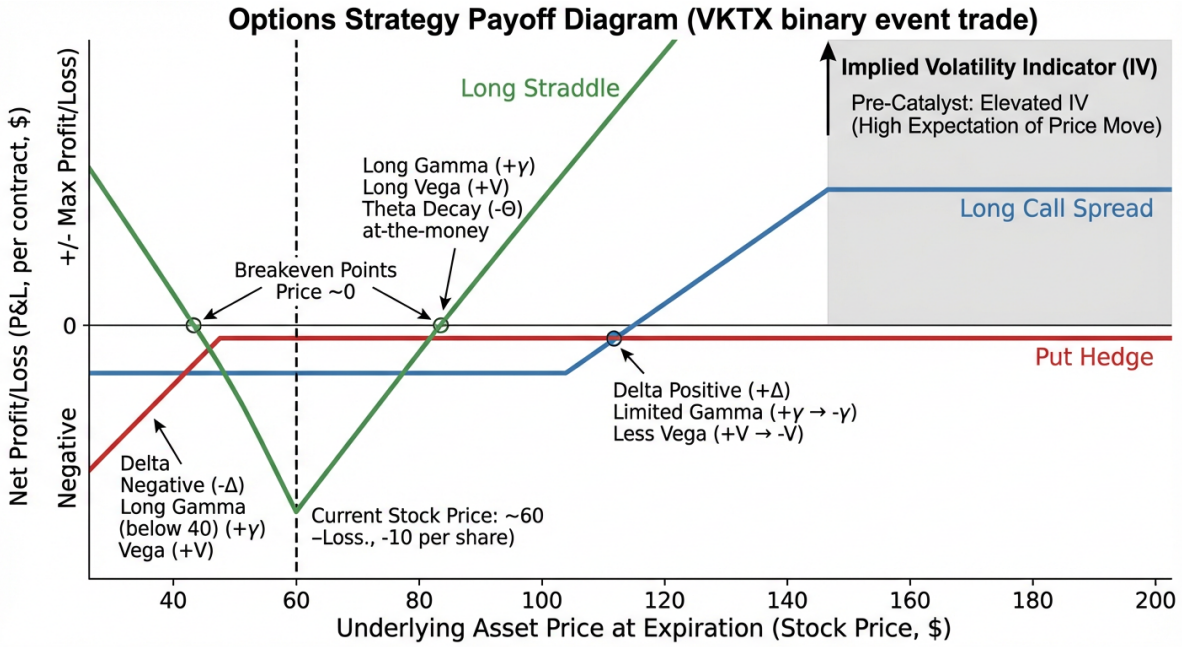

Figure 8: Options Strategy Payoff Diagram for VKTX Catalyst Event. Comparison of long straddle, call spread, and protective put strategies showing P&L across stock price outcomes. The straddle profits from large moves in either direction; the call spread captures limited upside with lower premium; the put hedge provides downside protection.

7.2.1 Strategy 1: Long Straddle (Volatility Play)

Structure: Buy ATM call + ATM put (same strike, same expiration).

- **Rationale:** Profits from large stock movement in either direction; agnostic on outcome.
- **Breakeven:** Stock must move >15-20% (combined premium) to profit.
- **Risk:** Maximum loss is total premium paid; IV crush accelerates time decay.
- **Best For:** Investors expecting large move but uncertain on direction.

Recommendation: NEUTRAL. High premium cost and IV crush risk; only attractive if expecting >30% stock move.

7.2.2 Strategy 2: Bull Call Spread (Directional Upside)

Structure: Buy OTM call (e.g., $70 strike) + Sell further OTM call (e.g., $100 strike).

- **Rationale:** Captures upside to cap level with reduced premium cost.
- **Breakeven:** Lower strike + net premium paid.
- **Risk:** Maximum loss is net premium; upside capped at short strike.
- **Best For:** Investors with bullish conviction seeking defined risk.

Recommendation: FAVORABLE. Lower premium than outright call; captures base-to-bull case upside.

7.2.3 Strategy 3: Protective Put (Downside Hedge)

Structure: Long stock + Long OTM put (e.g., $45 strike).

- **Rationale:** Maintains upside exposure while capping downside loss.
- **Breakeven:** Stock price at entry + put premium.
- **Risk:** Put premium reduces net returns; protection level determines cost.
- **Best For:** Existing shareholders seeking event protection.

Recommendation: FAVORABLE for existing holders. Cost of insurance justified by 25% bear case probability.

7.2.4 Strategy 4: Risk Reversal (Synthetic Long)

Structure: Sell OTM put + Buy OTM call (zero or near-zero net premium).

- **Rationale:** Bullish position funded by downside exposure; leveraged upside.
- **Breakeven:** Stock price at call strike; losses begin below put strike.
- **Risk:** Significant downside exposure below put strike; margin requirements.
- **Best For:** High-conviction bulls willing to accept bear case losses.

Recommendation: AGGRESSIVE. Only suitable for investors with strong bullish conviction.

7.3 Recommended Options Setup

For investors seeking to establish or enhance VKTX exposure ahead of the Phase 3 catalyst:

Investor Type	Strategy	Risk Level	Expected Return
Bullish, High Conviction	Risk Reversal	High	100-200%+
Bullish, Moderate Conviction	Bull Call Spread	Medium	50-150%
Long Holder, Hedging	Protective Put	Low-Medium	Market − premium
Uncertain, Volatility View	Long Straddle	Medium-High	Variable

Table 9: Options Strategy Recommendations by Investor Profile

8 Risk Factors

8.1 Clinical/Regulatory Risks

1. **Phase 3 Efficacy Disappointment:** VK2735 fails to achieve competitive weight loss, limiting commercial viability and partnership interest.
2. **Safety Signal Emergence:** Unexpected adverse events (pancreatitis, cardiovascular, hepatic) in Phase 3 trigger regulatory concerns or boxed warnings.
3. **Regulatory Delay:** FDA requests additional studies, longer follow-up, or cardiovascular outcomes trial before approval.
4. **Manufacturing Challenges:** Scale-up issues delay commercial supply or increase costs.

8.2 Competitive Risks

1. **Tirzepatide Dominance:** Lilly's head start and established market position limits VK2735 commercial opportunity.
2. **MariTide Superiority:** Amgen's monthly dosing and strong efficacy capture prescriber preference.
3. **Pricing Pressure:** Payer restrictions on GLP-1 class limit market access; price competition emerges.
4. **Next-Generation Entrants:** Additional competitors (oral GLP-1, triple agonists) further fragment market.

8.3 Corporate/Financial Risks

1. **Capital Requirements:** Standalone commercialization requires significant investment; dilutive financing possible.
2. **Partnership Dependence:** Failure to secure partnership leaves Viking under-resourced for global launch.
3. **Key Personnel Risk:** Small company dependent on experienced leadership team.
4. **Patent/IP Risk:** Freedom-to-operate challenges or patent litigation from competitors.

9 Conclusions and Investment Recommendation

9.1 Summary of Key Points

1. **Compelling Mechanism and Phase 2 Data:** VK2735's dual GLP-1/GIP agonism produced 14.7% weight loss at 13 weeks—a trajectory potentially approaching 20% at 78 weeks if sustained.

2. **Well-Designed Phase 3 Program:** VANQUISH enrolls 5,750+ patients testing three doses over 78 weeks, providing robust efficacy and safety data for regulatory submission.

3. **Competitive but Achievable Bar:** To generate significant value creation, VK2735 must demonstrate $\geq$18% weight loss to be considered competitive and $\geq$20% to attract best-in-class acquisition interest.

4. **Favorable Risk-Reward:** Probability-weighted expected value of $10.5B vs. current $6B market cap suggests attractive upside for risk-tolerant investors.

5. **Binary Catalyst:** Phase 3 readout (2026-2027) represents the primary value inflection point; investors must be prepared for significant volatility.

9.2 Investment Thesis Summary

Factor	Assessment
Mechanism Quality	Strong (validated dual agonism)
Phase 2 Signal	Compelling (14.7% at 13 weeks)
Competitive Position	Potentially Best-in-Class (if >20% achieved)
Valuation	Attractive ($6B vs. $10.5B expected value)
Risk Profile	High (binary Phase 3 event)
Time Horizon	12-18 months (Phase 3 readout)

Table 10: VKTX Investment Thesis Summary

9.3 Price Targets

Scenario	Probability	12-Month Target
Bull Case (Best-in-class data, partnership)	30%	$150-200
Base Case (Competitive data, standalone)	45%	$80-120
Bear Case (Disappointing data/safety)	25%	$20-40
Probability-Weighted Target	—	**$95-105**

Table 11: VKTX 12-Month Price Targets by Scenario

9.4 Recommended Actions

For New Investors:

- Consider establishing initial position (1-2% portfolio weight) given favorable risk-reward.
- Use bull call spreads to define risk while capturing upside to base/bull scenarios.
- Avoid full position sizing until Phase 3 visibility improves.

For Existing Shareholders:

- Consider protective puts to hedge 25% bear case probability.
- Maintain core position given attractive probability-weighted expected value.
- Avoid adding significantly at current levels given binary risk.

For Short Sellers:

- Risk-reward unfavorable given potential 150%+ upside in bull case.
- If bearish, consider defined-risk put spreads rather than short stock.

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A Appendix: Detailed Trial Parameters

A.1 VANQUISH-1 Inclusion/Exclusion Criteria

Inclusion Criteria:

- Adults aged 18-75 years
- BMI $\geq$30 kg/m^2, or BMI $\geq$27 kg/m^2 with at least one weight-related comorbidity (hypertension, dyslipidemia, obstructive sleep apnea, cardiovascular disease)
- Stable body weight ($<$5% change) for $\geq$3 months prior to screening
- Willing to follow lifestyle modification program

Exclusion Criteria:

- Type 1 or Type 2 diabetes mellitus
- History of pancreatitis
- Personal or family history of medullary thyroid carcinoma or MEN2 syndrome
- Significant cardiovascular event within 6 months
- Prior bariatric surgery
- Use of weight loss medications within 3 months

A.2 VK2735 Dosing Schedule

Week	7.5 mg Arm	12.5 mg Arm	17.5 mg Arm	Placebo
1-4	2.5 mg	2.5 mg	2.5 mg	Placebo
5-8	5.0 mg	5.0 mg	5.0 mg	Placebo
9-12	7.5 mg	7.5 mg	7.5 mg	Placebo
13-16	7.5 mg	10.0 mg	10.0 mg	Placebo
17-20	7.5 mg	12.5 mg	12.5 mg	Placebo
21-24	7.5 mg	12.5 mg	15.0 mg	Placebo
25-78	7.5 mg	12.5 mg	17.5 mg	Placebo

Table 12: VK2735 Dose Escalation Schedule in VANQUISH Trials