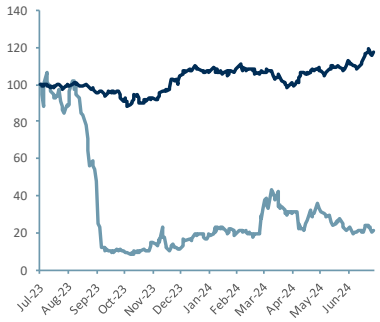
UPDATE

VALUE RANGE

$5.68 – 6.28




*Price relative BCLI (lighter line) vs. Nasdaq Biotech (NBI)*

**Tuesday, 23 July 2024**

| | |
|---|---|
| Intrinsic Price (USD) | 5.98 |
| Value Range Low (USD) | 5.68 |
| Value Range High (USD) | 6.28 |
| Implied MCAP (USD) (m) | 805.5 |
| Implied EV (m) | 808.1 |
| XNAS | BCLI |
| Financial Year End | 31-Dec |
| Currency | USD |

**Business Activity**
Biotechnology & Medical Research

**Key Metrics**

| | |
|---|---|
| Close Price (USD) | 0.35 |
| MCAP (USD) (m) | 27.6 |
| Net Debt (Cash) (m) | -2.58 |
| EV (m) | 25.0 |
| 52 Wk Hi | 1.90 |
| 52 Wk Lo | 0.13 |

**Key Ratios**

| | |
|---|---|
| (Net Cash) / Shareholder Equity % | 9.36% |

**Healthcare Sector Research**
**XNAS Market Index**
**Analyst Team**
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# BrainStorm Cell Therapeutics

## New progress begins de-risking our NPV

**BrainStorm Cell Therapeutics Inc. (Nasdaq: BCLI) develops NurOwn® stem cell therapy for NDDs – BCLI's first target is ALS (MND/Lou Gehrig's). Since initiation – CMC FDA questions resolved, commercialization team in place, raised US$ 4m (gross) enabling PIIIb rollout start, signed a CRO and lined up a commercial manufacturer, shortening the BLA timeline. Whilst the US$ 4m raise and new warrants dilution effect has reduced our value range ~5%, it remains well above our >10x return investment hypothesis. Due to the significant derisking progress news, our highly conservative NPV (smaller US market only) has been raised. New beta remains highly conservative at 1.0 and reduces our risk adjusted WACC. The new (+old) total ~20.7m warrants at 0.39c offer a further potential US$ 8.1m of cash inflows. BCLI is also exploring non-dilutive grant funds (past success).**

- Institutional raise gross proceeds US$4m positive price impact;
- Warrants in the money ~US $8.1m potential cash inflows;
- FDA CMC questions addressed clearing pathway to trial;
- PIIIb trial likely to start within 120 days;
- Cash & CE estimate at date of note post raise ~US$ 3.7m

| ACF est. USD (m) | Revenue | EBITDA | FCFF | EPS | EPS (diluted) | CPS |
|---|---|---|---|---|---|---|
| 2029E | 371.2 | 184 | 176 | 1.16 | 0.91 | 0.0015 |
| 2030E | 610.2 | 307 | 127 | 1.94 | 1.52 | 0.0019 |

| Multiples | EV/ Sales | EV/ EBITDA | EV/ FCF | P/ EPS | P/ EPS (diluted) | P/ CPS |
|---|---|---|---|---|---|---|
| 2029E | 0.1x | 0.1x | 0.1x | 0.3x | 0.4x | 236.0x |
| 2030E | 0.0x | 0.1x | 0.2x | 0.2x | 0.2x | 180.2x |

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# TABLE OF EXHIBITS

| Share Price History | No. of Shares in issue | Fully diluted (Exp D) |
|---|---|---|
| NoSh (m) | 79.6 | 134.8 |
| Implied Intrinsic Price | 10.12 | 5.98 |
| Value Range Low | 9.62 | 5.68 |
| Value Range High | 10.63 | 6.28 |
| XNAS | BCLI | |
| Financial YE | 31-Dec | |
| Reporting Currency | USD | |

| | |
|---|---|
| NoSh (m) | 79.6 |
| NoSh (m) expected full dilution (Exp D) for Value Range | 134.8 |
| NoSh (m) current full dilution estimate (FD) | 101.4 |

| Key Metrics | $ | adj. |
|---|---|---|
| MCAP (m) | 27.6 | 27.6 |
| Net Debt (Cash) (m) | (2.6) | (2.6) |
| EV (m) | 25.0 | 25.0 |
| 52 Wk Hi | 1.90 | 1.90 |
| 52 Wk Lo | 0.13 | 0.13 |
| Free Float | 79.4% | 79.4% |
| Effective Free Float | 65.3% | 65.3% |

| *Key Metrics FCF adj. | 2029E | 2030E |
|---|---|---|
| CPS ($) | 0.0015 | 0.0019 |
| CPS (Exp D) ($) | 0.0015 | 0.0019 |
| CPS (FD) ($) | 0.0012 | 0.0019 |
| P/CPS | 236.0x | 180.2x |
| P/CPS (Exp D) | 236.0x | 180.2x |
| P/CPS (FD) | 301.0x | 180.2x |

*Our valuation excludes the larger European/UK markets, which provide considerable additional upside.*

# Investment Case

**BrainStorm Cell Therapeutics Inc. (Nasdaq: BCLI) has developed a proprietary technology platform, NurOwn® (debamestrocel, MSC-NTF), that induces bone marrow derived autologous mesenchymal stem cells (MSCs) to secrete elevated levels of neurotrophic factors (NTFs); key to prolonging neuron survival and improving neurological function. NurOwn® has shown positive statistically significant clinical effects for the treatment of ALS in early-stage sufferers in post hoc PIII trial data analysis, supported by biomarker data. BCLI is also assessing NurOwn® for other neurogenerative disease indications. Our highly conservative NPV valuation excludes all but the smaller (by number of patients) US market.**

**Why is BCLI's PIIIb trial advantageous to investors? Post hoc analysis of BCLI's PIII early stage (mild-moderate) sub-group of ALS sufferers treated with BCLI's NurOwn® (debamestrocel, MSC-NTF) revealed positive clinical responses with respect to slowing of ALS disease progression (primary endpoint). However the PIII trial cohort consisted (unexpectedly) of 23% advanced ALS sufferers, clouding the primary and secondary end point statistical analysis (possible floor effects). The new PIIIb trial is designed to recruit a cohort of participants with ALSFRS-R scores >=40. Additionally, more recent peer reviewed research found that certain biomarkers involved in ALS pathology, specifically NfL, LAP and Galectin-1 were found to be predictive of positive clinical outcomes in NurOwn® (debamestrocel, MSC-NTF),-treated participants. If the new trial is successful, we expect a strongly positive valuation inflection point for BCLI.**

**Appointment of commercial team –** BCLI has recently completed its commercial team with the appointment of COO and EVP Hartoun Hatounian, PhD and Chief Development Officer, Bob Dagher, MD. Both team members are experienced professionals in commercializing biotech projects and come with a successful track record.

**Critical items addressed recently** – Chemistry, manufacturing and controls (CMC) successfully reviewed and resolved with the FDA. A CRO has been formally engaged and a commercial manufacturer is lined up. Biologics License Application (BLA) timeline contracted, according to management. An institutional raise of net US$ ~3.74m proceeds, potential US$ 8.1m from new (+old) warrants and possible options for grant funding, de-risk much of the cash question and improve the probability of a US$1 share price in the nearer term.

# Catalysts

**Rerating** – Signing of commercial manufacturer; BLA acceleration; Phase IIIb trial commencement; Further fundraising tranches; PIIIb results; **Increased NPV** – Inclusion of European ALS market in our DCF.

# Phase IIIb Trial Update – Ready to Go

*Throughout this note to help reader recall we use three interchangeable terms for BCLI's ALS therapy/platform – these are NurOwn®, debamestrocel and MSC-NTF. Increasingly in publicly available sources the noun of choice is NurOwn, reflecting BCLI's increasing closeness to commercialization of its ALS therapy.*

**Treatment** – NurOwn is a therapy based upon autologous bone marrow derived MSCs enriched, propagated ex-vivo and induced to secrete NTFs including glial derived growth factor (GDNF), brain derived neurotrophic factor (BDNF), vascular endothelial growth factor (VEGF), galectin-1 and hepatocyte growth factor (HGF).

**Clinical Trial Progress – BCLI, a PIIIb ready company:**

Investors should be aware that stem cells are technically complex to manufacture and that therefore, continued close involvement with the FDA and its provision of guidance is both helpful and to be welcomed.

Carefully preparing the groundwork and obtaining FDA assistance and formal approvals contributes to de-risking the PIIIb trial project by improving the probability that, subject to a positive trial outcome, NurOwn's route to commercial approval will be smoother (read quicker).

As a result of BCLI's expedited SPA with the FDA and the FDA chemistry, manufacturing and controls (CMC) in person type C meeting at the end of June 2024, BCLI will be able to:

- Accelerate its Biologics License Application (BLA).
- Shorten time to market for NurOwn.
- Treat patients with early stage, but nevertheless fatal, ALS sooner.
- Improve data and competitive advantage (assuming successful PIIIb trial outcome), which may in turn convey market dominance for BCLI's NurOwn.

We currently forecast a BCLI PIIIb trial-start within 120 days.

We base our trial forecast start on the following achievements:

According to management, BCLI has signed with an internationally recognized Contract Research Organization (CRO) experienced in running stem cell trials. Management has indicated that it is in, what is hoped to be, last mile negotiations with a commercial stem cell manufacturer. By running these activities in parallel BCLI is effectively cutting the timeline on the BLA filing process. A reduced BLA approval timeline will allow BCLI to bring NurOwn to market ahead of current market expectations. It will also allow BCLI to help patients sooner (assuming positive PIIIb trial results).

**The BLA process** is designed to ensure that biologic products meet appropriate standards of safety, purity and potency prior to marketing to the patient cohorts.

Exhibit 1: **BLA key components**

| |
|---|
| Applicant information |
| Product / manufacturing information |
| Pre-clinical studies |
| Clinical studies e.g., PIIIb |
| Labelling |

Sources: ACF Equity Research Graphics.

**Regulatory approval** - Obtain pivotal support for regulatory approval of NurOwn as a treatment for mid-to-moderate ALS.

**Efficacy** - Primary objective is to evaluate the efficacy (effectiveness) of NurOwn compared to the placebo for the treatment of ALS based on the ALSFRS-R scale.

PIIIb Trial Design Summary
In the PIII trial too many patients were too advanced in their ALS condition, thereby preventing detection of further decline. It was not possible to determine if the rate of decline had slowed or been halted with NurOwn. It was the later pos-hoc results analysis that revealed a clinically positive and statistically significant effect of NurOwn on the early-stage sufferer sub-group. These positive post-hoc sub-group findings were supported by subsequent biomarker data.

**Trial Design Updates – capturing mild to moderate early-stage ALS population with ALFRS-R scores >=40 (vs. ALFRS-R scores of >=25 in the PIII trial).**

It is clear that acting early is of great benefit for the efficacy of most therapies. For sufferers of ALS, the goal is to reverse or halt the inflammation process as early as possible. The pivotal factor for BCLI's PIIIb trial will be effective participant selection, i.e., patients with early phase ALS, the sub-group that derived statistically significant clinical benefits from NurOwn in the PIII trial, as identified in the post hoc analysis.

In the PIIIb the trial screening period will also be shortened to 8 weeks vs. the screening period of 5 months for the PIII (need to measure the progression slope). This is significant because the degree of decline in early-stage patients from selection 'date' to NurOwn application date will be much reduced. In effect the ALFRS-R scores are likely to be much less deteriorated in early-stage patients after 8 weeks than they would be in patients with lower ALFRS-R scores (more progressed disease state) that were treated with NurOwn 5 months after selection.

**Maximum diagnosis time 2 years** – trial participants will be selected for those that have been diagnosed with ALS no more than 2 years prior to trial recruitment.

**Screening target ALSFRS-R >=40** – trial participants will be screened to select for early rather than more advanced ALS sufferers. The targeted ALFRS-R score is >=40 vs. PIII trial ALFRS-R scores of >=25 (where a lower score signifies a more advanced disease state).

**Screening scores >1** – Trial participants will be evaluated for all 12 elements of the ALSFRS-R test and all scores will need to be above 1 (where higher is healthier) for participants to qualify for the BCLI ALS PIIIb trial.

**Slow Vital Capacity (SVC) target 65%** - SVC is a measure of lung function, it is the total volume of air that can be expelled slowly by a patient after a full inhalation. It is often considered a more comfortable test to perform in respect of assessing lung function compared with Forced Vital Capacity (FVC) and is applicable to CNS impaired patients.

**Trial sites number expanded beyond 6** – *Patients already informed and enrollment is expected to be fast*. Expanding trial site numbers reduces trial failure risk and should cut time to trial completion. There were 6 trial sites for the PIII, this number is increased for the PIIIb. The benefits of increasing the number of trial sites are several fold.

**Participant recruitment** is generally accelerated, especially for relatively rare conditions (the incidence of ALS in the US is estimated at 9 per 100,000 of the total population, though this incidence rate is also estimated to be rising).

**Diverse population** – more sites broaden geographic reach and improves the probability of BCLI finding trial participants faster that meet its PIIIb criteria.

**Patient enrollment** – a larger number of sites improves enrollment and retention, improving the probability of efficient trial completion.

**Regulatory goals** – data from a broader number of sites provides greater comfort to regulators and may, as a result, help in obtaining marketing authorization.

The PIIIb BCLI NurOwn (debamestrocel, MSC-NTF), trial design is divided into Part A and Part B.

**Part A** - a double-blind placebo controlled 24-week trial with ~200 participants (n~200), randomized 1:1 NurOwn and placebo groups. There will be a single bone marrow aspiration to obtain autologous MSCs from each participant. The MSCs will be propagated for ~2 weeks and cryopreserved. The MSCs will be thawed ~10 days prior to dosing and propagated and induced into MSC-NTF (debamestrocel, NurOwn) cells, which will then be administered by intrathecal injection 3 times, once every 8 weeks.

**Part B -** an open-label extension period of 24 weeks. Eligible participants will have completed Part A and have the option of entering Part B, in which NurOwn or the placebo will be administered a further 3 times over 24 weeks, once per 8 weeks.

# PIII Biomarker Data – Supports Clinical Effect

*Throughout this note to help reader recall we use three interchangeable terms for BCLI's ALS therapy/platform – these are NurOwn®, debamestrocel and MSC-NTF. Increasingly in publicly available sources the noun of choice is NurOwn, reflecting BCLI's closeness to commercialization of its ALS therapy.*

**Experimental PIII design summary and biomarker aims** – The primary goal was to identify and select ALS biomarkers that are most important in terms of their relationship with NurOwn (debamestrocel, MSC-NTF), and with its impact on clinical outcomes via the ALS Function Rating Scale-Revised (ALSFRS-R).

The PIII trial used a double blind (neither patient nor physician is given confirmation as to whether placebo or therapy is used), 1:1 NurOwn : placebo split over 28 weeks. NurOwn was injected three [3] times over 28 weeks and seven [7] CSF samples were collected from the trial patients.

*The PIII design leveraged current biomarker scientific literature linked to ALS disease progression, with the aim of moving closer to identification of reliable ALS cerebral spinal fluid (CSF) biomarkers. In addition, the PIII was designed to evaluate the effect of NurOwn (debamestrocel, MSC-NTF), on CSF biomarker concentrations and the concentration relationship with ALS disease progression via ALSFRS-R.*

- 196 original participants, 189 received at least one treatment with NurOwn (debamestrocel, MSC-NTF) or the placebo. 144 patients completed the study;
- 45 associated biomarker concentrations were analyzed - **33** were CSF ALS pathway specific;
- 7 CSF samples were collected;
- Clinical responses were assessed using ALSFRS-R.

*Stepwise regression models and causal inference were used to identify the presence of clinical outcomes in NurOwn (debamestrocel, MSC-NTF) treated patients.*

**Biomarker classifications** - BCLI grouped its chosen CSF biomarkers linked to key cellular changes within ALS disease patients into four [4] categories. These categories are: **Neuroinflammatory** (pro inflammatory expected to decrease in response to treatment, anti-inflammatory expected to increase), **Neurodegenerative** (expected to decrease in response to treatment), **Neuroprotective** (expected to increase in response to treatment), Other (belong to other pathways, may increase/decrease in response to treatment).

*Some samples could not be collected because of Covid-19 restrictions.*

*Results summary PIII trial – treatment with BCLI's NurOwn (debamestrocel, MSC-NTF) reduced NfL concentrations, which is predictive of positive clinical outcomes.*

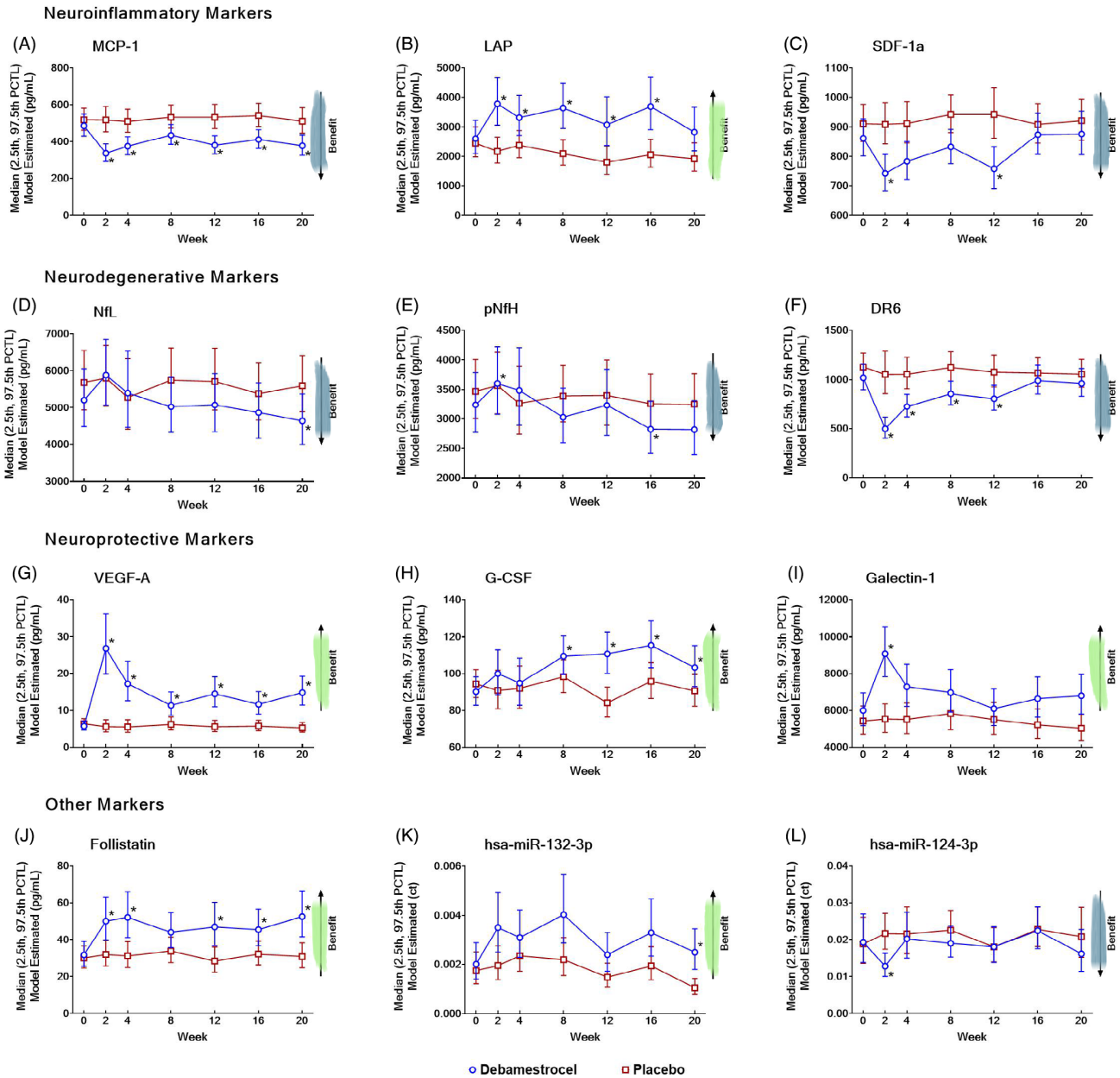
**Biomarker results summary for PIII trial lends support to NurOwn PIII positive clinical outcomes** – Treatment with NurOwn (debamestrocel, MSC-NTF), led to significant CSF biomarker concentration changes spanning pathways involved in ALS pathology. Certain biomarkers, specifically NfL, LAP and Galectin-1 were found to be predictive of positive clinical outcomes in NurOwn-treated participants.

- 64% of ALS pathway biomarkers changed CSF concentration as a result of treatment with NurOwn (debamestrocel, MSC-NTF) (compared with a placebo) indicating a possible reduction in disease activity and nerve cell damage.

*Though not a pre-requisite, all trial participants were permitted to enter the BCLI PIII trial on a stable dose of riluzole (considered the standard of care at that time). As a result riluzole use was relatively balanced across the two treatment groups. Riluzole was not observed to influence treatment outcomes.*

Data in the exhibit below indicates that the effect of BCLI's NurOwn (debamestrocel, MSC-NTF), therapy was fast in terms of reducing concentrations of proinflammatory and increasing concentrations of anti-inflammatory biomarkers. The greatest magnitude of change relative to the control group who were administered the placebo occurred at the first post treatment measurement - 2 weeks after first treatment.

Exhibit 2: **CSF biomarker concentrations & treatment effect (time)**




Sources: ACF Equity Research Regenerative Medicine Thematic Jun 2024; ACF Equity Research Graphics; Muscle&Nerve (Wiley) accepted 19 March 2024 – NurOwn (debamestrocel, MSC-NTF) multimodal effects on biomarker pathways in amyotrophic lateral sclerosis are linked to clinical outcomes.

Whilst there is a statistical risk of false positives due to multiple testing runs, NurOwn (debamestrocel, MSC-NTF) trial data showed positive impacts on the levels of both inflammatory and degenerative process biomarkers and this was sustained over the trial period – longer courses of treatment might deliver greater positive effects, which, if demonstrated, would be a positive for BCLI and for ALS patients.

Exhibit 3: **El Escorial Criteria (revised)**

| Diagnostic category | Inclusion criteria |
|---|---|
| Definite ALS | Presence of upper motor neuron and lower motor neuron signs in three anatomical regions |
| Probable ALS | Presence of upper motor neuron and lower motor neuron signs in at least two regions with upper motor neuron sign rostral to lower motor neuron signs |
| Probable ALS, laboratory results supported | Presence of upper motor neuron and lower motor neuron signs in one region with evidence by EMG of lower motor neuron involvement in another region |
| Possible ALS | Presence of upper motor neuron and lower motor neuron signs in one region or upper motor neuron signs in two or three regions, such as monomelic ALS, progressive bulbar palsy, and primary lateral sclerosis |

Sources: ACF Equity Research Regenerative Medicine Thematic Jun 2024; ACF Equity Research Graphics; Revised El Escorial classification of ALS (). Four anatomical regions, bulbar, cervical, thoracic, and lumbar are included for disease stratification - Amyotrophic Lateral Sclerosis - NCBI Bookshelf (nih.gov).

# Valuation – Dilution Effect & Beta Sensitivity

With the successful first raise to start the rollout of the BCLI NurOwn PIIIb we have clearer site of what full dilution combined with grants might look like.

**Expected full dilution** – We have reviewed and sensitivity tested our expected dilution (see below) and risk adjustments in light of the positive material steps forward for the PIIIb and current market conditions. Valuation is sensitive to beta (expression of volatility risk and so market timing) – the higher the beta, the greater the risk, so the higher the discount factor. So, the higher the beta assumption the lower the valuation.

**Capex assumption for PIIIb trial costs** - We believe our capex assumption for BCLI is very conservative (high) and may be 50% above the actual cost for BCLI's commercialization road map. Our BCLI PIIIb trial cost forecast is based on our high real inflation augmented data for 3rd quartile IQR CNS PIII trial costs per person (i.e., the high end rather than the median CNS trial cost per person). We have applied aggressive real world (on the street research) assumptions for inflation for services in 2021-2023.

**De-risking commercialization** - We have assumed the PIIIb trial extra data/analysis, if successful, will bring BCLI closer to FDA approval than a PIII trial alone. Under these assumptions, FDA approval will convey a higher probability of commercialization.

*Our initiation beta at 2.0 was >5x BCLI's publicly available beta of 0.36 (see our share price sensitivity analysis beta vs. dilution below). We have moved our beta to 1.0, still 2.5x higher vs. BCLI's public beta of 0.36.*

**Beta assumptions** - In our initiation we assumed a highly conservative ACF beta of 2.0 representing the realistic central tendency of betas of many nano to small cap stocks over shorter time scales such as 12 months. We have cut our beta from 2.0 to 1.0. Public data suggests a BCLI beta of 0.36, **our beta is 5x higher**. The higher the beta assumption the lower the valuation.

*Public beta for BCLI is 0.36, our beta assumption was 2.0, >5x higher, it is cut to 1.0, >2.5x higher.*

*With a greater number of shares in issue, ordinarily, liquidity increases, volatility lowers and ß reduces*

**Bear case scenario dilution (and beta)** - Our bear case for full dilution is 250m shares and a beta of 1.0, at this level, our **returns multiple is still >9x** on a close price **at 0.35 cents p/s** for the **US market for ALS and MS only** (so the forecast value of the ALS and MS European/UK market or the RoW is excluded from our current NPVs). The population of the EU is ~450m, the UK ~65m (total 515m vs. a US population estimate 2024 of ~340m). Our current expected full dilution with grants is 135m shares. Our value range is adjusted down **~5% to US$ 5.68 to 6.28 per share >15x above close**.

Exhibit 4: **Bear Case Sensitivity Analysis Beta vs. Dilution**

| Share Price | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Beta vs Index | | | ACF | | | | | |
| Beta vs. Full Dilution - shares (m) | β 0.36 | β 0.80 | β 1.00 | β 1.40 | β 1.80 | β 2.20 | β 2.60 | β 3.00 |
| 135m | 7.89 | 6.50 | 5.97 | 5.03 | 4.26 | 3.62 | 3.08 | 2.63 |
| 150m | 7.10 | 5.85 | 5.37 | 4.53 | 3.84 | 3.26 | 2.77 | 2.36 |
| 200m | 5.32 | **4.39** | **4.03** | **3.40** | **2.88** | **2.44** | 2.08 | 1.77 |
| 250m | 4.26 | **3.51** | **3.22** | **2.72** | **2.30** | **1.95** | 1.66 | 1.42 |
| 300m | 3.55 | 2.93 | 2.69 | 2.27 | 1.92 | 1.63 | 1.39 | 1.18 |
| 350m | 3.04 | 2.51 | 2.30 | 1.94 | 1.64 | 1.40 | 1.19 | 1.01 |
| 400m | 2.66 | 2.20 | 2.01 | 1.70 | 1.44 | 1.22 | 1.04 | 0.89 |

Sources: ACF Estimates

# Valuation

Exhibit 5: **BCLI WACC, DCF and Value Range**

| ACF est. USD (m) | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|
| Revenue | 0 | 0 | 136 | 371 | 610 |
| EBITDA | -23 | -17 | 67 | 184 | 307 |
| Net Income | -24 | -18 | 52 | 139 | 233 |
| FCFF | -24 | -18 | 66 | 176 | 294 |
| CPS (diluted) | -0.0002 | -0.0001 | 0.0004 | 0.0012 | 0.0019 |

*We see current fair value for BCLI at $6.26 per share (fully diluted) for phase 3 ALS and MS clinical trials.*

| BrainStorm Therapeutics WACC Calc | |
|---|---|
| Pre-tax cost of debt | 0.0% |
| ETR | 21.0% |
| After-tax cost of debt | 0.0% |
| Current leverage | 4.1% |
| Debt/(Cash) | 1.1 |
| Equity | 27.6 |
| Target Leverage | 50.0% |
| D / (D+E) | 3.9% |
| | |
| ACF β adj levered | 1.00 |
| rf | 4.0% |
| ERP | 4.6% |
| Cost of equity | 8.6% |
| Risk adj. | 1.1% |
| WACC | 9.37% |

**Note:** Our WACC is reduced but still highly conservative given our aggressive beta of 1.0 vs. market beta.

*Our lowered beta NPV, still 2.5x higher than BCLI's public beta, helps drive an NPV of ~US$ 800m based on extremely conservative assumptions capturing only the US market potential for ALS and MS.*

*Our fair value is based upon an NPV for the US market only for ALS and MS. It excludes the EU and UK and it excludes the RoW. The EU alone (pop ~450m) has a significantly higher population vs. the US (pop estimate ~340m for 2024).*

| Valuation Range - Base Case BCLI | NPV (USD m) | % of valuation |
|---|---|---|
| NurOwn - ALS US Market Only | 602 | 75% |
| NurOwn - MS US Market Only | 201 | 25% |
| **Total NPV** | **803** | |
| (Cash) | 3.70 | |
| Debt | 1.12 | |
| **Implied equity** | **806** | |
| Shares Fully Diluted (m) Expected | 134.8 | |
| **Fair value per share $** | **5.98** | |
| Close Price $ | 0.35 | |
| **VR (low - high)** | **5.68** | **6.28** |
| VR Spread | 5.0% | |
| Implied VR Return (low - high) | 1539.6% | 1712.1% |

**Note:** Implied value range in this ACF research note is based upon fully diluted shares expected to fund the company to FCF positive commercialization and **not** the estimated fully diluted shares in issue at the date of this note.

# Peer Group

Exhibit 6: **Trailing BCLI peer group metrics**

| TTM Metrics / Company Name | Market | Tkr | MCAP $(m) | EV $(m) | Revs $(m) | FCF $(m) | MCAP / REVS | EV / REVS | EV / FCF |
|---|---|---|---|---|---|---|---|---|---|
| **Brainstorm Cell Therapeutics** | **XNAS** | **BCLI** | **28** | **28** | **-0.07** | **-19.55** | **N/M** | **N/M** | **N/M** |
| Vertex | XNAS | VRTX | 126,851 | 118,414 | 10,181.60 | 3,479.30 | 12.46x | 11.63x | 34.03x |
| Vericel | XNAS | VCEL | 2,435 | 2,457 | 207.78 | 2.04 | 11.72x | 11.82x | 1206.78x |
| Sangamo | XNAS | SGMO | 82 | 58 | 18.76 | -218.16 | 4.39x | 3.09x | N/M |
| Cryo-Cell | XNYS | CCEL | 58 | 58 | 23.60 | -0.93 | 2.45x | 2.45x | N/M |
| **Average** | | | | | | | **7.76x** | **7.25x** | **620.41x** |
| **Median** | | | | | | | **8.06x** | **7.36x** | **620.41x** |

Sources: ACF Equity Research; Refinitiv.

BCLI does not make up a constituent of our average or median values in the peer group metrics at the bottom of exhibit 6. We have excluded BCLI from these values to make comparison with the rest of the peer group as clean and undistorted as possible.

In our peer group we use companies focused on innovative therapies such as stem cells or that make up part of the stem cell value chain. Although the peers are all revenue generating, we suggest that these are useful peers. They suggest the trajectory/potential valuation multiples that can be achieved once BCLI reaches commercialization. In terms of exit multiples over the last 3 years, a significant number of M&A deals have exceeded 3x MCAP.

# Notes [Intentionally Blank]

# Check the Independence of Research

As a result of MiFID II and the unbundling of commissions in the UK and Europe and various comparable unbundling legislation originating in the US, over time, the payment models for research have changed. This also means that nano to mid-cap and even some larger cap companies can no longer obtain research via their broker or investment banking relationship as it is no longer commercially viable to do so.

Investment (equity) research has always been a business and, as such, has always been paid for. Over its evolution since the 1920s investment research has been paid for using a variety of models. Since the 1950s investment research has been paid for after production and publication either via trading commissions, transaction fees (money raising, IPO, M&A etc.), via stock payments, opaque retainer structures or cross subsidization - investment research paid for in these ways is subject to opaque high levels of bias and is recognized as such and now legislated against by US, UK and EU regulators.

We recommend readers in any market or geography request the following checks are carried out and answered as indicated below in order to obtain investment research that is as independent and with as few biases as possible:

| | | |
|---|---|---|
| **Is the research MIFID II compliant** | **YES** | ☑ |
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Christopher Nicholson
Managing Director
Head of Research
ACF Equity Research Ltd

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