

UPDATE

VALUE RANGE

\$23.13 – 25.57



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

Tuesday, 08 April 2025

Intrinsic Price (USD)	24.35
Value Range Low (USD)	23.13
Value Range High (USD)	25.57
Implied MCAP (USD) (m)	669.0
Implied EV (m)	668.7
XNAS	BCLI
Financial Year End	31-Dec
Currency	USD

Business Activity
Biotechnology &
Medical Research

Key Metrics	
Close Price (USD)	1.12
MCAP (USD) (m)	7.3
Net Debt (Cash) (m)	0.32
EV (m)	7.6
52 Wk Hi	3.78
52 Wk Lo	1.05
Key Ratios	
(Net Cash) / Shareholder Equity %	-4.38%

Healthcare Sector Research
XNAS Market Index

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BrainStorm Cell Therapeutics

Valuation fundamentals intact

BrainStorm Cell Therapeutics Inc. (Nasdaq: BCLI) develops NurOwn® stem cell therapy for NDDs – BCLI’s first target is ALS (MND/Lou Gehrig’s). Recent micro capitalization and patent development buy time for non-dilutive funding to be secured. BCLI’s Nasdaq compliance for minimum price was regained in late Oct 24, which helps maintain capital access. Market still significantly below ACF’s base-case NPV (\$650M–\$700M). While new bridging funding was announced, no new major funding or rerating events have occurred yet. Funding remains a key overhang. Trial enrollment delay is mostly influenced by ‘paperwork’ processing at medical centers. Our previous note forecasted huge upside (~1850%) if P3b trial confirms efficacy and leads to commercialization and or a large pharma funding deal(s) materializes, expect a significant rerating.

- Valuation intact – no substantive fundamentals deterioration;
- US manufacturing would deliver upside potential (capacity);
- Continuing valid clinical rationale and regulatory setup;
- Market sentiment is likely to remain cautious;
- No major rerating events since our last note.

ACF est. USD (m)	Revenue	EBITDA	FCFF	EPS	EPS (diluted)	CPS	CPS (diluted)
2029E	371.2	184	176	3.35	3.45	8.34	8.57
2030E	610.2	307	127	5.60	5.75	13.47	13.47
Multiples	EV/ Sales	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)	P/ CPS	P/ CPS (diluted)
2029E	0.0x	0.0x	0.0x	0.4x	0.4x	0.1x	0.1x
2030E	0.0x	0.0x	0.1x	0.2x	0.2x	0.1x	0.1x

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Investment Case Update

Share Price History	No. of Shares in issue	Fully diluted (Exp D)
NoSh (m)	6.5	27.5
Implied Intrinsic Price	102.57	24.35
Value Range Low	97.44	23.13
Value Range High	107.70	25.57
XNAS	BCLI	
Financial YE	31-Dec	
Reporting Currency	USD	

NoSh (m)	6.5	
NoSh (m) expected full dilution (Exp D) for Value Range		27.5
NoSh (m) current full dilution estimate (FD)	8.0	

Key Metrics	\$	adj.
MCAP (m)	7.3	7.3
Net Debt (Cash) (m)	0.3	0.3
EV (m)	7.6	7.6
52 Wk Hi	3.78	3.78
52 Wk Lo	1.05	1.05
Free Float	64.6%	64.6%
Effective Free Float	50.4%	50.4%

*Key Metrics FCF adj.	2029E	2030E
CPS (\$)	8.34	13.47
CPS (Exp D) (\$)	8.34	13.47
CPS (FD) (\$)	8.57	13.47
P/CPS	0.1x	0.1x
P/CPS (Exp D)	0.1x	0.1x
P/CPS (FD)	0.1x	0.1x

Our valuation excludes the larger European/UK markets, which provide considerable additional upside. Our value range has been evaluated against delays in P3b enrolment, recent market volatility and global tariff scenarios vs. BCLI's manufacturing plans. Our central valuation thesis remains intact.

BrainStorm Cell Therapeutics Inc. The recent contingent micro-capitalization gross proceeds of US\$ 1.64m via a warrant inducement (subject to shareholder approval) and the December 3, 2024 Notice of Allowance for patent application for BCLI's exosomes technology adds support to our valuation framework, which suggests that successful Phase 3b outcomes and FDA marketing approvals could substantially raise BCLI's valuation, given the high demand for ALS treatments. While trial outcomes remain a risk, the EAP results in announced 4Q24 reduced clinical uncertainty while the SPA and CMC advancements mitigate procedural uncertainties.

BCLI's NurOwn® has shown positive statistically significant clinical effects for ALS treatment 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, such as MS. Our conservative initiation [NPV valuation](#) captures only the smaller (by number of patients) US market.

BCLI presented encouraging data from its Expanded Access Program (EAP) for NurOwn® (debamestrocel) at the 2024 NEALS Meeting. The data highlighted a statistically significant survival benefit for ALS patients treated with NurOwn® with a median survival time of 46.6 months vs. 41.1 months for 100 controls. Neurofilament light (NfL) biomarkers also stabilized in treated patients. This is compared with a +37% change in NfL for those on the placebo (untreated) by the end of the PIII trial, pointing to increased neurodegeneration without NurOwn®. The EAP results reinforce the probability that NurOwn® can slow disease progression in early-stage ALS sufferers. The LRT p=0.0379 value can also be expressed as only a 3.76%, likelihood that NurOwn® treatment had nothing to do with median improved survival time i.e., it is >96% likely NurOwn® was efficacious.

Phase IIIb Trial Remains 'Ready to Go' - The phase IIIb trial, which is designed to confirm NurOwn®'s efficacy in early-stage ALS patients, will enroll approximately 200 ALS patients with ALSFRS-R scores ≤45. It will include a 24-week randomized phase and an open-label extension to evaluate long-term safety and efficacy. Primary endpoints will assess ALS functional rating (ALSFRS-R), and secondary outcomes will include survival metrics, clinical assessments, and biomarkers. Patients are yet to be enrolled in the P3b since our last update, a delay which is in part assigned to technical complexity by management. We assess that cash raising constraints in current markets are also a delaying factor.

Catalysts Update

Rerating – 1. Further fundraising tranches including up to US\$50m non-dilutive funding in 3Q25; **2.** Large cap partnerships in the ALS market; **3.** P3b positive trial results; **Increased NPV –** Inclusion of European ALS market in our DCF.

Micro Capitalization

On Monday 31 March 2025, BCLI entered into an Inducement Offer Agreement with an accredited institutional holder to exercise up to 1,381,383 existing warrants. In return, the holder will receive a new warrant to purchase 200% of the exercised shares — i.e., up to 2,762,766 new shares. The structure used is common in biotech bridge financings, especially when near-term milestones (e.g., Phase 3b trial initiation) are pending. In addition, the raise may help extend BCLI’s cash runway temporarily while the company pursues larger strategic, institutional or non-dilutive financing solutions.

The 8-K filing represents a strategic micro-capitalization step that helps secure short-term liquidity, while maintaining longer-term upside incentives for institutional holders via new warrants. The raise positions BCLI for follow-on non-dilutive capital to support the P3b trial and exosomes research and institutional capital, itself contingent on clinical execution.

Exhibit 1: Micro capitalization US\$1.64m key terms

Feature	Detail
Exercise Proceeds	~\$1.64m in gross cash proceeds to BCLI
Exercise Price	\$1.19 per share for the New Warrant
Trigger Date	New Warrant exercisable upon Stockholder Approval (vote required)
Warrant Expiration	5 years from the Stockholder Approval Date
Adjustment Clauses	Anti-dilution provisions for splits, dividends, and "fundamental transactions" (e.g., M&A)
SEC Filing Commitments	BCLI must file a resale registration statement within 45 days and seek SEC effectiveness within 90 days (or 120 days if full review)
Voting Obligation	Special shareholder meeting must occur within 90 days to secure approval
Financial Advisor	Maxim Group LLC, receives: 6% of gross proceeds + \$12,500 in expenses

Sources: ACF Equity Research; company filings

The **positive aspects** of the micro-capitalization are that it •represents an **immediate cash injection** of ~US\$1.64m (less fees of 6% of gross and US\$12k in costs) to working capital without the need for pricing a public equity offering. •The use of existing warrant holders simplifies the process and **limits exposure to broader market volatility (in theory)**. •Agreement includes equity upside alignment for warrant holders and **delays dilution impact** until the shareholder vote.

However investors should note the following **associated risks**: •**Dilution** risk from potential issuance of up to 2.76m new shares if the new warrants are exercised. •The deal is **contingent on stockholder approval**, which adds uncertainty and may require multiple meetings. •**Ongoing cash burn** and trial funding needs far exceed the US\$1.64m gross proceeds.

Exosome Patent Portfolio – Significant Advance

On December 3, 2024, BCLI announced that the U.S. Patent and Trademark Office (USPTO) issued a Notice of Allowance for patent application 16/981,757, covering BCLI's proprietary exosome isolation technology. This patent describes the composition and methods related to **exosomes derived from mesenchymal stem cells** (MSCs) that secrete neurotrophic factors (MSC-NTF). Exosomes are nano-sized, cell-derived extracellular vesicles that play a role in intercellular communication and the transport of biological materials. Exosomes can serve as nano-carriers to effectively deliver bio-active molecules to target tissues and cells non-invasively.

MicroRNA (miRNA) molecules are small, single-stranded, non-coding RNA molecules, typically containing 21–23 nucleotides. miRNAs play a key role in gene expression regulation by binding to messenger RNA (mRNA) molecules and either degrading them or inhibiting their translation into proteins.

miRNAs are also involved in cell differentiation and disease states. Faulty expression of miRNAs has been linked to several diseases (including cancer).

There is growing evidence linking miRNAs to neurodegenerative diseases (NDDs) such as amyotrophic lateral sclerosis (ALS) and multiple sclerosis (MS).

<https://www.frontiersin.org/journals/neuroscience/articles/10.3389/fnins.2023.1131758/full>.

<https://www.frontiersin.org/journals/molecular-neuroscience/articles/10.3389/fnmol.2020.00053/full>.

MSCs are key to BCLI's ALS therapy approach because of their **immunomodulation** and **tissue repair** (reduce inflammation, promote repair via secretion of NTFs and cytokines) and their **accessibility** (relatively easy to obtain for therapeutic applications from various tissues including bone marrow, adipose, umbilical cord blood and dental pulp) and their **multipotency** (differentiation into various cell types).

BCLI's exosomes are produced in bioreactors and contain active biological molecules, including **neurotrophic factors (NTFs)** such as **LIF**, **VEGFA**, and **GDF-15**, as well as **microRNA (miRNA) molecules**. The **exosomes** express characteristic markers and **are isolated through a unique process developed by BCLI**, comprising a proprietary product. This patent is expected to provide **protection until April 10, 2039**, subject to standard term adjustments.

MiRNAs - There is **growing evidence linking miRNAs to neurodegenerative diseases (NDDs)** such as amyotrophic lateral sclerosis (ALS) and multiple sclerosis (MS).

ALS pathogenesis (disease development) and miRNAs – The inability to regulate or control (dysregulation) the actions of miRNAs are implicated in the pathogenesis of ALS. Differentially expressed specific miRNAs in ALS patients are thought to affect the expression of some genes crucial for motor neuron function. RNA-binding proteins such as TDP-43 and FUS, associated with ALS, play a role in miRNA processing, and when these proteins are altered this can lead to miRNA dysregulation, in turn contributing to ALS disease progression, according to the journal Neuroscience.

MS pathogenesis and miRNAs – In MS (a BCLI follow up target disease), miRNAs are associated with the regulation of immune responses. Dysregulated miRNAs are believed to influence the activity of immune cells, contributing to the inflammatory processes observed in MS. Studies have identified specific miRNAs that are differentially expressed in MS patients, suggesting there is potential for miRNAs to function as biomarkers for diagnosis and disease monitoring, according to the journal, Molecular Neuroscience.

These findings highlight the potential of miRNAs as biomarkers and therapeutic targets for NDD therapies.

Strategic Implications of Recent Developments

Strategic implications – BCLI's patent announcement enhances BCLI's exosome-based therapies intellectual property portfolio. BrainStorm's proprietary exosomes are developed from MSC-NTF cells. Exosomes have significant therapeutic potential in various therapeutic domains, including respiratory and neurodegenerative diseases, based on their customizable cargos, intrinsic immunomodulatory properties, and ability to target specific central nervous system pathways.

Future Directions - BCLI's primary focus remains the development of NurOwn® for ALS, initiation of the Phase 3b registrational trial and funding. However BCLI is correctly, actively seeking additional ways to create and unlock value. The company is pursuing strategic collaborations for the exosome platform, indicating a management commitment to explore the broader potential of its exosome technology in an expanding range of therapeutic areas. The new patent strengthens BCLI's presence in the exosome therapy landscape and provides a potential foundation for future research collaborations, therapeutic applications and different funding sources.

In BCLI's December 30, 2024 letter to shareholders, the company highlighted the significant therapeutic potential of exosomes in various areas, including respiratory and neurodegenerative diseases. BCLI also indicated its intention to pursue strategic collaborations for the exosome platform, aiming to unlock additional value from its assets. The above developments including the micro capitalization support our contention that our investment case and valuation remains intact, irrespective of delays and funding market challenges.

Valuation Thesis Impact of Recent Developments

Exhibit 2: Development changes and impacts

Area	Nov 2024 Status	Mar 2025 Status	Change/Impact
Efficacy Data (EAP)	Positive (p = 0.0379)	No new data	Neutral – still promising, but ‘priced in’
Phase 3b Trial	Cleared to launch (SPA + CMC aligned)	Not yet initiated	Negative – key delay risk developing
Exosome Patent Portfolio	Allowance for patent application	Advancing exosome platform	Positive – deepens IP moat
Funding Dilutive Strategic micro-capitalization:	Anticipated	Warrant inducement \$1.64m gross cash bridging funding	Positive – immediate cash injection if approved by shareholders that improves working capital from \$0.4m 4Q24 to ~\$1.9m 2Q25, revives investor confidence
Funding Non-dilutive	Anticipated \$50M non-dilutive; no confirmation	Remains unconfirmed	Negative – raises execution concerns
Regulatory Position	Derisked via SPA + FDA alignment	Maintained	Neutral to positive
Valuation (DCF)	\$24.35/share intrinsic; US market only	Still theoretically valid	Neutral – but discount rate may increase if delays persist
Share Price	~\$1.23-\$1.12	Likely similar (absent new research or and disclosures)	Neutral – value disconnected from fundamentals

Source: ACF Equity Research, company filings.

Since our November 2024 ACF update, a recap:

- No material negative surprises have occurred.
- Trial initiation delay, significant funding confirmation delays, and the wait for yet more new data have prevented BCLI from reaching our expected valuation inflection point.
- In our assessment BCLI should and inevitably will be focused on creating additional liquidity in order to maximize the chance of finding appropriate funding for execution milestones, which should trigger a rerating of the stock.

What to watch next:

1. Start of Phase 3b trial (first patient dosed).
2. Funding announcements – ideally non-dilutive, or strategic partnership.
3. New biomarker or subgroup data expanding the clinical rationale.
4. Broader pipeline updates (e.g., MS indication progression).
5. US manufacturing facility confirmation (tariff insulation)

Valuation Recap

Exhibit 3: BCLI WACC, DCF and Value Range Recap

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	-44	-32	116	346	545
CPS (diluted)	-1.73	-1.00	3.14	8.57	13.47

We see current fair value for BCLI at \$24.35 per share (full expected dilution) for phase 3b clinical trials.

Our valuation excludes the larger European/UK markets, which provide considerable additional upside. Our value range has been evaluated against delays in P3b enrolment, recent market volatility and global tariff scenarios vs. BCLI's manufacturing plans. Our central valuation thesis remains intact.

We have increased our beta to 1.80 up from 1.5 and prior to that 1.0 which was still 2.5x higher than BCLI's public beta, in order to help capture global and new current market realities.

Our DCF has been reduced by 1 period to 14 years based on the patent lives – the assumption is that BCLI will invest faster to accelerate production and manufacturing for the US market will be US based. Our NPV remains intact between ~US\$ 650-700m based on only the smaller US market potential for ALS and MS and excluding the larger potentially more valuable EMA (European) license market.

Therefore our fair value NPV excludes the EU and UK and Rest of the World (RoW) markets. The EU alone (pop ~450m) has a significantly higher population vs. the US (pop estimate ~340m for 2024). It also excludes value for the new exosomes IP.

BrainStorm Therapeutics WACC Calc	
Pre-tax cost of debt	0.0%
ETR	21.0%
After-tax cost of debt	0.0%
Current leverage	9.9%
Debt/(Cash)	0.7
Equity	7.3
Target Leverage	50.0%
D / (D+E)	9.0%
ACF β adj levered	1.80
rf	4.0%
ERP	4.6%
Cost of equity	12.3%
Risk adj.	1.5%
WACC	12.67%

Note: Our WACC is reduced but still highly conservative given our aggressive beta of 1.8 vs. market beta.

Note Per Share Values Prior to 1:15 Reverse Split – MCAP changed by WACC

Valuation Range - Base Case	NPV (USD m)	% of valuation
BCLI		
NurOwn - ALS US Market Only	506	76%
NurOwn - MS US Market Only	163	24%
Total NPV	669	
(Cash)	0.40	
Debt	0.72	
Implied equity	669	
Shares Fully Diluted (m) Expected	27.5	
Fair value per share \$	24.35	
Close Price \$	1.12	
VR (low - high)	23.13	25.57
VR Spread	5.0%	
Implied VR Return (low - high)	1965.4%	2182.8%

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.

Notes [Intentionally Blank]

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Is the research provided by a broker and paid for after it has been produced.	NO	<input checked="" type="checkbox"/>
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Christopher Nicholson
Managing Director
Head of Research
ACF Equity Research Ltd

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