Ocugen

1Q26 Reported With Senior Convertible Note Offering

May 06, 2026

Healthcare
OCGN
NCM

Rating
Outperform
Unchanged

Current Price
$1.49
Target Price
$12.00

Market Capitalization
504.39m

Shares Outstanding
338.52m

Float
325.15m

Institutional Holdings
18.91%

12-Month Low/High
$0.64/$2.73

Average 90-Day Volume
9390000

Fiscal Year End
12/312026

Revenues ($ MIL)			
Period	2024A	2025A	2026E
Q1	1.0	1.5A	1.5A
Q2	1.1	1.4A	1.3E
Q3	1.2	1.8A	1.1E
Q4	1.0	(0.2)A	1.0E
	4.0	4.4A	4.9E

EPS ($)			
Period	2024A	2025A	2026E
Q1	(0.05)	(0.05)A	(0.06)A
Q2	(0.04)	(0.05)A	(0.05)E
Q3	(0.05)	(0.07)A	(0.05)E
Q4	(0.05)	(0.06)A	(0.06)E
	(0.20)	(0.23)A	(0.22)E

Clinical Progress During 1Q26 Reviewed. Ocugen reported 1Q26 loss of $19.1 million or $(0.06) per share, slightly higher than we estimated. On its quarterly conference call, management reiterated several important clinical milestones in the coming year. The company also completed an offering of $115 million in Convertible Senior Notes, which we estimate is enough cash to bring its three lead products to market and fund operations through early 2028. The proposal to allow for a reverse split has been dropped from the Annual Meeting agenda.

Senior Note Offering Provides Sufficient Cash For Product Introductions. The cash balance on March 31, 2026, was $32.2 million, including proceeds of $37.5 million from warrant exercise in 1Q26. Today, the company completed the sale of $115 million in 6.75% Convertible Senior Notes. including an option for the buyer to purchase an additional $15 million in the next 13 days. These Notes should add about $99.5 million to the cash balance. Based on our estimates, we believe this is sufficient to fund operations through the filing of the BLAs and product introductions expected in 2026-2028.

The Notes Give Ocugen An Option For Cash Or Share Redemption. The notes may be converted by holders after May 15, 2027, or redeemed by Ocugen after May 15, 2029. Conversions of the notes may be settled in cash, common shares, or a combination at Ocugen's choice. If not redeemed or converted earlier, the notes will mature on May 15, 2034.

All Clinical Programs Are On Schedule. The Phase 3 liMeliGhT (pronounced Limelight) trial for OCU400 completed enrollment of 140 patients during 1Q26. Submission of the first sections of the rolling BLA is expected to begin in 3Q26. The Phase 2/3 GARDian3 trial is expected to announce its planned interim analysis, with guidance from its DSMB on safety and possible modifications to the trial. As discussed in our Research Note on March 25, data from the OCU410 Phase 2 ArMaDa trial were announced, with Phase 3 expected to begin in 3Q26.

Conclusion. We believe the Convertible Senior Notes will secure enough cash to bring the three products through clinical trials, BLA submissions, and launch. Separately, Ocugen has dropped the proposal to allow the Board to effect a reverse split of the stock. All three clinical programs are on or ahead of schedule, with three BLA applications in the 2026-2028 period for OCU400, OCU410ST, and OCU410. We are reiterating our Outperform rating and $12 price target.

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Refer to the last two pages for Analyst Certification & Disclosures

Ocugen (OCGN) | Current Price: $1.49 | Outperform | May 06, 2026

Summary. Ocugen reported 1Q26 loss of $19.1 million or $(0.06) per share, slightly greater than we estimated. On its quarterly conference call, management reiterated several important clinical milestones in the coming year. The company also announced an offering of $115 million in Convertible Senior Notes, which we believe should provide enough cash to bring its three lead products to market and fund operations through early 2028. Separately, the proposal to hold a vote on a reverse split has been dropped from the Annual Meeting agenda.

All Clinical Programs Are On Schedule. The Phase 3 liMeliGhT (pronounced Limelight) trial for OCU400 completed enrollment of its 140 patients during 1Q26. Submission of the first sections of the rolling BLA are expected to begin in 3Q26. The Phase 2/3 GARDian3 trial is expected to announce its planned interim analysis, with guidance from its DSMB on safety and possible modifications to the trial. As discussed in our Research Note on March 25, data from the Phase 2 ArMaDa trial were announced in March, with Phase 3 expected to begin in 3Q26

Convertible Senior Note Offering Provides Sufficient Cash For Product Introductions. The cash balance on March 31, 2026, was $32.2 million, including proceeds of $37.5 million from warrant exercise in 1Q26. Ocugen also announced the sale of $115 million in 6.75% Convertible Senior Notes, which will close on May 7, 2026. The buyer has an option to purchase an additional $15 million in the next 13 days. Proceeds from the selling price of 90% of the principal, less offering costs, should add about $99.5 million to the cash balance.

An estimated $32.7 million of the Note proceeds have been earmarked for early payoff of a 12.5% loan from Avenue Capital Group. An additional $15 million could be received if warrants from a 2025 offering are exercised. Based on our estimated milestones, we believe this is sufficient to fund operations through the filing of the BLAs and product introduction expected in 2026-2028.

The Convertible Senior Notes Give Ocugen An Option For Cash Or Share Redemption. The notes may be converted after May 15, 2027, or redeemed by Ocugen after May 15, 2029. The notes will be convertible at an initial conversion price of $2.68 per share, a 45% premium to the last sale price of $1.85 per share on May 4, 2026. This price equals 372.7866 shares of common stock per $1,000 principal amount of notes. The Notes may be exchanged for cash, common shares, or a combination at Ocugen’s choice. Notes will be settled in cash until the reserved share effective date occurs. If not redeemed or converted earlier, the notes will mature on May 15, 2034.

The BLA For OCU400 Is On Schedule. The Phase 3 liMeliGhT (pronounced Limelight) trial testing OCU400 in Retinitis Pigmentosa (RP) completed enrollment of its 140 patients during 1Q26. The trial includes patients with a range of over 25 genetic RP mutations with disease stages from early to advanced clinical and/or genetic diagnosis of RP. Successful outcomes would support the "gene aganostic" mechanism of action of the modifier gene therapy platform.

Ocugen plans to begin submitting sections of the BLA on a rolling basis, allowing the FDA to evaluate each section as it is completed. The first sections with preclinal and manufacturing data are expected to be submitted during 3Q2026. Full trial results are expected in 1Q27, allowing the final BLA section to be submitted by 2Q2027. With Orphan Status and Fast Track Designation, approval may be received before YE2027.

The GARDian3 Trial Has Functional and Structural Endpoints. The Phase 3 GARDian3 trial for Stargardt disease completed enrollment and patient treatment in 1Q26, ahead of our projected timeframe. This is a pivotal Phase 2/3 confirmatory trial that is designed to validate OCU410ST in patients with any of the mutations in Stargardt disease. OCU410ST is a "gene aganostic" single treatment therapy that could be used to treat all 100,000 Stargardt disease patients in the U.S. and Europe.

The study enrolled 63 subjects diagnosed with Stargardt disease. Patients in the treatment group received a single subretinal injection of OCU410ST in the eye with poorer visual acuity. The untreated control group did not receive any treatment.

The primary endpoint is the reduction in atrophic lesion size at 12 months. Key secondary endpoints include improvements in best corrected visual acuity (BCVA) and low luminance visual acuity (LLVA, a measure of vision in low light) compared with controls. Observational endpoints include preservation of Ellipsoid Zone (EZ), a cellular layer of photoreceptors in the retina that correlates with visual function. Preservation of cells in the EZ is a meaningful indicator of visual function.

An Interim Analysis For OCU410ST Is Expected In 3Q26. An interim outcome analysis of 24 subjects at 8 months post-OCU410ST (16 treated and 8 controls) is planned for 3Q2026. The analysis will be conducted by the DSMB (Data Safety and Monitoring Board) to evaluate safety and evaluate the trial design. The possible outcomes are either continue the trial as designed, modify patient enrollment numbers or treatment regimens, or stop due the trial due to futility. Patient data and measures of efficacy are not expected to be released, in contrast to the Phase 2 ArMaDa trial in January 2026. The final results from the GARDian3 trial are expected in the second quarter of 2027, with a BLA submission planned for mid-2027.

After Strong Phase 2 Results, Phase 3 For OCU410 Is Expected In 3Q26. As discussed in our Resarch Note on March 25, the Phase 2 ArMaDa trial in patients with Geographic Atrophy secondary to dry Age-Related Macular Degeneration (GA-dAMD) showed a statistically significant 31% reduction in lesion growth compared with controls (at the dose selected for Phase 3). This compares with approved treatments showing benefits of 15% at 12 months or 22% reduction at 24 months. A meeting with the FDA is planned to receive guidance on the requirements for the design of Phase 3. The study is expected to begin in 3Q26.

Conclusion. Ocugen has secured sufficient cash to bring its three products through clinical trials, BLA submissions, and launch. Separately, it has dropped the proposal for a vote at the Annual Meeting that would have allowed the Board to effect a reverse split of the stock. The clinical programs are on or ahead of schedule, with BLA applications in the 2026-2028 period for OCU400, OCU410ST, and OCU410. We are reiterating our Outperform rating and $12 price target.

Company Profile

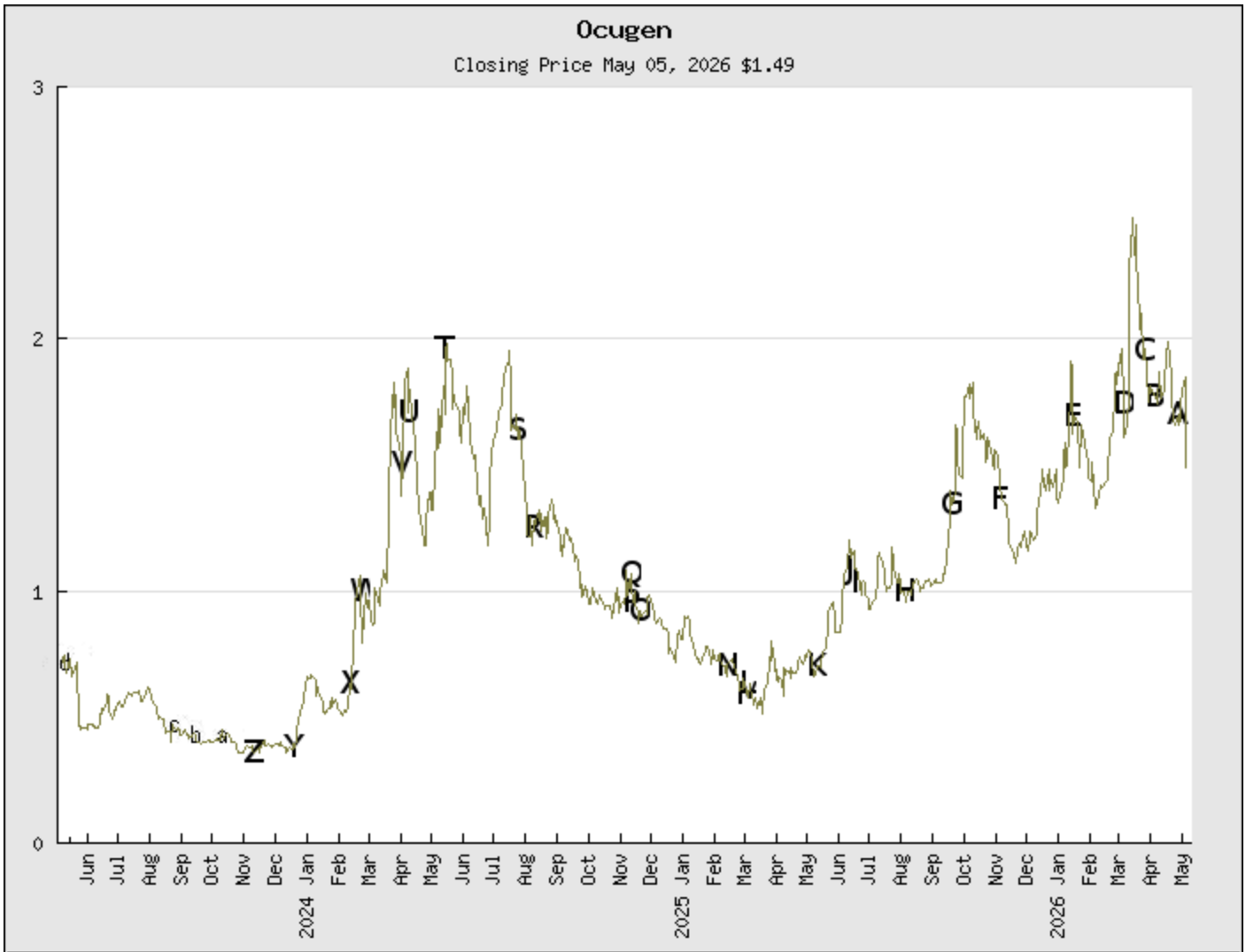
Ocugen, Inc. is a biotechnology company with lead products based on proprietary gene therapy technology based on delivering genes that regulate and control the expression of other genes to affect pathways of disease. Its pipeline also has fusion proteins and nasal mucosal vaccines in development for COVID-19 and influenza.

Fundamental Analysis

In our assessment, we give OCGN a score of 4.0 out of 5.0, which falls within the upper half of the "Above Average" range of 3.0 to 4.0 and warrants 4.0 checks. Our positive fundamental rating is based on the company's introduction of a COVID-19 vaccine and its gene therapy technology platform. We view the quality of management and the Board of Directors as above average due to extensive industry experience. For further explanation of our fundamental analysis, refer to the disclosures at the end of this report.

Valuation Summary

Our valuation is based on Ocugen's three clinical trials continuing to make progress through FDA approval. Based on these Phase 2 ArMaDa trial results, we are including revenues for OCU410 in our FY2029 EPS estimates and basing our valuation of EPS of $1.95 in FY2029. We discount at 35% per year and apply a multiple of 15X for a price target of $12 per share.



A - 04/27/2026 Outperform Target $12.00 Current $1.70
B - 04/06/2026 Outperform Target $12.00 Current $1.77
C - 03/25/2026 Outperform Target $12.00 Current $1.95
D - 03/05/2026 Outperform Target $8.00 Current $1.74
E - 01/16/2026 Outperform Target $8.00 Current $1.69
F - 11/07/2025 Outperform Target $8.00 Current $1.36
G - 09/19/2025 Outperform Target $8.00 Current $1.34
H - 08/04/2025 Outperform Target $8.00 Current $1.00
I - 06/24/2025 Outperform Target $8.00 Current $1.03
J - 06/17/2025 Outperform Target $8.00 Current $1.09
K - 05/12/2025 Outperform Target $8.00 Current $0.70
L - 03/06/2025 Outperform Target $8.00 Current $0.63
M - 03/04/2025 Outperform Target $8.00 Current $0.59
N - 02/13/2025 Outperform Target $8.00 Current $0.70
O - 11/20/2024 Outperform Target $8.00 Current $0.92
P - 11/13/2024 Outperform Target $8.00 Current $0.96
Q - 11/11/2024 Outperform Target $8.00 Current $1.07
R - 08/09/2024 Outperform Target $8.00 Current $1.25
S - 07/26/2024 Outperform Target $8.00 Current $1.64
T - 05/15/2024 Outperform Target $8.00 Current $1.96
U - 04/09/2024 Outperform Target $8.00 Current $1.71
V - 04/03/2024 Outperform Target $8.00 Current $1.50
W - 02/22/2024 Outperform Target $8.00 Current $1.00
X - 02/12/2024 Outperform Target $8.00 Current $0.63
Y - 12/20/2023 Outperform Target $5.00 Current $0.38
Z - 11/10/2023 Outperform Target $5.00 Current $0.36
a - 10/11/2023 Outperform Target $5.00 Current $0.43
b - 09/14/2023 Outperform Target $5.00 Current $0.43
c - 08/23/2023 Outperform Target $5.00 Current $0.47
d - 05/08/2023 Outperform Target $5.00 Current $0.72

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The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or under-served needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclicality, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

ANALYST CREDENTIALS, PROFESSIONAL DESIGNATIONS, AND EXPERIENCE

Senior Equity Research Analyst focusing on the Biotechnology and Specialty Pharmaceuticals industry. 16 years of industry experience. BA in Economics from Tulane University and an MBA from Columbia Business School. FINRA licenses 7, 24, 63, 86, 87

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Outperform: potential return is >15% above the current price	92%	16%
Market Perform: potential return is -15% to 15% of the current price	8%	1%
Underperform: potential return is >15% below the current price	0%	0%

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Additional information is available upon request. The recipient of this report who wishes further information regarding the subject company or the disclosure information mentioned herein, should contact by mail or phone.

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