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Zacks Small-Cap Research

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Longeveron Inc (LGVN-NASDAQ)

LGVN: Progress toward life-saving treatments continues.

LGVN is a clinical stage biotech company that is using cutting edge cellular technology to treat a rare heart disease and the impacts of aging. We place a value of $14.30 on LGVN using the discounted cash flow model.

Current Price (03/09/23)	$3.48
Valuation	**$14.30**

OUTLOOK

Longeveron named a new CEO and announced 2022 results that showed good cash positioning to continue the approval process on various fronts.

The update reiterated our belief that Lomecel-B has the potential to be a breakthrough treatment and results from ongoing trials on various conditions are anxiously awaited.

SUMMARY DATA

52-Week High	**$15.61**
52-Week Low	**$2.81**
One-Year Return (%)	**-49.86**
Beta	**0.78**
Average Daily Volume (sh)	**19,371**
Shares Outstanding (mil)	**21**
Market Capitalization ($mil)	**$73**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**2**
Insider Ownership (%)	**42**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2023 Estimate	**-4.7**
P/E using 2024 Estimate	**-4.7**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	0.4 A	0.5 A	0.2 A	0.2 A	1.4 A
2022	0.4 A	0.5 A	0.3 A	0.1 A	1.2 A
2023	0.3 E	0.4 E	0.4 E	0.3 E	1.4 E
2024	0.3 E	0.3 E	0.4 E	0.3 E	1.3 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	-$0.18 A	-$0.26 A	-$0.25 A	-$0.20 A	-$0.90 A
2022	-$0.17 A	-$0.27 A	-$0.25 A	-$0.21 A	-$0.90 A
2023	-$0.19 E	-$0.20 E	-$0.18 E	-$0.17 E	-$0.74 E
2024	-$0.17 E	-$0.19 E	-$0.16 E	-$0.22 E	-$0.74 E

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Updates

- Longeveron announced the appointment of a new, permanent CEO—Mr. Wa'el Hashad.
    - Mr. Hashad has over 35 years of experience in global pharmaceutical and biotechnology companies.
    - Mr. Hashad has experience with navigating the approval process with the FDA as well as launching and marketing new therapies.
    - We are pleased that the CEO seat is filled and believe the Mr. Hashad has the experience and knowledge to move Lomecel-B toward approval and commercialization.

- Longeveron released its 4Q 2022 and full year 2022 financial results.
    - The most important update from the release was that the company believes that the cash balances will be sufficient to fund operations through at least 1Q 2024.
    - The company announced a loss of $0.21 per share for the quarter and $0.90 per share for the full year.
        - Continuing losses are expected with a company in the clinical trial stage and expenses for LGVN appear to be managed quite well.
    - Enrollment is ongoing for the Phase 2 trial in infants with Hypoplastic Left Heart Syndrome wo are undergoing Stage 2 surgery.
    - A Phase 2 trial of Lomecel-B for Aging-Related Frailty in Japan and anticipates randomizing the first patient in this study before the end of 1Q 2023.
    - The fight against Alzheimer's continues as results from the Phase 2a trial, known as the Clear Mind trial, are expected in early 2024.
- Valuation
    - We are still very optimistic about the prospects for Longeveron and Lomecel-B but the overall market environment has deteriorated and become more risk averse.
        - As a result, we are raising the discount rate for LGVN to 25% from 20%, resulting in a new valuation of $14.30.

Summary

We continue to believe that Longeveron is an exciting clinical-stage company and investors aren't appropriately appreciating the game-changing potential Lomecel-B may be able to have on multiple serious medical conditions. We also believe that the company is well managed, evidenced by the good funding position the company is in and way the company has moved the company's treatment through the FDA process. We are also pleased that the company has been able to name a permanent CEO with the breadth of experience that Mr. Hashad has. As a result of persistent and competent management and solid science the company is moving consistently forward and we believe that Lomecel-B will ultimately have a substantial impact on the health situations of thousands of patients. Our price target is what we believe to be a somewhat conservative $14.30 per share, which is well above the recent trading range as we believe investors aren't appreciating the potential of Lomecel-B's commercialization and believe patient investors will be rewarded.

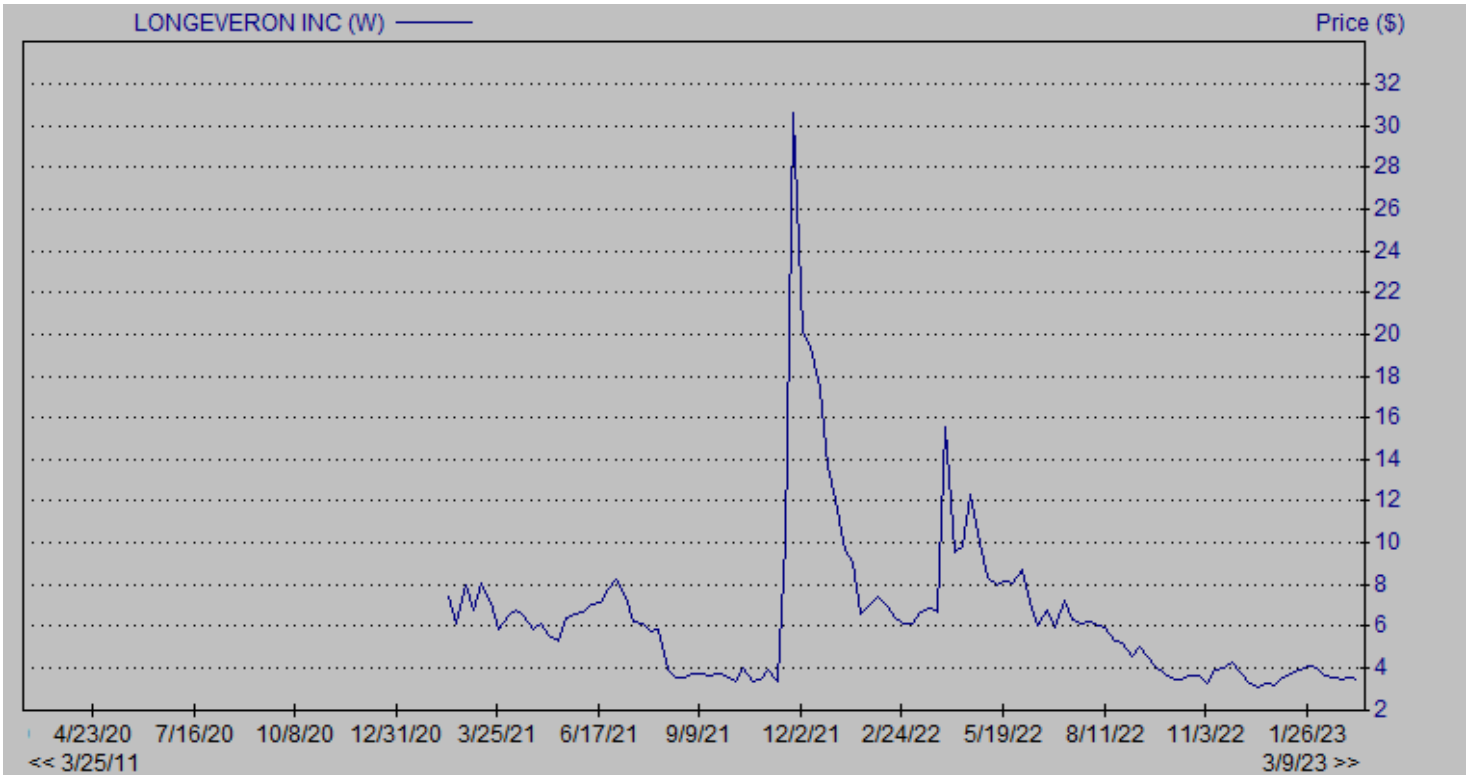
INCOME STATEMENT AND BALANCE SHEET

Longeveron Income Statement and Balance Sheet

(in thousands, except per share data)

		4Q2021A	1Q2022A	2Q2022A	3Q2022A	4Q2022A	2023E	2024E
Revenues								
	Grant Revenue	44	60	126	210	41	950	875
	Clinical Trial Revenue	165	310	340	55	80	405	410
	Contract Revenue	0	0	0	0	0	0	0
Total Revenues		209	370	466	265	121	1,355	1,285
	Cost of Revenues	140	70	306	173	175	177	179
Gross Profit		69	300	160	92	(54)	1,178	1,106
Operating Expenses								
	General and administrative	2,280	1,980	2427	2,074	1,637	11,250	11,550
	Research and development	1,733	1,427	1720	2,960	3,263	5,550	5,825
	Selling and marketing	88	287	234	245	285	110	175
Total operating expenses		4,101	3,694	4,381	5,279	5,185	16,910	17,550
Loss from operations		(4,032)	(3,394)	(4,221)	(5,187)	(5,239)	(15,732)	(16,444)
Other income and (expenses)								
	Interest expense	(1)	0	0	0	0	(3)	(3)
	Other income, net	(36)	(116)	-1403	(57)	783	791	799
Total other income and (expenses), net		(37)	(116)	(1,403)	(57)	783	788	796
Net loss		(4,069)	(3,510)	(5,624)	(5,244)	(4,456)	(14,944)	(15,648)
Basic and diluted loss per share		$ (0.20)	$ (0.17)	$ (0.27)	$ (0.25)	$ (0.21)	$ (0.68)	$ (0.68)
Basic and diluted wtd avg common shares		20,019,138	20,911,203	20,943,897	21,001,613	21,017,885	22,068,779	23,172,218
Assets								
Current Assets:								
	Cash	25,658	22,132	20,224	13,574	10,503	25,576	25,692
	Short-term investments	9,333	8,449	6,837	8,742	9,155	9,430	9,713
Total Current Assets		34,991	30,581	27,061	22,316	19,658	35,006	35,405
Property, Plant and Equipment, net		3,062	2,966	2,835	3,064	2,949	2,802	2,661
Intangible assets, net		2,334	2,361	2,358	2,373	2,409	2,433	2,457
Other assets		2,379	3,265	3,071	2,762	2,397	2,157	2,049
Total Assets		42,766	39,173	35,325	30,515	27,413	42,398	42,573
Liabilities and stockholder equity								
Current liabilities:		Details estimated	Details estimated	Details estimated	Details estimated	Details estimated		
	Accounts Payable	501	505	895	860	975	727	807
	Accrued Expenses	1,150	900	961	947	1,150	625	875
	Current portion of lease	530	520	517	517	530	520	530
	Short-term note payable	-	-	19	-	-	-	-
	Current portion of loans	5	5	5	5	5	5	5
	Deferred Revenue	202	202	202	202	202	202	222
Total Current Liabilities		2,388	2,132	2,599	2,531	2,862	2,079	2,439
Long-term Liabilities:								
	Long-term loans	143	143	146	145	648	648	648
	Lease Liability	2,782	2,592	3,199	3,214	3,400	3,298	3,199
Total long-term liabilities		2,925	2,735	3,345	3,359	4,048	3,946	3,847
Total liabilities		5,313	4,867	5,944	5,890	6,910	6,025	6,286
Stockholders Equity								
	Members equity	19	19	19	19	19	19	19
	Additional Paid-in capital	60,061	60,661	59,466	55,696	50,412	60,766	72,240
	Stock Subscription receivable	(100)	(100)	(100)	(100)	(100)	(100)	(100)
	Accumulated Deficit	(25,372)	(29,148)	(30,004)	(30,990)	(29,828)	(44,772)	(60,420)
Total stockholders equity		34,608	31,432	29,381	24,625	20,503	15,913	11,740
Total liabilities and stockholder equity		39,921	36,299	35,325	30,515	27,413	21,938	18,026

HISTORICAL STOCK PRICE



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