

Member FINRA/SIPC

Toll-Free: 866-928-0928 ♦ www.DawsonJames.com ♦ 101 North Federal Highway - Suite 600 ♦ Boca Raton, FL 33432

Lineage Cell Therapeutics (NYSE/LCTX)

June 2, 2022

BUY: Tune In to Our Recent Webinar with CEO-Brian Culley

Jason Kolbert
Managing Director & Senior Analyst
jkolbert@dawsonjames.com

We recently spent time with CEO of lineage Brian Culley. We discussed everything we can think of regarding Lineage and Brian's vision for the company.

[Webinar with CEO of Lineage - Brian Culley](#)

In other news: Lineage announced that it has expanded its existing collaboration with Advanced BioMatrix, a division of BICO Group AB (STO: BICO – Not Rated), for Lineage's HyStem cell/drug delivery technology.

Investment Highlights

Events and Milestones Anticipated for the balance of the year (press release):

- Investigational New Drug (“IND”) amendment submission to enable clinical performance and safety testing of a novel parenchymal spinal delivery system for OPC1, in Q4 2022;
- FDA interaction to discuss recent manufacturing improvements made to OPC1, anticipated in Q4 2022;
- Clinical data update from the ongoing VAC2 Phase 1 non-small cell lung cancer study; anticipated from CRUK in 2H 2022;
- An IND submission for VAC2 to support US-based clinical testing in 2H 2022;
- Preclinical activities for both ANP1 and PNC1 programs; ongoing throughout 2022;
- Additional OPC1 publications, including full clinical study results from the SCiStar clinical study and an MRI findings paper; anticipated in 2H 2022;
- Continued development of a cell-based therapeutic for glioblastoma with our strategic partner, Immunomic Therapeutics; ongoing throughout 2022;
- Evaluation of opportunities for new VAC product candidates based on internally identified or partnered tumor antigens; ongoing throughout 2022;
- Evaluation of new funded partnership opportunities and/or expansion of existing collaborations; ongoing throughout 2022; and
- Continued participation in numerous investor and partnering meetings and medical and industry conferences to broaden awareness of our mission and accomplishments.

Valuation: Our valuation for Lineage is principally driven by the opportunity in Dry AMD, narrowed down further by a sub-set 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 to our thesis include: (1) clinical trial; (2) commercial; (3) employee; (4) financial; (5) intellectual property; (6) partnership; and (7) regulatory.



Source: Lineage
OPC1 Transplant Procedure

Current Price			
Current Price			\$1.23
Price Target			\$6.00
Stock Data			
52-Week Range	\$1.10	-	\$3.00
Shares Outstanding (mil.)			169.7
Market Capitalization (mil.)			\$209
Enterprise Value (mil.)			\$189
Debt to Capital			0%
Book Value/Share			\$1.28
Price/Book			4.5
Average Three Months Trading Volume (K)			364
Insider Ownership			0.6%
Institutional Ownership			48.3%
Short interest (mil.)			0.1
Dividend / Yield			\$0.00/0.0%

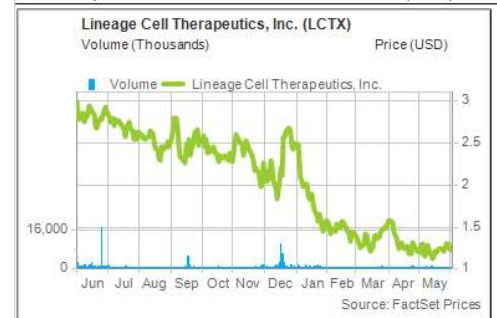


Exhibit 1. Income Statement

Lineage: Income Statement (\$000)															
YE December 31	2019A	2020A	2021A	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Spinal Cord Injury Therapy		-	-	-	-	-	-	-	-	5,965	12,170	18,621	31,660	48,444	97,857
Dry Macular Degeneration									674,532	1,030,069	1,396,272	1,772,071	2,156,441	2,600,414	2,971,902
Renevia				346	361	376	421	1,504	12,034	17,327	23,581	27,067	27,065	27,062	26,791
Net revenue									674,532	1,036,034	1,408,442	1,790,692	2,727,211	2,648,858	3,069,759
Grant Revenues	2,037	2,057	445	103	108	112	126	449	454	458	463	468	472	477	482
Royalties from Product Sales and license fees	1,221	1,233	2,776	645	673	701	785	2,804	2,832	2,860	2,889	2,918	2,947	2,976	3,006
Subscription & Advertisement Revenues															
Collaboration Revenues	257	260	1,120	260	271	283	317	1,131	1,143	1,154	1,165	1,177	1,189	1,201	1,213
Total Revenue	3,515	3,550	4,341	1,008	1,052	1,096	1,228	4,384	679,960	1,040,506	1,412,959	1,795,255	2,731,819	2,653,512	3,074,459
Cost of Goods (sales)	(412)	(271)	(1,426)						(188,869)	(259,008)	(338,026)	(322,325)	(436,354)	(397,329)	(460,464)
				29%	29%	29%	29%		28%	25%	24%	18%	16%	15%	15%
Research & Development	(17,948)	(14,358)	(33,914)	(10,140)	(10,581)	(11,022)	(12,345)	(44,088)	(66,132)	(92,585)	(94,437)	(96,326)	(98,252)	(100,217)	(102,222)
Acquired in Process Research & Development															
General & Administrative	(24,031)	(19,225)	(18,212)	(8,378)	(8,742)	(9,106)	(10,199)	(36,424.00)	(36,788)	(37,156)	(37,528)	(37,903)	(38,282)	(38,665)	(39,051)
Total Expenses	(41,979)	(33,583)	(53,552)	(18,518)	(19,323)	(20,128)	(22,543)	(80,512)	(291,789)	(388,750)	(469,991)	(456,553)	(572,888)	(536,211)	(601,737)
Loss from Operation	(38,876)	(30,304)	(49,211)	(17,509)	(18,271)	(19,032)	(21,316)	(76,128)	387,170	651,756	942,969	1,338,702	2,158,931	2,117,301	2,472,722
Interest Income (expense)	1,685														
Gain on AgeX shares and deconsolidation of AgeX	-		2												
Gain on Sale equity method in Ascendance	-		6,027												
Gain / Loss Oncocyte	2,421		(2,299)												
Loss on Equity (Asterias)	6,744		523												
Unrealized Gain on marketable equity securities	(2,898)		205												
Other Income (expenses) net	2,532		1,486												
Total other income (expense), net															
Pretax Income	19,642	(32,647)	(43,270)	(17,509)	(18,271)	(19,032)	(21,316)	(76,128)	387,170	651,756	942,969	1,338,702	2,158,931	2,117,301	2,472,722
Tax Benefit	(19,234)														
Net loss attributable to non-controlling interest	118	49	251	-											
Taxes	7										94,297	200,805	431,786	529,325	692,362
Tax Rate											10%	15%	20%	25%	28%
GAAP Net Income (Loss)	(11,709)	(32,420)	(43,019)	(17,509)	(18,271)	(19,032)	(21,316)	(76,128)	387,170	651,756	848,672	1,137,896	1,727,145	1,587,976	1,780,360
			8												
Total comprehensive loss	(11,709)	(32,420)	(43,269)	(17,509)	(18,271)	(19,032)	(21,316)	(76,128)	387,170	651,756	848,672	1,137,896	1,727,145	1,587,976	1,780,360
GAAP-EPS	(0.08)	(0.22)	(0.26)	(0.10)	(0.11)	(0.11)	(0.13)	(0.45)	2.29	3.84	4.98	6.66	10.06	9.22	10.29
GAAP-EPS (Dil)	(0.08)	(0.19)	(0.23)	(0.04)	(0.04)	(0.04)	(0.05)	(0.17)	(0.04)	0.08	0.32	0.60	0.87	1.12	1.12
Wgtd Avg Shrs (Bas)	145,533	150,268	164,502	167,959	168,127	168,296	168,464	168,212	168,885	169,562	170,241	170,923	171,608	172,295	172,986
Wgtd Avg Shrs (Dil)	145,533	170,114	276,477	292,191	292,483	292,775	293,068	292,629	293,802	294,979	296,160	297,347	298,538	299,734	300,935

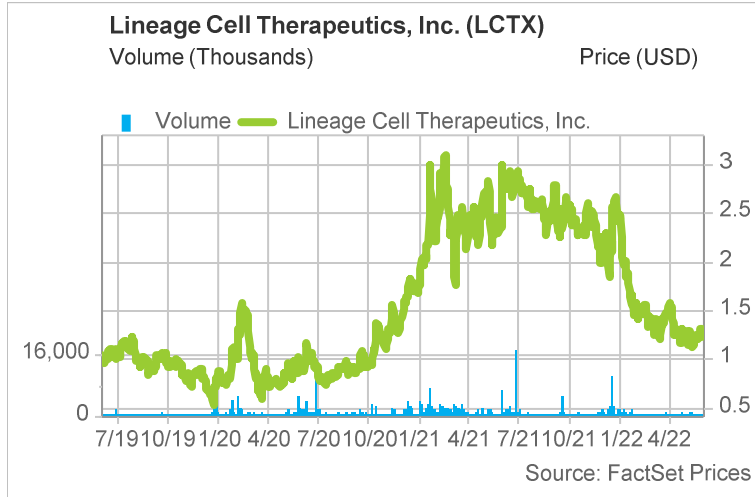
Source: Dawson James estimates, company reports

Companies mentioned in this report:

BICO Group AB (STO: BICO – Not Rated)

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 – November 6, 2020 – Price Target \$6.00
- Updated – March 9, 2021 – Price Target \$6.00
- Updated – March 23, 2021 – Price Target \$6.00
- Updated – May 3, 2021 – Price Target \$6.00
- Updated – June 2, 2021 – Price Target \$6.00
- Updated – June 25, 2021 – Price Target \$6.00
- Updated – July 20, 2021 – Price Target \$6.00
- Updated – November 30, 2021 – Price Target \$6.00
- Updated – December 20, 2021 – Price Target \$6.00
- Updated – March 7, 2022 – Price Target \$6.00
- Updated – March 11, 2022 – Price Target \$6.00
- Updated – May 3, 2022 – Price Target \$6.00
- Updated – June 2, 2022 – Price Target \$6.00

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 LCTX 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 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 May 16, 2022 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.

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.

Ratings 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.

Current as of 16-May-22

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	31	72%	4	13%
Market Perform (Neutral)	12	28%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	43	100%	4	9%

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.