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## Brainstorm (NASDAQ/BCLI)

March 24, 2021

### Neutral-Rated – Progressive Multiple Sclerosis?

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*Brainstorm announced data from a small, 20-patient, open-label trial. We do not view the results as anything but exploratory, and as such, would not read too much into it. Any study in MS is likely to require two large pivotal studies. That translates into tens of millions of dollars of cost and years of time. In order for a small company like Brainstorm to advance, we would like to see an expanded Phase 2 study that delivers more definitive data. We remain Neutral-rated.*

### Investment Highlights

**Study Data:** This was a 28-week open-label Phase 2 trial that enrolled just 20 MS patients (primary and secondary progressive MS patients). Sixteen patients completed the study.

**Study Results:** MS Function and Cognition measures in the top-line results included:

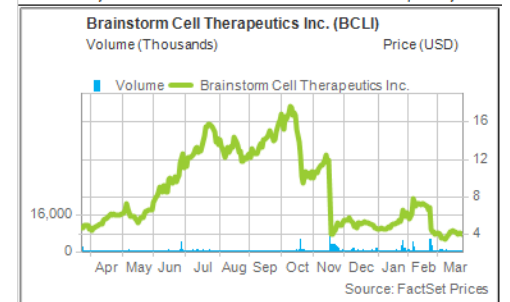
- 25-foot walk (T25FW); 9-hole peg test (9-HPT);
  - Low Contrast Letter Acuity (LCLA);
  - Symbol Digit Modality Test (SDMT);
  - 12 item MS Walking Scale (MSWS-12).
- Prespecified 25% improvements in the timed 25-foot walk (T25FW) and 9-hole peg test (9-HPT) from baseline to 28 weeks was observed in 14%, and 13% of NurOwn treated patients, respectively.
  - 38% of NurOwn treated patients showed at least a 10-point improvement in the MSWS-12 from baseline to week 28, a patient-reported outcome that evaluates walking function.
  - 47% of treated patients showed at least an 8-letter improvement across 28 weeks in the low contrast letter acuity test (LCLA), a visual function test, and 67% showed at least a 3-point improvement in the symbol digit modality test (SDMT), a measure of cognitive processing.

**Conclusion:** While this small open-label trial suggests some efficacy, we would be cautious in drawing any definitive conclusions in terms of "proof of concept" data.

**Valuation:** Last November (11.17.2020), we downgraded Brainstorm and adjusted our model, lowering the probability of success in ALS from 50% to just 30% and cut our market share assumptions based on the likelihood that NurOwn does not appear to show benefit in advanced patients. The impact of this on our valuation is our suggested fair value falls to \$4.00. Our model does not reflect the costs or commercial success associated with an MS program.

**Risks to our thesis include the following:** (1) clinical; (2) regulatory; (3) commercial; (4) manufacturing; (5) financial; (6) liability; and (7) intellectual property.

<b>Current Price</b>	<b>\$3.92</b>		
<b>Price Target</b>	<b>NA</b>		
<b>Estimates</b>	<b>F2018A</b>	<b>F2019A</b>	<b>F2020E</b>
Revenues (\$000s)	\$1,500	\$6,000	\$0
1Q March	\$0	\$1,500	\$0
2Q June	\$0	\$1,500	\$0
3Q September	\$0	\$1,500	\$0
4Q December	\$1,500	\$1,500	\$0
	<b>F2018A</b>	<b>F2019A</b>	<b>F2019E</b>
EPS (diluted)	(0.51)	(0.32)	(2.31)
1Q March	(0.12)	(0.10)	(0.33)
2Q June	(0.16)	(0.07)	(0.56)
3Q September	(0.15)	(0.07)	(0.70)
4Q December	(0.08)	(0.08)	(0.72)
EBITDA/Share			
EV/EBITDA (x)			
<b>Stock Data</b>			
52-Week Range	\$3.10	-	\$17.95
Shares Outstanding (mil.)			21
Market Capitalization (mil.)			\$81
Enterprise Value (mil.)			\$70
Debt to Capital			0.0%
Book Value/Share			\$0.31
Price/Book			
Average Three Months Trading Volume (M)			0.7
Insider Ownership			17.7%
Institutional Ownership			23.7%
Short interest (mil.)			19.0%
Dividend / Yield			\$0.00/0.0%



**Please find Important Disclosures beginning on Page 3.**

**Exhibit 1. Income Statement**

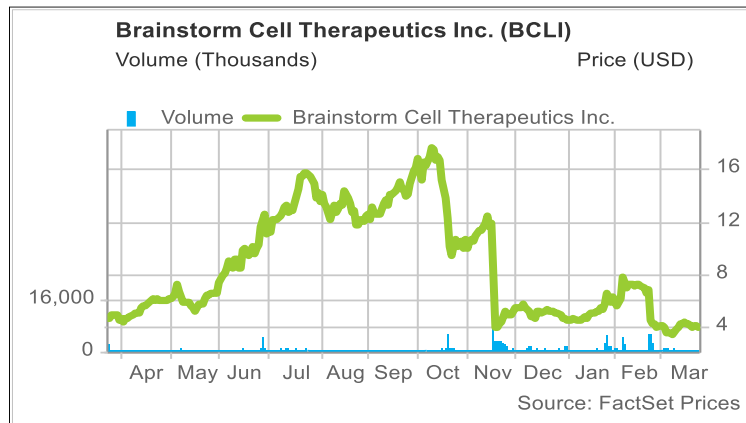
Brainstorm Cell Therapeutics, Inc.: Income Statement (\$000)																
Brainstorm Cell Therapeutics.: YE Dec. 31	2017A	2018A	2019A	1Q20A	2Q20A	3Q20A	4Q20E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Nurown™ (U.S. sales)				-	-	-	-	-	-	22,743	58,000	118,332	181,065	246,273	276,345	307,527
Nurown™ (EU sales)					-	-	-	-	-	-	39,153	79,880	122,229	207,810	317,980	432,496
Supportive Development Grant Revenue		1,500	-													
<b>Total Product Sales</b>		<b>1,500</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,743</b>	<b>97,153</b>	<b>198,212</b>	<b>303,294</b>	<b>454,083</b>	<b>594,326</b>	<b>740,023</b>
<b>Expenses</b>																
Cost of goods sold				-	-	-	-	-	-	14,783	63,150	128,838	197,141	295,154	386,312	481,015
COGS % of Revenue				75%	75%	75%	75%	#DIV/0!	#DIV/0!	65%	65%	65%	65%	65%	65%	65%
Research and development	977	5,933	17,204	5,948	11,642	13,509	13,644	44,743	45,638	46,551	47,482	48,431	49,400	50,388	51,396	52,424
R&D % of Revenue																
SG&A	4,022	5,793	5,797	2,360	4,066	6,684	7,000	20,110	18,000	18,360	18,727	19,102	19,484	19,873	20,271	20,676
SG&A % of Revenue																
<b>Total expenses</b>	<b>4,999</b>	<b>11,726</b>	<b>23,001</b>	<b>8,308</b>	<b>15,708</b>	<b>20,193</b>	<b>20,644</b>	<b>64,853</b>	<b>63,638</b>	<b>79,694</b>	<b>129,359</b>	<b>196,371</b>	<b>266,025</b>	<b>365,415</b>	<b>457,978</b>	<b>554,115</b>
Oper. Inc. (Loss)	(4,999)	(10,226)	(23,001)	(8,308)	(15,708)	(20,193)	(20,644)	(64,853)	(63,638)	(56,951)	(32,205)	1,841	37,269	88,668	136,347	185,908
Financial income expenses, net	47		(252)	194	200	197										
Taxes on income																
Other income																
<b>Pre-tax income</b>	<b>(4,952)</b>	<b>(10,226)</b>	<b>(23,253)</b>	<b>(8,114)</b>	<b>(15,508)</b>	<b>(19,996)</b>	<b>(20,644)</b>	<b>(64,853)</b>	<b>(63,638)</b>	<b>(56,951)</b>	<b>(32,205)</b>	<b>1,841</b>	<b>37,269</b>	<b>88,668</b>	<b>136,347</b>	<b>185,908</b>
Income Tax Benefit (Provision)	-	-	-	-	-	-	-	-	(3,182)	(5,695)	(4,831)	368	9,317	26,600	47,722	68,786
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	5%	10%	15%	20%	25%	30%	35%	37%
<b>GAAP Net Income (loss)</b>	<b>(4,952)</b>	<b>(10,165)</b>	<b>(23,253)</b>	<b>(8,114)</b>	<b>(15,508)</b>	<b>(19,996)</b>	<b>(20,644)</b>	<b>(64,262)</b>	<b>(60,456)</b>	<b>(51,256)</b>	<b>(27,374)</b>	<b>1,473</b>	<b>27,952</b>	<b>62,067</b>	<b>88,626</b>	<b>117,122</b>
GAAP-EPS	(0.26)	(0.51)	(0.32)	(0.33)	(0.56)	(0.70)	(0.72)	(2.31)	(2.10)	(1.77)	(0.94)	0.05	0.96	2.11	3.00	3.96
Non GAAP EPS (dil)	(0.26)	(0.51)	(0.32)	(0.33)	(0.56)	(0.70)	(0.72)	(2.31)	(2.10)	(1.77)	(0.94)	0.05	0.96	2.11	3.00	3.96
Wgtd Avg Shrs (Bas) - '000s	18,777	19,989	21,906	24,424	27,453	28,696	28,698	27,318	28,706	28,717	28,729	28,740	28,752	28,763	28,775	28,786
Wgtd Avg Shrs (Dil) - '000s	18,777	20,036	21,906	24,424	27,453	28,696	28,724	27,324	28,796	28,911	29,027	29,144	29,260	29,378	29,495	29,613

Source: Dawson James estimates, company reports

Companies mentioned in this report:

**Important Disclosures:**

**Price Chart:**



Price target and ratings changes over the past three years:

- Initiated – Buy – December 20, 2018 – Price Target \$12.00
- Update – Buy – May 23, 2019 – Price Target \$12.00
- Update – Buy – August 14, 2019 – Price Target \$12.00
- Update – Buy – October 15, 2019 – Price Target \$12.00
- Update - Buy – November 20, 2019 – Price Target \$12.00
- Update - Buy – February 12, 2020 – Price Target \$12.00
- Update - Buy – February 19, 2020 – Price Target \$14.00
- Update - Buy – May 7, 2020 – Price Target \$14.00
- Price Target Change - Buy – October 16, 2020 – Price Target \$25.00
- Update - Buy – October 22, 2020 – Price Target \$14.00
- Rating Change – Neutral – November 17, 2020 – Price Target NA
- Update – Neutral – February 22, 2021 – Price Target NA
- Update – Neutral – March 24, 2021 – Price Target NA

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- 2) **Neutral:** the analyst believes the price of the stock is fairly valued for the next 12-18 months;
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	# of Companies	% of Total	# of Companies	% of Totals
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Market Perform (Neutral)	9	31%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	29	100%	6	21%

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