

Lineage Cell Therapeutics (NYSE/LCTX)

May 12, 2020

BUY: OpGen Clinical Data

Lineage held a KOL call with Christopher D. Riemann, M.D., Vitreoretinal Surgeon from the Cincinnati Eye Institute (CEI) and University of Cincinnati School of Medicine to review OpGen program in Macular Degeneration.

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Investment Highlights

OpGen is still the driver. What is it? It's a suspension of retinal pigment epithelial (RPE) cells that are derived from pluripotent stem cells. RPE cells form the back lining of the retina and support the function of photoreceptors (rods and cones). RPE cells can be damaged and lost in various forms of retinal degeneration. The OpRegen approach is to replace damaged or lost RPE cells and possibly slow disease progression and/or preserve or restore visual function. It is currently in a Phase 2/2a clinical trial for the treatment of the dry form of AMD. AMD affects approximately 1.6 million newly diagnosed people annually in the U.S. and is the leading cause of blindness in people over the age of 60. Approximately 90 percent of AMD patients suffer from the dry form (dry-AMD), for which there are no FDA-approved therapies.

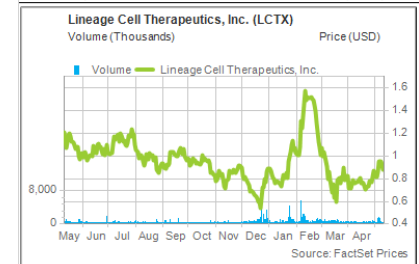
KOL Trial Early Conclusions. OpRegen was well-tolerated in the N=17 patients treated to date. Reduction in drusen and possible restorations of the photoreceptor and RPE layers were observed and have persisted in some patients, particularly in areas where OpRegen cells were transplanted. Asymmetrical progression of GA and a trend to slower growth has been observed in OpRegen treated eyes. In OpRegen treated eyes, better visual acuity and improved reading speed has been observed in some early Cohort patients and all Cohort 4 patients as compared with fellow untreated eyes. Subretinal pigmentation of the treated area persisted in most patients and may suggest durability of transplanted OpRegen cells. Mostly mild to moderate ERMs in patients receiving OpRegen via PPV/retinotomy has not been seen in Orbit SDS treated patients to date. No unexpected AEs in patients receiving OpRegen TAI via Orbit SDS Cohort 4 patients with better vision and smaller areas of GA have shown preliminary evidence of a meaningful treatment effect following OpRegen administration. Next steps: Treat remaining four patients in Cohort 4. **We conclude the data is impressive.**

Three Years and Counting. Previously reported structural improvements in the retina and decreases in drusen density observed in some patients have been maintained and there is evidence of the continued presence of transplanted OpRegen cells in patients.

Valuation: Our valuation for Lineage is principally driven by the opportunity in Dry-AMD, narrowed down further by a subset of patients with GA. Our model does include modest revenues from the SCI product and from Renevia, but as previously stated, the majority of the valuation is driven by OpRegen. We assume just a 30% probability of success, in Dry-AMD and SCI, which drives our \$6.00 target.

Risks: Partnership risks, Commercialization risks, Financial risks, Clinical and regulatory risks, and Legal and intellectual property risk.

Current Price	\$0.88		
Price Target	\$6.00		
Estimates	F2018A	F2019A	F2020E
Revenues (\$000s)	\$ 4,908	\$ 3,515	\$ 3,550
1Q March	\$ 701	\$ 928	\$ 817
2Q June	\$ 2,547	\$ 779	\$ 852
3Q September	\$ 982	\$ 567	\$ 888
4Q December	\$ 678	\$ 1,241	\$ 994
	F2018A	F2019A	F2020E
EPS (diluted)	\$ (0.44)	\$ (0.08)	\$ (0.15)
1Q March	\$ (0.51)	\$ (0.30)	\$ (0.05)
2Q June	\$ (0.04)	\$ (0.20)	\$ (0.03)
3Q September	\$ 0.53	\$ (0.11)	\$ (0.03)
4Q December	\$ (0.41)	\$ 0.53	\$ (0.04)
EBITDA/Share	\$0.00	(\$0.19)	(\$0.15)
EV/EBITDA (x)	-	596	772
Stock Data			
52-Week Range	\$0.53	-	\$1.67
Shares Outstanding (mil.)	149.8		
Market Capitalization (mil.)	\$132		
Enterprise Value (mil.)	\$112		
Debt to Capital	0%		
Book Value/Share	\$1.28		
Price/Book	1.2		
Average Three Months Trading Volume (K)	2,440		
Insider Ownership	0.5%		
Institutional Ownership	47.7%		
Short interest (mil.)	0.1		
Dividend / Yield	\$0.00/0.0%		



Evidence that the Delivery System Works too. Of note, the first patient successfully dosed using the Orbit Subretinal Delivery System (Orbit SDS) as well as a new Thaw-and-Inject (TAI) formulation of OpRegen is also demonstrating signs of improved visual acuity having gained initially 13 letters in the three months following administration as assessed by ETDRS. The most recent data highlighted above continues to support the use of RPE cells.

We view Lineage as a new company invigorated by a new management team and a focused vision on how to walk forward. The two leading programs, Age-related Macular Degeneration (AMD) and Spinal Cord Injury (SCI) are primed to advance. These lead programs (AMD and SCI) involve the application of allogeneic cells to treat the disease and acute injury. We see the lead product and the performance driver for the company as OpRegen for Macular Degeneration, as this indication is a multi-billion-dollar market opportunity.

Lineage's second lead products is OPC1 for spinal cord injury. This is an oligodendrocyte progenitor cell population derived from pluripotent stem cells that are currently in a Phase 2 clinical trial for spinal cord injuries (SCI) with support from the California Institute for Regenerative Medicine (CIRM). The Phase 1/2 study is in 25 patients who are set to receive up to 20M cells. Thus far, the therapy has shown a good safety profile, evidence of durable cell engraftment and promising motor recovery.

Exhibit 1. Geographic Dry-AMD market model.

Age-Related Macular Degeneration	2016A	2017A	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Prevalence of AMD	30,000,000	31,600,000	33,200,000	34,800,000	36,400,000	38,000,000	39,600,000	41,200,000	42,800,000	44,400,000	46,000,000	47,600,000	49,200,000	49,200,000
Growth Rate	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
25% of Patients diagnosed with specific geographic atrophy	7,500,000	7,900,000	8,300,000	8,700,000	9,100,000	9,500,000	9,900,000	10,300,000	10,700,000	11,100,000	11,500,000	11,900,000	12,300,000	12,300,000
75% Patients eligibility, with insurance who have access	5,625,000	5,925,000	6,225,000	6,525,000	6,825,000	7,125,000	7,425,000	7,725,000	8,025,000	8,325,000	8,625,000	8,925,000	9,225,000	9,225,000
Market Share	0%	0%	0%	0%	0%	0%	0%	2%	3%	4%	5%	6%	7%	8%
Total Patients for therapy	-	-	-	-	-	-	-	154,500	240,750	333,000	431,250	535,500	645,750	738,000
cost of therapy	-	-	-	-	-	7,500	7,425	7,277	7,131	6,988	6,849	6,712	6,712	6,712
change in cost of therapy	1.00%	1.0%	1.0%	1.0%	1.0%	-1.0%	-1.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	0.0%	0.0%
number of treatments per patient	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Probability of Success	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Total Revenues (millions)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 675	\$ 1,030	\$ 1,396	\$ 1,772	\$ 2,156	\$ 2,600	\$ 2,972

Source: Dawson James.

Exhibit 2. OPC1 SCI market model.

Spinal Paralysis (OPC1)	2016A	2017A	2018A	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Acute spinal cord injury (C4-C7 ASIA-A-C)	6,000	6,060	6,121	6,182	6,244	6,306	6,369	6,433	6,497	6,562	6,628	6,694	6,761	6,829
Growth Rate of incidence	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Market Share (%): SCI Patients	0%	0%	0%	0%	0%	0%	2%	4%	6%	10%	15%	30%	40%	40%
Target Patient Population	0	0	0	0	0	6,306	6,369	6,433	6,497	6,562	6,628	6,694	6,761	6,829
Patients who have access, insurance- 75%	0	0	0	0	0	4,730	4,777	4,825	4,873	4,922	4,971	5,021	5,071	5,121
Unit Cost of Therapy	-	-	-	-	\$	100,000	\$ 100,000	\$ 101,000	\$ 102,010	\$ 103,030	\$ 104,060	\$ 105,101	\$ 106,152	\$ 106,152
Change in Cost of Therapy	1%	1%	1%	1%	1%	0%	0%	1%	1%	1%	1%	1%	1%	1%
Treated Patients	-	-	-	-	-	-	96	193	292	492	746	1,506	2,028	2,049
Number of Units per Patient	1	1	1	1	1	1	1	2	2	2	2	2	2	2
Probability of Success	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Total Revenues (Millions)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 12	\$ 18	\$ 30	\$ 47	\$ 95	\$ 129	\$ 130

Source: Dawson James.

Exhibit 3. Renevia market model. We expect BioTime to out-license this product.

Renevia (EU) Estimates	2016A	2017A	2018A	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
HIV Prevalence	2,000,000	1,980,000	1,960,200	1,940,598	1,921,192	1,901,980	1,882,960	1,864,131	1,845,489	1,827,034	1,808,764	1,790,677	1,772,770	1,755,042
Growth Rate of incidence	1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
Patients in HEART or Other Rgimens	1,500,000	1,485,000	1,470,150	1,455,449	1,440,894	1,426,485	1,412,220	1,398,098	1,384,117	1,370,276	1,356,573	1,343,007	1,329,577	1,316,282
Patients with HIV associated Lipid Dystrophy	150,000	148,500	147,015	145,545	144,089	142,649	141,222	139,810	138,412	137,028	135,657	134,301	132,958	131,628
Market Share (%)	0%	0%	0%	0%	2%	3%	5%	10%	12%	14%	15%	15%	15%	15%
Target Patient Population	0	0	0	0	2,882	4,279	7,061	13,981	16,609	19,184	20,349	20,145	19,944	19,744
Patients who have access, viable & insurance- 75%	0	0	0	0	1,441	3,210	5,296	10,486	12,457	14,388	15,261	15,109	14,958	14,808
Unit Cost of Therapy	-	-	-	-	\$	7,500	\$ 7,575	\$ 7,651	\$ 7,727	\$ 7,805	\$ 7,883	\$ 7,961	\$ 8,041	\$ 8,041
Change in Cost of Therapy	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Treated Patients	-	-	-	-	-	96	265	1,049	1,495	2,014	2,289	2,266	2,244	2,221
Number of Units per Patient	1	1	1	1	1	1	1	2	2	2	2	2	2	2
Probability of Success	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Total Revenues (Millions)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 2	\$ 12	\$ 17	\$ 24	\$ 27	\$ 27	\$ 27	\$ 27

Source: Dawson James.

Modeling Assumptions:

1. OpRegen: We assume a 30% probability of success for OpRegen in Dry-Age related Macular degeneration. We model the market as targeting patients with geographic atrophy (25% of the dry-AMD market). Additionally, we assume 75% of the market has access (insurance and represent other-wise viable candidates). We assume two doses of therapy (each eye) with a price of just \$7,500 per unit. We assume the product based on an abbreviated Phase 2/3 study could reach the market by 2023. Our model is U.S. based. The opportunity in Europe is equal to, or greater than, the U.S. opportunity. Europe is excluded for conservatism.
2. OPC1: We assume a 30% probability of success for OPC1 in Spinal Cord Injury (SCI) and a \$100k price. While the SCI market is estimated in the U.S. to be close to 15,000 injuries a year, we narrow the market to C4-C7 injuries, ASIA-A through C, for 6,000 annually. We assume the product based on an abbreviated Phase 2/3 study could reach the market by 2023. We assign a 30% probability of success to our therapeutic model for OPC1 in spinal cord injury in the U.S.
3. Renevia: We include Renevia in our model. However, we note that it is likely this product is divested. One way to consider its value is as a non-dilutive financing. For valuation purposes, our analysis of the market assumes 150,000 target patients, a price of \$7,500 per unit. With modest market penetration (15%) this could be \$25M annual product in Europe.
4. We have not included any other product values in our model for BioTime. This includes VAC2 currently in development by Asterias for non-small cell lung cancer. VAC2 is an allogenic dendritic cell designed to stimulate an immune response to an antigen present in 85% plus of cancers. We assume BioTime upon closing of the merger will divest this program (versus keeping it and investing limited resources).
5. We do not place any value in our model on AgeX, and Oncocyte minority-owned positions.

Valuation. It is difficult to predict probabilities of success from phase 1/2a data. As such, we use a low probability of success for OpRegen and OPC1 of just 30%. We model OPGEN in dry macular degeneration with geographic atrophy, as well as OPC1 in SCI, although the real driver is dry-AMD as a result of the large market size. We do not model any revenues from these programs until 2022.

We triangulate FCFF, discounted EPS, and sum-of-the-parts models and select a 30% discount rate across these three models. The 30% discount is based on the early nature of the company's products. For companies with high visibility and positive cash flow we typically use a discount rate of 10%, for companies with products generating revenues, approaching cash flow break even or better, we typically use a 15% discount rate. We then average and equally weight each model, rounded to the nearest whole number, to derive a net present value, which is where we set our target price. Investors should recognize that this modeling exercise, which is projected ten years forward is based on the current (limited) data and estimates. As such our ability to predict a 12-month target is strained. The price of the stock is likely to be driven in the near term by factors such as news flow, early trial data, and cyclic concerns of financings (dilution). One possible catalyst may be the approval of Renevia in Europe which could lead to an out-license deal that could bring in additional capital to the company. We also see value in the ownership stakes of Oncocyte but we exclude this from our valuation metrics.

Exhibit 4. Free Cash Flow Model.

Average	6.0
Price Target	6.3
Year	2020

DCF Valuation Using FCF (mln):

units ('000)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
EBIT	(47,130)	19,642	(30,033)	(45,665)	(82,592)	399,281	679,084	975,932	1,381,424	2,232,682	2,207,257	2,522,558
Tax Rate	0%	0%	0%	0%	0%	0%	0%	10%	15%	20%	25%	28%
EBIT (1-t)	(47,130)	19,642	(30,033)	(45,665)	(82,592)	399,281	679,084	878,339	1,174,210	1,786,146	1,655,443	1,816,242
CapEx	(9,704)	-	-	-	-	-	-	-	-	-	-	-
Depreciation	(794)	-	-	-	-	-	-	-	-	-	-	-
Change in NWC	-	-	-	-	-	-	-	-	-	-	-	-
FCF	(57,628)	19,642	(30,033)	(45,665)	(82,592)	399,281	679,084	878,339	1,174,210	1,786,146	1,655,443	1,816,242
PV of FCF	(74,916)	25,535	(30,033)	(35,127)	(48,871)	181,739	237,766	236,562	243,268	284,651	202,940	171,271
Discount Rate	30%											
Long Term Growth Rate	1%											
Terminal Cash Flow	6,325,532											
Terminal Value YE2027	596,495											
NPV	2,040,662											
NPV-Debt	-											
Shares out ('000)	324,590											2029E
NPV Per Share	6.3											

Source: Dawson James.

Exhibit 5. Discounted-EPS Model.

Current Year	2020
Year of EPS	2029
Earnings Multiple	10
Discount Factor	30%
Selected Year EPS	5.77
NPV	5.4

		Discount Rate and Earnings Multiple Varies, Year is Constant					
		5%	10%	15%	20%	25%	30%
Earnings Multiple	2	7.43	4.89	3.28	2.23	1.55	1.09
	5	18.58	12.23	8.19	5.59	3.87	2.72
	10	37.17	24.45	16.39	11.17	7.74	5.44
	15	55.75	36.68	24.58	16.76	11.61	8.16
	20	74.33	48.90	32.78	22.35	15.48	10.87
	25	92.92	61.13	40.97	27.94	19.35	13.59
	30	111.50	73.36	49.17	33.52	23.22	16.31
35	130.08	85.58	57.36	39.11	27.09	19.03	

Source: Dawson James.

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

	LT Gr	Discount Rate	Yrs to Mkt	% Success	Peak Sales (M)	NPV
Spinal Cod Paralysis	1%	30%	3	30%	\$222	\$765
NPV						\$0.23
Dry Macular Degeneration	1%	30%	3	30%	\$5,052	\$17,421
NPV						\$5.13
Revevia	1%	30%	2	50%	\$40	\$139
NPV						\$0.09
Net Margin						70%
Shares Outstanding (M) in 2029E						325
Total						\$5.4

Source: Dawson James.

Risk Analysis

Clinical and regulatory risk. Lineage is currently in a Phase 1/2a clinical trial in both of its pipeline products focused on spinal cord injury and macular degeneration. There is no assurance that either 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 mass market. It is important to note that the market opportunity in macular degeneration is large and may take precedence over that of spinal cord injury opportunity. We can make no assurances that the company will be able to achieve a critical level of market share to become profitable in this indication and or in additional planned indications.

Employee risk. Lineage management is new, with a new CEO and CFO. BioTime'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 relatively soon, 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.

Subsidiary Risk. We assume there is value in the ownership of AGEX and Oncycte, but we are not forecasting or modeling the value of these minority-owned companies.

Exhibit 7. Income Statement.

Biotime: Income Statement (\$000)																	
YE December 31	2017A	2018A	2019A	1Q20E	2Q20E	3Q20E	4Q20E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Spinal Cord Injury Therapy				-	-	-	-	-	-	2,866	11,695	17,895	30,424	46,554	94,979	129,184	130,476
Dry Macular Degeneration											674,532	1,030,069	1,396,272	1,772,071	2,156,441	2,600,414	2,971,902
Renevia				-	-	-	-	-	542	1,504	12,034	17,327	23,581	27,067	27,065	27,062	26,791
Net revenue										2,866	686,226	1,047,963	1,426,697	1,818,625	2,790,530	2,729,598	3,102,378
Grant Revenues		3,572	2,037	473	494	514	576	2,057	2,078	2,099	2,120	2,141	2,162	2,184	2,206	2,228	2,250
Royalties from Product Sales and license fees		312	1,221	284	296	308	345	1,233	1,246	1,258	1,271	1,283	1,296	1,309	1,322	1,335	1,349
Subscription & Advertisement Revenues		691	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales of Research Products & Services		333	257	60	62	65	73	260	262	265	267	270	273	276	278	281	284
Total Revenue		4,908	3,515	817	852	888	994	3,550	3,586	6,488	689,884	1,051,658	1,430,428	1,822,393	2,794,336	2,733,442	3,106,260
Cost of Goods (sales)		(302)	(412)	-	-	-	-	-	-	(831)	(192,143)	(261,991)	(342,407)	(327,352)	(446,485)	(409,440)	(465,357)
Research & Development		(20,955)	(17,948)	(3,302)	(3,446)	(3,590)	(4,020)	(14,358)	(14,646)	(19,039)	(28,559)	(39,982)	(40,782)	(41,598)	(42,430)	(43,278)	(44,144)
Acquired in Process Research & Development		(800)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General & Administrative		(24,726)	(24,031)	(4,422)	(4,614)	(4,806)	(5,383)	(19,225)	(34,605)	(69,209.28)	(69,901)	(70,600)	(71,306)	(72,019)	(72,740)	(73,467)	(74,202)
Total Expenses		(46,481)	(41,979)	(7,724)	(8,060)	(8,396)	(8,403)	(33,583)	(49,250)	(89,080)	(290,604)	(372,574)	(454,496)	(440,970)	(561,654)	(526,185)	(583,702)
Loss from Operation		(41,795)	(38,876)	(6,908)	(7,208)	(7,508)	(8,409)	(30,033)	(45,665)	(82,592)	399,281	679,084	975,932	1,381,424	2,232,682	2,207,257	2,522,558
Interest Income (expense)		711	1,685	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on AgeX shares and deconsolidation of AgeX		81,726	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Sale equity method in Ascendance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain / Loss Oncocyte		(47,985)	2,421	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on Equity (Asterias)		(35,449)	6,744	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized Gain on marketable equity securities		(4,181)	(2,898)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income (expenses) net		1,158	2,532	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other income (expense), net		(1,315)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretax Income		(47,130)	19,642	(6,908)	(7,208)	(7,508)	(8,409)	(30,033)	(45,665)	(82,592)	399,281	679,084	975,932	1,381,424	2,232,682	2,207,257	2,522,558
Tax Benefit		-	(19,234)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loss attributable to non-controlling interest		794	118	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes		346	7	-	-	-	-	-	-	-	-	-	97,593	207,214	446,536	551,814	706,316
Tax Rate													10%	15%	20%	25%	28%
GAAP Net Income (Loss)		(45,990)	(11,709)	(6,908)	(7,208)	(7,508)	(8,409)	(30,033)	(45,665)	(82,592)	399,281	679,084	878,339	1,174,210	1,786,146	1,655,443	1,816,242
Total comprehensive loss		(45,990)	(11,709)	(6,908)	(7,208)	(7,508)	(8,409)	(30,033)	(45,665)	(82,592)	399,281	679,084	878,339	1,174,210	1,786,146	1,655,443	1,816,242
GAAP-EPS		(0.36)	(0.08)	(0.04)	(0.03)	(0.03)	(0.03)	(0.12)	(0.15)	(0.27)	1.30	2.20	2.83	3.77	5.71	5.28	5.77
GAAP-EPS (Dil)		(0.44)	(0.08)	(0.04)	(0.03)	(0.03)	(0.03)	(0.13)	(0.23)	(0.17)	(0.04)	0.08	0.32	0.60	0.87	1.12	1.12
Wgtd Avg Shrs (Bas)		126,903	145,533	196,988	268,958	271,648	274,364	252,990	297,573	306,288	307,515	308,747	309,984	311,226	312,472	313,724	314,981
Wgtd Avg Shrs (Dil)		126,926	145,533	171,988	248,708	251,195	253,707	231,400	299,387	315,632	316,896	318,165	319,440	320,720	322,005	323,294	324,590

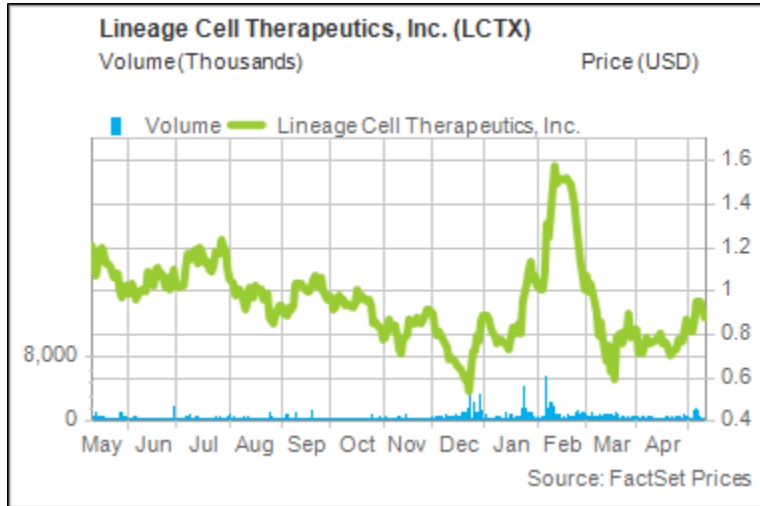
Source: Dawson James estimates.

Companies mentioned in this report:

Asterias (AST)
AgeX (AGX)
Oncocyte (OCS)

Important Disclosures:

Price Chart:



Price target and ratings changes over the past three years:

- Initiated – Buy – February 7, 2019 – Price Target \$6.00
- Updated – May 28, 2019 – Price Target \$6.00
- Updated – August 12, 2019 – Price Target \$6.00
- Updated – September 19, 2019 – Price Target \$6.00
- Updated – October 15, 2019 – Price Target \$6.00
- Updated – January 9, 2020 – Price Target \$6.00
- Updated – February 6, 2020 – Price Target \$6.00
- Updated – February 11, 2020 – Price Target \$6.00
- Updated – May 5, 2020 – Price Target \$6.00
- Updated – May 12, 2020 – Price Target \$6.00

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- 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)	22	92%	3	14%
Market Perform (Neutral)	2	8%	1	50%
Market Underperform (Sell)	0	0%	0	0%
Total	24	100%	4	17%

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