

Caladrius (NASDAQ/CLBS)

May 23, 2019

BUY: Focus on Ischemic Disease

Jason H. Kolbert

Head of Healthcare Research

646-465-6891

jkolbert@dawsonjames.com

Caladrius (CLBS) Biosciences reported the quarter's progress with the ESCaPE-CMD (U.S.) study by year end and data from the CLI study in Japan by this time next year. Caladrius spent just \$4.4M in the 1Q and ended the period with \$38M in cash.

Investment Highlights

Catalysts and Cash. Caladrius ended 1Q19 with \$38M in cash versus a burn rate of \$4.4M in the quarter. We combine this with data coming around two key programs, Coronary Microvascular Dysfunction – CMD and Critical Limb Ischemia (CLI) and we see an opportunity on good data for the company to commercialize its CD34 cell therapy product line.

What is CD34? CD34 is a cell surface glycoprotein CD34 which is expressed on a small fraction of human bone marrow and progenitor cells. The CD34 population appears to be responsible for a significant amount of hematopoietic activity and cell signaling. These cells are believed among other things to promote the growth of microvasculature (blood supply). As such, Caladrius is developing an autologous approach to harvesting, isolating and returning the cells to patients through intramuscular, intracoronary and intramyocardial injection as represented by the three active programs: 1. CLBS12 (Critical Limb Ischemia or CLI, with a 51K patient market in Japan), CLBS14 (Coronary Microvascular Dysfunction or CMD, with 8.3M U.S. patients) and CLBS14 (No Option Refractory Disabling Angina or NORDA with just under 100k U.S. patients).

Valuation. For Caladrius as an early stage biotechnology company with no revenues, we use our highest discount rate of 30% in our free cash flow to the firm (FCFF), discounted EPS and Sum of the parts (SOP) models. Our models go out ten years to 2029, and we project dilutions. Caladrius currently has just under 10 million shares outstanding. We assume by 2029 a fully diluted share count of 73M shares. We triangulate FCFF, discounted EPS (2022), and sum-of-the-parts models. We then average and equally weight each model to derive an NPV, which is rounded to the nearest whole number to set our target price. Investors should recognize that this modeling exercise, which models forward for ten years, while projected based on the current data and estimates, is limited in its ability to predict a 12-month target. The price of the stock will ultimately be driven near term by factors such as news flow, early trial data, and cyclic concerns of financings (dilution). Please see our valuation metrics on the pages that follow.

Risk Analysis: Clinical and regulatory risk, Commercial risk, Employee risk, Financial risk, Intellectual property risk, Reimbursement and insurance payment risk.

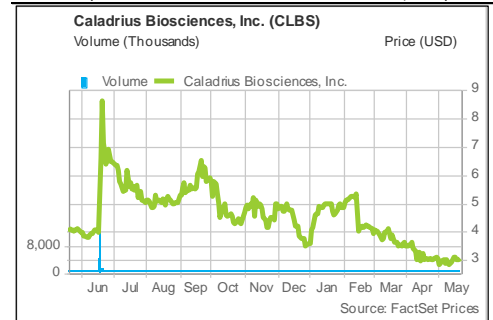
Current Price	\$3.03
Price Target	\$7.00

Estimates	F2018A	F2019E	F2020E
Expenses (\$000s)	\$ 16,987	\$ 19,167	\$ 25,366
1Q March	\$ 5,159	\$ 4,592	\$ 5,580
2Q June	\$ 4,269	\$ 4,485	\$ 6,088
3Q September	\$ 3,763	\$ 4,858	\$ 6,595
4Q December	\$ 3,796	\$ 5,232	\$ 7,102

	F2018A	F2019E	F2020E
EPS (diluted)	\$ (1.67)	\$ (1.18)	\$ (0.54)
1Q March	\$ (0.52)	\$ (0.44)	\$ (0.12)
2Q June	\$ (0.43)	\$ (0.43)	\$ (0.13)
3Q September	\$ (0.36)	\$ (0.15)	\$ (0.14)
4Q December	\$ (0.36)	\$ (0.17)	\$ (0.15)

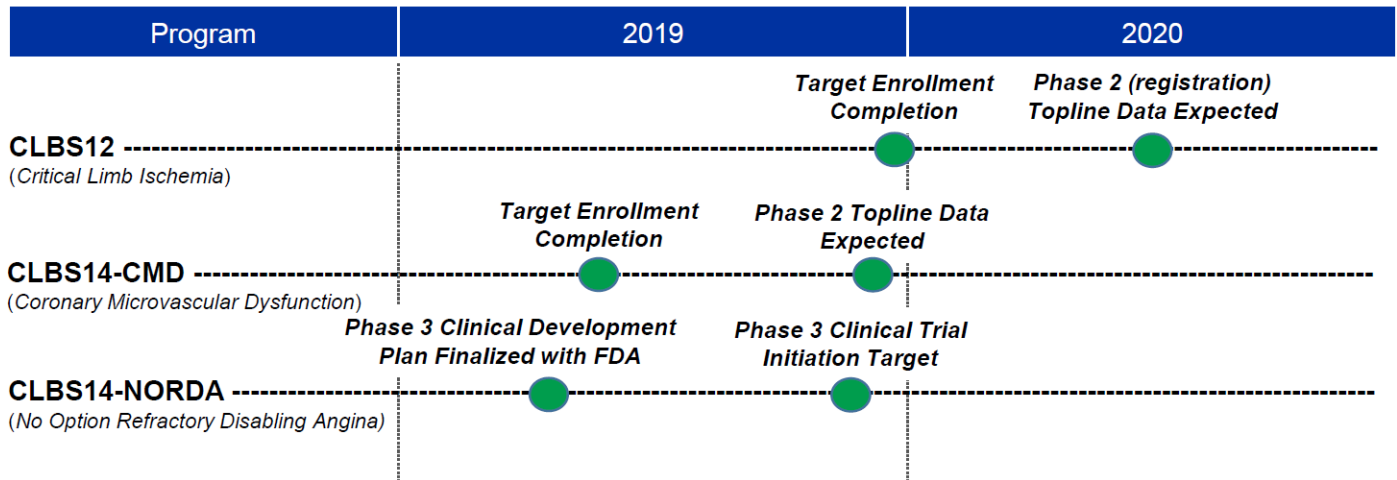
EBITDA/Share	(\$1.67)	(\$0.17)	(\$0.15)
EV/EBITDA (x)	-	-6	-67

Stock Data			
52-Week Range	\$2.77	-	\$11.65
Shares Outstanding (mil.)	10.4		
Market Capitalization (mil.)	\$31		
Enterprise Value (mil.)	-\$10		
Debt to Capital	5%		
Book Value/Share	\$5.33		
Price/Book	0.9		
Average Three Months Trading Volume (K)	18		
Insider Ownership	11.7%		
Institutional Ownership	18.6%		
Short interest (mil.)	0.4%		
Dividend / Yield	\$0.00/0.0%		



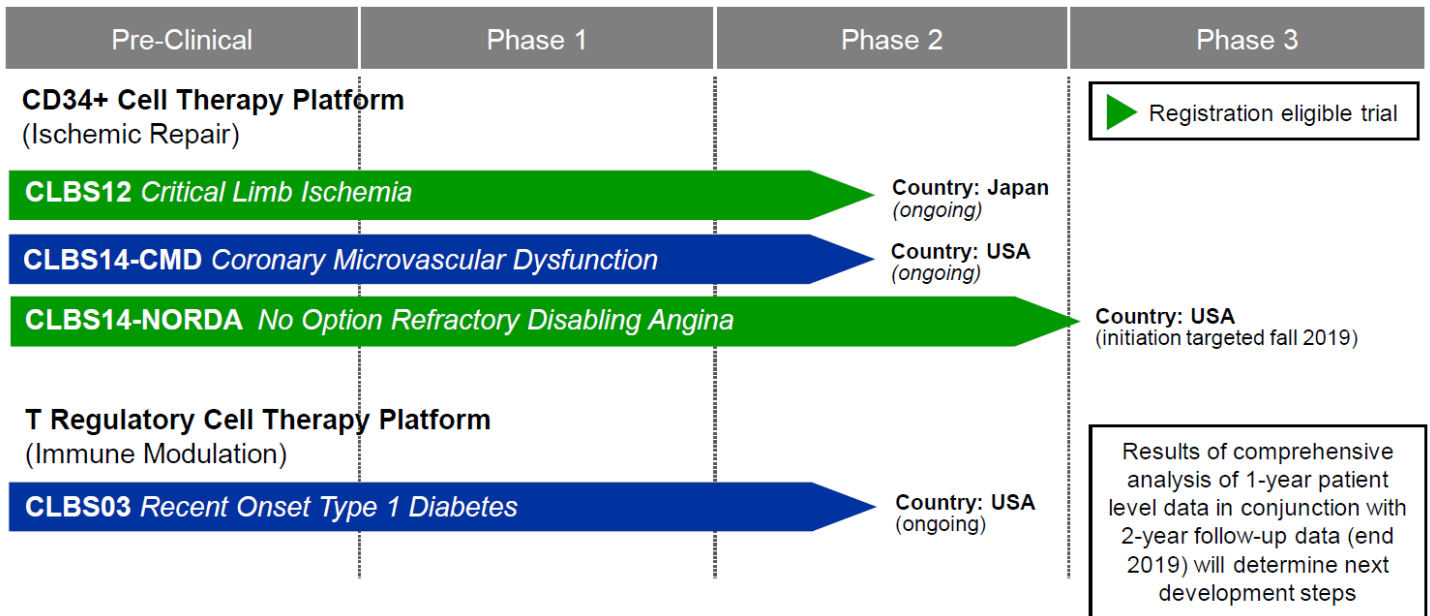
Update - May 23, 2019 - Buy - Price Target \$7.00

Exhibit 1. Milestones and Catalysts for Caladrius



Source: Caladrius

Exhibit 2. Caladrius Proposed Pipeline.



Source: Caladrius

Modeling Assumptions

We model CLI, Microvascular Dysfunction and No Option Refractory Disabling Angina (NORDA) in Japan, the U.S. and in Europe and apply probability of success estimates to each indication in each country.

Critical Limb Ischemia (CLI)

1. CLI in Japan. We assume that the CLI indication is approved in Japan and commercialized by 2021 at a price equivalent of \$30k per treatment, which could prove conservative. We estimate the market share as modest initially and at peak reaching 28% by 2029. We assign our highest success probability (among all the indications and countries) to CLI in Japan of 60%. This is based on our belief that with efficacy and new Japanese regulations Caladrius could see a rapid approval.
2. CLI in the U.S. and Europe. Here we assume a longer time line to the market, 2025 for the U.S., and 2016 for Europe with just a 15% probability of success. We caveat this assumption with the idea, that Caladrius may receive RMAT designation, setting the stage for a modest N=150 patient Phase 2/3 CLI trial which could create a more accelerated path to the marketplace. For now, for purposes of conservatism, we do not assume such. We also assume a much lower probability of success for CLI in the U.S. based on a combination of factors including the long history of failed CLI trials in the states and the fact that Caladrius U.S. and European focus is really on Coronary Microvascular Dysfunction and NORDA. We expect CLI to be staged behind these programs, but that could change. As such we heavily discount CLI's U.S. and EU impact on Caladrius' valuation.

Coronary Microvascular Dysfunction (CMD)

1. We estimate that U.S. approval in CMD is possible by 2024, Europe by 2026, and Japan first by 2023 although Japan represents the smallest of the three markets (but still large at an estimated prevalence of 1M patients) versus the U.S. at over 8M and Europe at 6M patients.
2. We assume Japanese pricing of just \$20k per treatment (fewer cells versus other indications such as CLI) however this may change, followed by U.S. pricing of 25k and for Europe an assumed price of \$24k. We assume just a 15% probability of approval in CMD in Europe and the U.S., but in Japan, we increase that to 40% since MOHW will be familiar with the therapy through the CLI indication.

No Option Refractory Disabling Angina (NORDA)

1. We estimate that U.S. approval in NORDA could arrive by 2023. This is a smaller niche market versus CLI or CMD but still substantial at a prevalence of 90k patients. We anticipate a higher price of \$100k per therapy course. We assume a modest market share at just 6% by 2029 and a 15% probability of success with similar assumptions for Europe. For Japan, we see an even smaller market, 30k annual patients. We maintain a 15% probability of success and similar market share assumptions in Japan too. We see Japan as a fast follower for NORDA.

Exhibit 3. Therapeutic (Product) Models

Japan CLI Target Market	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
51K *No Option* CLI at baseline:	51,000	51,510	51,510	51,510	51,510	50,995	50,485	49,980	49,480	48,985	48,496	48,011
Market Size Growth (Annual)	1.0%	0.0%	0.0%	0.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
% with Tissue Loss	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
CLI Patients with Tissue Loss (subset of No Options)	25,500	25,755	25,755	25,755	25,755	25,497	25,242	24,990	24,740	24,493	24,248	24,005
% viable for Therapy (insurance, co-morbidities) et al	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
CLI Target Patient Population	20,400	20,604	20,604	20,604	20,604	20,398	20,194	19,992	19,792	19,594	19,398	19,204
Market Share Penetration	0%	0%	0%	3%	5%	8%	14%	24%	37%	50%	62%	75%
Price Per Procedure	\$ 30,000	\$ 30,300	\$ 30,603	\$ 30,909	\$ 31,218	\$ 31,530	\$ 31,846	\$ 32,162	\$ 32,478	\$ 32,794	\$ 33,110	\$ 33,426
Price Growth	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Probability of Success	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Annual Sales (M) \$	-	-	-	11	19	31	54	89	137	196	267	350

Source: Dawson James

U.S.A. CLI Target Market	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
300K *No Option* CLI at baseline:	300,000	303,000	306,030	309,090	312,181	315,303	318,456	321,641	324,857	328,107	331,387	334,701
Market Size Growth (Annual)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
% with Tissue Loss	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
CLI Patients with Tissue Loss (subset of No Options)	150,000	151,500	153,015	154,545	156,091	157,652	159,228	160,820	162,429	164,053	165,693	167,350
% viable for Therapy (insurance, co-morbidities) et al	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
CLI Target Patient Population	75,000	75,750	76,508	77,273	78,045	78,826	79,614	80,410	81,214	82,026	82,847	83,675
Market Share Penetration	0%	0%	0%	0%	0%	0%	0%	4%	5%	10%	15%	20%
Price Per Procedure	\$ 50,000	\$ 50,500	\$ 51,005	\$ 51,515	\$ 52,030	\$ 52,551	\$ 53,076	\$ 53,607	\$ 54,143	\$ 54,684	\$ 55,231	\$ 55,783
Price Growth	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Probability of Success	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Annual Sales (M) \$	-	-	-	-	-	-	-	26	33	67	103	140

Source: Dawson James

European CLI Target Market	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
560K *No Option* CLI at baseline:	560,000	565,600	571,256	576,969	582,738	588,566	594,451	600,396	606,400	612,464	618,588	624,774
Market Size Growth (Annual)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
% with Tissue Loss	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
CLI Patients with Tissue Loss (subset of No Options)	280,000	282,800	285,628	288,484	291,369	294,283	297,226	300,198	303,200	306,232	309,294	312,387
% viable for Therapy (insurance, co-morbidities) et al	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
CLI Target Patient Population	140,000	141,400	142,814	144,242	145,685	147,141	148,613	150,099	151,600	153,116	154,647	156,194
Market Share Penetration	0%	0%	0%	0%	0%	0%	0%	0%	3%	6%	9%	12%
Price Per Procedure	\$ 45,000	\$ 45,450	\$ 45,905	\$ 46,364	\$ 46,827	\$ 47,295	\$ 47,768	\$ 48,246	\$ 48,729	\$ 49,216	\$ 49,708	\$ 50,205
Price Growth	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Probability of Success	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Annual Sales (M) \$	-	-	-	-	-	-	-	-	33	68	104	141

Source: Dawson James

Japan Coronary Microvascular Dysfunction	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Cardiovascular Disease Patients	1,000,000	1,010,000	1,020,100	1,030,301	1,040,604	1,051,010	1,061,520	1,072,135	1,082,857	1,093,685	1,104,622	1,115,668
Growth Rate - Incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
CMD Patients Eligible for Treatment	750,000	757,500	765,075	772,726	780,453	788,258	796,140	804,102	812,143	820,264	828,467	836,751
Growth Rate - Incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Qualified patients (EF, Consent, Insurance)	50%	50%	50%	50%	51%	51%	52%	52%	53%	53%	54%	54%
Change Rate in % who qualify	25%	25%	25%	25%	25%	26%	26%	26%	27%	27%	27%	27%
Viable Treatment Population	187,500	189,375	191,269	193,181	195,129	197,120	199,152	201,225	203,338	205,490	207,681	210,000
Market Share	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Treated Patients	0	0	0	0	0	0	0	0	0	0	0	0
Price of Therapy - (Annual 2% increase)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,410	\$ 167,340	\$ 261,330	\$ 362,328	\$ 471,251	\$ 589,406	\$ 716,237
Revenues (000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40%	\$ 40%	\$ 40%	\$ 40%	\$ 40%	\$ 40%	\$ 40%
Probability of Success	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Annual Sales (M) \$	-	-	-	-	-	-	32	67	104	145	189	245

Source: Dawson James

USA Coronary Microvascular Dysfunction	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Cardiovascular Disease Patients	8,300,000	8,383,000	8,466,830	8,551,498	8,637,013	8,723,383	8,810,617	8,898,723	8,987,711	9,077,588	9,168,364	9,260,047
Growth Rate - Incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
CMD Patients Eligible for Treatment	6,225,000	6,287,250	6,350,123	6,413,624	6,477,760	6,542,538	6,607,963	6,674,043	6,740,783	6,808,191	6,876,273	6,945,035
Growth Rate - Incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Qualified patients (EF, Consent, Insurance)	25%	25%	25%	25%	25%	26%	26%	26%	27%	27%	27%	27%
Change Rate in % who qualify	25%	25%	25%	25%	25%	26%	26%	26%	27%	27%	27%	27%
Viable Treatment Population	1,556,250	1,571,813	1,587,531	1,603,406	1,619,634	1,636,311	1,653,447	1,671,045	1,689,106	1,707,631	1,726,621	1,746,076
Market Share	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Treated Patients	0	0	0	0	0	0	0	0	0	0	0	0
Price of Therapy - (Annual 2% increase)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 52,000	\$ 83,500	\$ 120,500	\$ 163,500	\$ 213,000	\$ 269,500
Revenues (000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 434,022	\$ 1,354,803	\$ 1,879,567	\$ 2,444,616	\$ 3,062,354	\$ 3,735,980	\$ 4,467,510
Probability of Success	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Annual Sales (M) \$	-	-	-	-	-	-	65	203	282	367	458	476

Source: Dawson James

Europe Coronary Microvascular Dysfunction	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Cardiovascular Disease Patients	6,000,000	6,060,000	6,120,600	6,181,806	6,243,624	6,306,060	6,369,121	6,432,812	6,497,140	6,562,112	6,627,733	6,694,014
Growth Rate - Incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
CMD Patients Eligible for Treatment	4,500,000	4,545,000	4,590,450	4,636,355	4,682,718	4,729,545	4,776,841	4,824,609	4,872,855	4,921,584	4,970,800	5,020,508
Growth Rate - Incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Qualified patients (EF, Consent, Insurance)	25%	25%	25%	25%	25%	26%	26%	26%	26%	27%	27%	27%
Change Rate in % who qualify	25%	25%	25%	25%	25%	26%	26%	26%	27%	27%	27%	27%
Viable Treatment Population	1,125,000	1,136,250	1,147,613	1,159,089	1,170,676	1,182,376	1,194,189	1,206,117	1,218,161	1,230,321	1,242,597	1,254,989
Market Share	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Treated Patients	0	0	0	0	0	0	0	0	0	0	0	0
Price of Therapy - (Annual 2% increase)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,000	\$ 48,000	\$ 72,000	\$ 96,000	\$ 120,000	\$ 144,000	\$ 168,000
Revenues (000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,093	\$ 652,186	\$ 978,279	\$ 1,304,372	\$ 1,630,465	\$ 1,956,558	\$ 2,282,651
Probability of Success	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Annual Sales (M) \$	-	-	-	-	-	-	-	-	49	102	159	276

Source: Dawson James

Japan NORDA	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Cardiovascular Disease Patients	30,000	30,300	30,603	30,909	31,218	31,530	31,846	32,162	32,478	32,794	33,110	33,426
Growth Rate - Incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
NORDA Patients Eligible for Treatment	22,500	22,725	22,952	23,182	23,414	23,648	23,884	24,123	24,364	24,608	24,857	25,103
Growth Rate - Incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Qualified patients (EF, Consent, Insurance)	75%	75%	75%	75%	76%	77%	77%	78%	79%	80%	80%	81%
Change Rate in % who qualify	75%	75%	75%	75%	75%	76%	76%	76%	77%	77%	77%	77%
Viable Treatment Population	5,625	5,681	5,738	5,795	5,852	5,910	5,968	6,027	6,086	6,146	6,206	6,267
Market Share	0%	0%	0%									

Valuation. For Caladrius as an early stage biotechnology company with no revenues, we use our highest discount rate of 30% in our free cash flow to the firm (FCFF), discounted EPS and Sum of the parts (SOP) models. Our models go out ten years to 2029, and we project dilutions. Caladrius currently has just under 10 million shares outstanding. We assume by 2029 a fully diluted share count of 73M shares. We triangulate FCFF, discounted EPS (2022), and sum-of-the-parts models. We then average and equally weight each model to derive an NPV, which is rounded to the nearest whole number to set our target price. Investors should recognize that this modeling exercise, which models forward for ten years, while projected based on the current data and estimates, is limited in its ability to predict a 12-month target. The price of the stock will ultimately be driven near term by factors such as news flow, early trial data, and cyclic concerns of financings (dilution).

Exhibit 4. Free Cash Flow Model.

Average	\$	7
Price Target	\$	9
Year		2019

DCF Valuation Using FCF (mln):

units ('000)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
EBIT	(18,321)	(24,572)	(21,258)	(18,923)	10,391	96,769	241,964	405,909	594,136	799,458	970,160
Tax Rate	0%	0%	0%	0%	0%	0%	10%	18%	20%	25%	30%
EBIT(1-t)	(18,321)	(24,572)	(21,258)	(18,923)	10,391	96,769	217,768	332,845	475,309	599,593	679,112
CapEx											
Depreciation											
Change in NWC											
FCF	(18,321)	(24,572)	(21,258)	(18,923)	10,391	96,769	217,768	332,845	475,309	599,593	679,112
PV of FCF	(18,321)	(18,902)	(12,578)	(8,613)	3,638	26,063	45,116	53,044	58,268	56,541	49,262
Discount Rate	30%										
Long Term Growth Rate	1%										
Terminal Cash Flow	2,365,184										
Terminal Value YE2029	171,566										
NPV	405,085										
NPV-Debt	-										
Shares out (thousands)	46,768	2029E									
NPV Per Share	\$	9									

Source: Dawson James

Source: Dawson James

Exhibit 5. Discounted-EPS Model.

Current Year	2019
Year of EPS	2029
Earnings Multiple	10
Discount Factor	30%
Selected Year EPS	\$ 9.23
NPV	\$ 7

Source: Dawson James

		Discount Rate and Earnings Multiple Varies, Year is Constant 2029 EPS						
		6.7	5%	10%	15%	20%	25%	30%
Earnings Multiple	0		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$ -
	5		\$28.33	\$17.79	\$11.41	\$7.45	\$4.95	\$ 3.35
	10		\$56.66	\$35.58	\$22.81	\$14.90	\$9.91	\$ 6.69
	15		\$84.98	\$53.37	\$34.22	\$22.36	\$14.86	\$ 10.04
	20		\$113.31	\$71.16	\$45.62	\$29.81	\$19.82	\$ 13.39
	25		\$141.64	\$88.95	\$57.03	\$37.26	\$24.77	\$ 16.74
	30		\$169.97	\$106.74	\$68.44	\$44.71	\$29.73	\$ 20.08
	35		\$198.30	\$124.53	\$79.84	\$52.17	\$34.68	\$ 23.43

Source: Dawson James

Exhibit 6. Sum-of-the-Parts Model.

	LT Gr	Discount Rate	Yrs. to Mkt	% Success	Peak Sales MMs	Term Val
CLI- Japan	1%	30%	4	60%	\$163	\$562
NPV						\$0.63
CLI- USA	1%	30%	10	15%	\$934	\$3,219
NPV						\$0.19
CLI- Europe	1%	30%	10	15%	\$941	\$3,245
NPV						\$0.19
Coronary Microvascular Dysfunction USA	1%	30%	5	15%	\$3,176	\$10,952
NPV						\$2.37
Coronary Microvascular Dysfunction Europe	1%	30%	7	15%	\$1,837	\$6,333
NPV						\$0.81
Coronary Microvascular Dysfunction Japan	1%	30%	4	40%	\$612	\$2,111
NPV						\$1.58
NORDA USA	1%	30%	4	15%	\$413	\$1,425
NPV						\$0.40
NORDA Europe	1%	30%	6	15%	\$115	\$396
NPV						\$0.07
NORDA Japan	1%	30%	4	15%	\$69	\$238
NPV						\$0.07
Net Margin						25%
MM Shrs OS (2029E)						47
Total						\$6

Source: Dawson James

Risk Analysis

Clinical and regulatory risk. Caladrius is currently in several Phase 2/3 clinical trials with its CD34 cell therapy product. There is no assurance that the product will be approved for any additional indications and even if approved, will be reimbursed by insurance or successfully commercialized.

Commercial risk. The focus of the company is on successfully developing their products and eventually bringing them to the market. It is important to note that the market opportunity in ischemic disease is large. However, we can make no assurances that the company will be able to achieve a critical level of market share to become profitable in any of the planned indications.

Employee risk. Caladrius has recently revamped the central components of the company, including senior management. Caladrius's success of the company will depend, to a great extent, upon the experience, abilities and continued services of its senior officers, sales staff, and key scientific personnel.

Financial risk. The company may need to raise capital in the marketplace, and there can be no assurances that the company will be able to successfully raise capital and do so on favorable terms.

Intellectual property risk. The company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and the company may infringe on third party's patents.

Reimbursement and insurance payment risk. Insurance payment for products may be an additional hurdle for adoption.

Exhibit 7. Income Statement

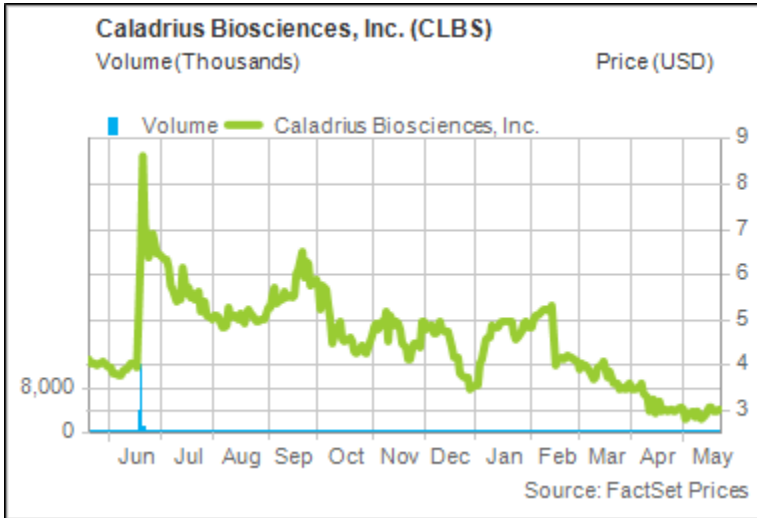
Caladrius Inc.: Income Statement (\$'000)																
YE December 31	2018A	1Q19A	2Q19E	3Q19E	4Q19E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Product sales																
Cell Therapy - CLI Japan								11,463	19,297	30,871	54,020	68,072	88,956	94,451	96,132	97,709
Cell Therapy - CLI USA								-	-	-	-	25,863	32,979	67,283	102,954	140,031
Cell Therapy - CLI Europe								-	-	-	-	33,243	67,822	103,777	141,151	
Cell Therapy - Coronary Microvascular Dysfunction USA								-	-	65,103	203,220	281,935	366,692	457,853	476,397	
Cell Therapy - Coronary Microvascular Dysfunction Europe								-	-	-	-	48,914	101,790	158,869	275,507	
Cell Therapy - Coronary Microvascular Dysfunction Japan								-	-	32,164	66,934	104,467	144,930	188,501	235,362	244,895
Cell Therapy - No Option Refractory Disabling Angina (NORDA) USA								-	-	8,142	16,943	26,443	36,686	47,714	59,576	61,989
Cell Therapy - No Option Refractory Disabling Angina (NORDA) Europe								-	-	-	-	-	3,151	6,493	10,033	17,227
Cell Therapy - No Option Refractory Disabling Angina (NORDA) Japan								-	-	1,357	2,824	4,407	6,114	7,952	9,929	10,332
Total Product Sales	-	-	-	-	-	-	-	11,463	19,297	63,035	186,056	401,622	676,908	948,698	1,234,486	1,465,236
Expenses																
Cost of Goods Sold - Products	-	-	-	-	-	-	-	4,012	6,561	23,936	61,747	138,391	209,841	284,610	358,001	410,266
% COGS (of product revenues)								35%	34%	38%	33%	34%	31%	30%	29%	28%
Research and Development	7,594	2,038	2,005	2,172	2,339	8,353	14,000	17,000	18,700	21,000	23,100	25,410	27,951	30,746	33,821	37,203
%R&D								68%	43%	37%	43%	37%	31%	33%	35%	38%
General and Administrative	9,393	2,554	2,480	2,686	2,893	10,332	11,366	12,502	13,752	18,000	25,000	27,500	34,000	40,000	44,000	48,400
%SG&A								58%	46%	40%	46%	40%	38%	42%	46%	50%
Total expenses	16,987	4,592	4,485	4,858	5,232	19,167	25,366	33,514	39,013	62,936	109,847	191,301	271,792	355,356	435,822	495,869
Operating Income (Loss)	(16,987)	(4,592)	(4,485)	(4,858)	(5,232)	(19,167)	(25,366)	(22,051)	(19,717)	9,598	95,976	241,171	405,115	593,343	798,664	969,367
Other expense	824	227	194	214	214	848	799	799	799	799	799	799	799	799	799	799
Interest expense	(5)	(2)	(2)	(0)	(0)	(2)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Total other income	819	227	192	214	214	846	793	793	793	793	793	793	793	793	793	793
Pretax Income	(16,168)	(4,365)	(4,293)	(4,645)	(5,018)	(18,321)	(24,572)	(21,258)	(18,923)	10,391	96,769	241,964	405,909	594,136	799,458	970,160
Income Tax Benefit (Provision)	-	-	-	-	-	-	-	-	-	-	-	24,196	73,064	118,827	199,864	291,048
Tax Rate												10%	18%	20%	25%	30%
Less: Loss from continuing operations attributable to noncontrolling interests	(1)	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GAAP Net Income (loss)	(16,168)	(4,367)	(4,293)	(4,645)	(5,018)	(18,321)	(24,572)	(21,258)	(18,923)	10,391	96,769	217,768	332,845	475,309	599,593	679,112
GAAP-EPS	(1.67)	(0.44)	(0.43)	(0.23)	(0.25)	(1.34)	(0.70)	(0.47)	(0.42)	0.23	2.11	5.24	7.20	10.24	12.87	14.52
GAAP EPS (dil)	(1.67)	(0.44)	(0.43)	(0.15)	(0.17)	(0.91)	(0.54)	(0.32)	(0.28)	0.15	1.40	3.12	4.70	6.63	8.25	9.23
Wgtd Avg Shrs (Bas) - '000s	9,689	10,027	10,037	20,047	20,067	15,045	35,140	45,296	45,477	45,659	45,842	46,026	46,210	46,395	46,581	46,768
Wgtd Avg Shrs (Dil) - '000s	9,689	10,027	10,037	30,047	30,348	20,115	45,720	66,345	67,210	68,086	68,973	69,872	70,783	71,706	72,640	73,587

Source: Dawson James estimates

Companies mentioned in this report:

Important Disclosures:

Price Chart:



Price target and rating changes over the past three years:

Initiated – Buy – February 27, 2019 – Price Target \$7.0

Update – Buy – May 23, 2019 – Price Target \$7.0

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

The Firm does not make a market in the securities of the subject company(s). The Firm has NOT engaged in investment banking relationships with CLBS in the prior twelve months, as a manager or co-manager of a public offering and has NOT received compensation resulting from those relationships. The Firm may seek compensation for investment banking services in the future from the subject company(s). The Firm has NOT received any other compensation from the subject company(s) in the last 12 months for services unrelated to managing or co-managing of a public offering.

Neither the research analyst(s) whose name appears on this report nor any member of his (their) household is an officer, director or advisory board member of these companies. The Firm and/or its directors and employees may own securities of the company(s) in this report and may increase or decrease holdings in the future. As of April 30, 2019, the Firm as a whole did not beneficially own 1% or more of any class of common equity securities of the subject company(s) of this report. The Firm, its officers, directors, analysts or employees may affect transactions in and have long or short positions in the securities (or options or warrants related to those securities) of the company(s) subject to this report. The Firm may affect transactions as principal or agent in those securities.

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

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

Information about valuation methods and risks can be found in the “STOCK VALUATION” and “RISK ANALYSIS” sections of this report.

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

Rating Definitions:

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

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	37	86%	10	27%
Market Perform (Neutral)	6	14%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	43	100%	10	23%

Analyst Certification:

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