

Ocugen

Jun 24, 2025

Healthcare

OCGN

NCM

Rating

Outperform

Unchanged

Current Price

\$0.98

Target Price

\$8.00

Market Capitalization

286.51m

Shares Outstanding

292.03m

Float

279.12m

Institutional Holdings

26.47%

12-Month Low/High

\$0.52/\$1.98

Average 90-Day Volume

4780000

Fiscal Year End

2025-12-31

Merger Agreement Moves NeoCart Into A New Company

NeoCart Transferred To Form New Regenerative Medicine Company. Ocugen has announced that it has entered into a merger agreement with Carisma Therapeutics to form a new company. Ocugen will transfer its wholly-owned regenerative medicine division, OrthoCellix, including NeoCart, an autologous cartilage implant technology that uses a patient's cells to repair articular cartilage defects in the knee. The all-stock transaction is valued at \$150 million, with Ocugen shareholders owning 90% of the new company.

We Expect The New Company To Accelerate NeoCart Development. Ocugen has been refining the Phase 3 trial design and has planned to start Phase 3 trials during FY2025. NeoCart has received Regenerative Medicine Advanced Therapy (RMAT) designation, which accelerates BLA review and could lead to faster approval. While the NeoCart data has been strong, NeoCart was a legacy product that was acquired by Ocugen as part of its 2019 reverse merger with Histogenics. Regenerative medicine is outside Ocugen's main focus, and we believe it can be developed more rapidly by a company focused on regenerative medicine.

Unlocking Valuation For NeoCart. The transaction is expected to close in early fall. At that time a new management team and Board of Directors will be announced. A fundraising of \$25 million is in progress to launch the company with \$35 million in cash. Based on estimated clinical expenses, this is projected to fund the Phase 3 trial and continued operations for about 3 years. The new company's valuation of \$150 million makes Ocugen's 90% ownership stake worth \$135 million. With 292.9 million shares outstanding in 1Q25, this would be worth about \$0.46 per share for Ocugen shareholders.

Conclusion. Our models have valued OCGN on OCU400, OCU410ST, and OCU410, the three products on schedule to file BLAs in the FY2026-27 period. These products are based on Ocugen's core gene therapy technology that targets a master control gene that regulates downstream gene networks. Although soon to begin Phase 3, we did not expect NeoCart to get significant valuation as part of Ocugen. We view the transaction as a good strategic move that allows NeoCart to be valued separately while preserving Ocugen shareholders' interests. We are reiterating our Outperform rating and \$8 price target.

Revenues (\$ MIL)

Period	2024A	2025E	2026E
Q1	1.0	1.5A	1.0E
Q2	1.1	1.4E	1.2E
Q3	1.2	1.2E	1.4E
Q4	1.0	1.5E	1.8E
	4.0	5.6E	5.4E

EPS (\$)

Period	2023A	2024E	2025E
Q1	(0.07)	(0.05)A	(0.05)A
Q2	(0.10)	(0.054A	(0.06)E
Q3	(0.06)	(0.05)A	(0.06)E
Q4	(0.07)	(0.05)A	(0.06)E
	(0.29)	(0.20)A	(0.24)E

Equity Research

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**Refer to the last two pages for
Analyst Certification & Disclosures**

Company Profile

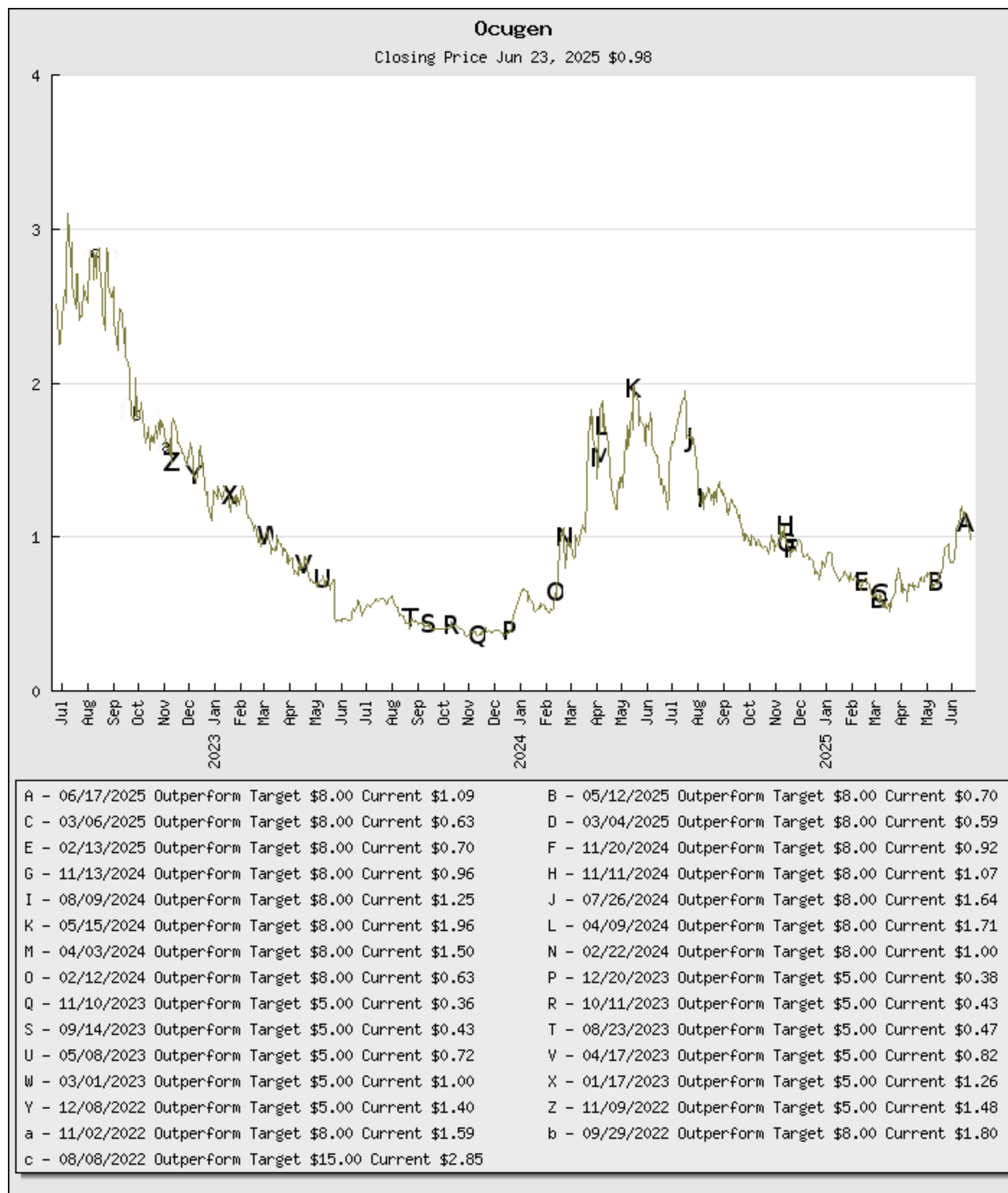
Ocugen, Inc. is a biotechnology company developing vaccines and gene therapy products. Its gene therapy technology is based on delivering genes that regulate and control the expression of other genes to affect pathways of disease and fusion proteins. Its nasal mucosal vaccines are in development for 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 OCU400 continuing to make progress through clinical trials leading to approval in 2026. Our revenue models have been adjusted to include risk-adjusted revenues from OCU410 in its dAMD indication. We discount our estimated revenues by 50% to 75% allow for clinical development risk then estimate EPS, using the first full year of sales as the valuation year. We discount FY2027 EPS of \$1.23 at 30% per year for a price target of \$8 per share.



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The Company has attended Noble investor conference(s) in the last 12 months.

Noble intends to seek compensation for investment banking services and non-investment banking services (securities and non-securities related) within the next 3 months.

Noble is not a market maker in the Company.

FUNDAMENTAL ASSESSMENT

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 underserved 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 cyclicalities, 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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NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	88%	15%
Market Perform: potential return is -15% to 15% of the current price	12%	5%
Underperform: potential return is >15% below the current price	0%	0%

NOTE: On August 20, 2018, Noble Capital Markets, Inc. changed the terminology of its ratings (as shown above) from "Buy" to "Outperform", from "Hold" to "Market Perform" and from "Sell" to "Underperform." The percentage relationships, as compared to current price (definitions), have remained the same.

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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