August 15, 2024

Zacks Small-Cap Research

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Longeveron Inc (LGVN-NASDAQ)

LGVN: Financial Update Highlights Successes

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 $8.95 on LGVN using the discounted cash flow model.

Current Price (08/14/24)	$2.61
Valuation	**$8.95**

OUTLOOK

Longeveron is focusing on using its primary treatment, Lomecel-B, to fight a rare pediatric heart birth defect that devastates families but continues to receive good FDA news regarding its treatment for Alzheimer's Disease.

The company released its 2Q2024 earnings and highlighted advances made with its signature treatment—Lomecel-B. The treatment has made significant progress and received multiple FDA designation for both Alzheimer's Disease and the devastating HLHS.

SUMMARY DATA

52-Week High	**$29.30**
52-Week Low	**$0.82**
One-Year Return (%)	**-90.87**
Beta	**0.43**
Average Daily Volume (sh)	**3,175,456**
Shares Outstanding (mil)	**7**
Market Capitalization ($mil)	**$18**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**10**
Insider Ownership (%)	**19**
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	**N/A**
P/E using 2024 Estimate	**N/A**
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)
2022	0.4 A	0.5 A	0.3 A	0.1 A	1.2 A
2023	0.3 A	0.2 A	0.2 A	0.0 A	0.7 A
2024	0.5 A	0.5 A	0.4 E	0.4 E	1.8 E
2025	0.4 E	0.3 E	0.4 E	0.4 E	1.5 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-$0.17 A	-$0.27 A	-$0.25 A	-$0.21 A	-$0.90 A
2023	-$0.22 A	-$0.27 A	-$0.28 A	-$0.25 A	-$1.02 A
2024	-$1.61 A	-$1.83 A	-$0.55 E	-$0.48 E	-$4.47 E
2025	-$0.61 E	-$0.60 E	-$0.60 E	-$0.59 E	-$2.40 E

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Update

Longeveron released its 2Q2024 financial update and announced that the company has enough cash on hand to finance operations through 4Q2025 given present projections. We view this as a very important and positive announcement and further proof that company management's decision to narrow the company's focus and cut expenses, while also adding to cash stores, continues to be an impressive move.

Additionally, the company has signed its first contract and manufacturing business and noted on the call following the release that it believes the company can generate $4-5 million annually when the program is fully up and running in 2-3 years. The company also noted in the call that it was being very deliberate and making sure it was bringing in the right partners, which we believe helps to ensure that this venture will be successful in the long term and help to finance advancement of Lomecel-B.

And management reminded investors that Lomecel-B, the company's primary therapy, has been on a good roll with the FDA. Recently, Lomecel-B was granted Fast Track designation by the FDA only a week after being granted Regenerative Medicine Advanced Therapy (RMAT) designation by the FDA for the treatment of Alzheimer's Disease. These two developments added to the designations received from the FDA that include Orphan Drug Designation, Fast Track Designation, and Rare Pediatric Disease Designation for Lomecel-B the treatment of hypoplastic left heart syndrome (HLHS), which we've written extensively about before.

Fast Track designation is granted by the FDA to facilitate the expedited development and review of new drugs that are intended to treat serious or life-threatening conditions, while demonstrating the potential to address unmet medical needs (FDA.gov). This further demonstrates the potential the FDA believes Lomecel-B has in treating the millions of patients suffering from Alzheimer's Disease. As we've mentioned before, the pursuit of commercialization of Lomecel-B is on the back burner as the company focuses on what it believes is the most likely to be approved in the near term—Lomecel-B for the treatment of Hypoplastic Left Heart Syndrome (HLHS). But we believe that the recent FDA designation and the earlier released positive trial results will attract partners that will want a piece of this exciting technology and enable the company to continue to pursue the Alzheimer's testing needed.

HLHS is a rare pediatric congenital heart birth defect in which the left ventricle (one of the pumping chambers of the heart) is either severely underdeveloped or missing. It is a devastating diagnosis for families with only 20-60% of babies with HLHS surviving their first year of life according to data compiled by the Cleveland Clinic. As we've written about, initial trials have shown that Lomecel-B has the potential to improve those odds dramatically. The Phase 2b clinical trial is ongoing and due to the rarity of the disease obtaining enough patients to test can be difficult, but the company believes that it should have full enrollment by the end of 2024 and already has 38 enrolled pediatric patients. The company also announced that it will be able to provide 5-year post-treatment data from the Phase I test that showed such promising results.

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. As a result of the prudent decisions made by management, we believe Lomecel-B will ultimately have a substantial impact on the health situations of thousands of patients. We believe the stock continues to be underpriced as investors aren't appreciating the potential of Lomecel-B and encourage investors to take a look at LGVN.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Longeveron Income Statement and Balance Sheet							
(in thousands, except per share data)							
		2023A	**1Q2024A**	**2Q2024A**	**3Q2024E**	**4Q2024E**	**2025E**
Revenues							
	Grant Revenue	41	0	0	0	0	0
	Clinical Trial Revenue	668	515	287	293	299	1194
	Contract Manufacture Revenue	0	33	181	75	75	300
Total Revenues		709	548	468	368	374	1,494
	Cost of Revenues	488	219	124	202	205	822
Gross Profit		221	329	344	165	168	672
Operating Expenses							
	General and administrative	11,401	2,200	2,122	1,910	1,719	11,550
	Research and development	9,066	2,219	1,722	1,739	1,757	7,026
	Selling and marketing	783	0	0	280	110	175
Total operating expenses		21,250	4,419	3,844	3,929	3,585	18,751
Loss from operations		(21,029)	(4,090)	(3,500)	(3,764)	(3,417)	(18,079)
Other income and (expenses)							
	Interest expense	0	0	0	0	0	0
	Other income, net	(384)	32	87	0	0	0
Total other income and (expenses), net		(384)	32	87	0	0	0
Net loss		(21,413)	(4,058)	(3,413)	(3,764)	(3,417)	(18,079)
Dividend attributable to warrant inducement		(798)	0	(8,501)	0	0	0
Basic and diluted loss per share		$ (1.02)	$ (1.61)	$ (1.83)	$ (0.55)	$ (0.48)	$ (2.40)
Basic and diluted wtd avg common shares		21,734,901	2,516,587	6,509,881	6,835,375	7,177,144	7,536,001
Assets							
Current Assets:							
	Cash	4,949	1,940	12,375	9,900	7,920	6,336
	Securities and other current assets	899	1,817	1,035	1,066	1,098	1,131
Total Current Assets		5,848	3,757	13,410	10,966	9,018	7,467
Property, Plant and Equipment, net		2,529	2,348	2,371	2,544	2,403	2,282
Intangible assets, net		2,287	2,263	2,353	2,539	2,310	2,333
Other assets		1,414	1,329	1,259	1,498	1,273	1,209
Total Assets		12,078	9,697	19,393	17,547	15,003	13,291
Liabilities and stockholder equity							
Current liabilities:							
	Accounts Payable	638	1,467	600	612	624	637
	Accrued Expenses	2,152	2,401	1,605	1,685	1,770	1,858
	Current portion of lease	593	601	608	586	520	530
	Short-term note payable	-	-	-	-	-	-
	Current portion of loans	-	-	-	-	-	-
	Deferred Revenue	506	826	397	506	202	222
Total Current Liabilities		3,889	5,295	3,210	3,389	3,116	3,247
Long-term Liabilities:							
	Long-term loans	-	66	132	-	-	-
	Lease Liability	1,448	1,295	1,140	1,599	1,405	1,362
Total long-term liabilities		1,448	1,361	1,272	1,599	1,405	1,362
Total liabilities		5,337	6,656	4,482	4,988	4,520	4,609
Stockholders Equity							
	Members equity	25	3	8	3	3	3
	Additional Paid-in capital	91,800	92,080	115,859	95,094	94,152	96,720
	Stock Subscription receivable	(100)	-	-	-	-	-
	Accumulated Deficit	(84,984)	(89,042)	(100,956)	(82,538)	(83,672)	(88,041)
Total stockholders equity		6,741	3,041	14,911	12,559	10,483	8,682
Total liabilities and stockholder equity		12,078	9,697	19,393	17,547	15,003	13,291

HISTORICAL STOCK PRICE



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