WBB Securities, LLC

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Celularity, Inc. (NasdaqCM: CELU)

Upgrading Coverage with a Buy Rating
with 12-month Price Target of $6.00

Updated Coverage
September 9, 2025

The Future of Stem Cells is Entering a Commoditization Contest

They say that baseball is a game of inches and to use that adage as a guide for stem cell products, come January 2nd, the Centers for Medicare & Medicaid Services (CMS) has narrowed it to the square centimeter. With a new fixed reimbursement rate for skin substitute products (stem cell derived) at $125.38, CMS reimbursement is replacing the previous Average Sales Price (ASP) which makes sense in controlling abuses in market pricing. What it also means is disruption to an overcrowded, high Cost of Goods (COGs) industry and a golden opportunity for Celularity, Inc. (CELU).

Current Price	$2.11
12 Month Target Price	$6.00
12 Month Trading Range	$1.00-$5.22
Market Capitalization (Mil)	$50,686
Shares Outstanding (Mil)	24,020
Avg. Daily Volume	251,716
L. T. Debt (Mil)	0.0
Dividend/Yield	N/A
Book Value P/S	0.39
NASDAQ Composite	23,833.25
S&P 500	6,495.15

Historical Performance – Page 10.
Disclosures – Page 10.

As we highlighted in our initiation, one of CELU's matchless strengths is its industry leading production capacity. And given the proposed CMS reimbursement math, the margins on COGs for most of the industry will likely decline from an average 80% rate to as low as 50% making most of the industry unprofitable. On the other hand, we believe this will be the opening to showcase how Celularity, through its biomaterials group can provide its own products and the tools to develop and manufacture products for others. We are therefore raising our ratings coverage of Celularity to a Buy Rating and continuing our 12-month price target of $6.00.

As a recap from our last report, here's a concise summary of CELU's announcement(s) and event:

- CELU Balance Sheet Restructuring Update:
  - Sale-Leaseback of Patents: CELU sold its intellectual patent portfolio in a sale-leaseback deal, raising nearly $34 million.
  - Senior Debt Elimination: Proceeds were used to retire all senior debt and a $6.8 million promissory note, significantly deleveraging the balance sheet.
  - Patent Access Secured: CELU retains exclusive rights to use its patent portfolio through a five-year renewable lease agreement.
  - Internal Reorganization: The company also created operating subsidiaries for each functional business unit, streamlining operations.
- On Friday, August 29th, 2025 CELU filed quarterly reports on Form 10-Q for the periods ended March 31, 2025, and June 30, 2025. And on September 2nd, 2025 NASDAQ notified CELU, that it has regained compliance with Listing Rule 5250(c)(1).

Overall: CELU eliminated its long-term debt, gained liquidity, and preserved operational control of its IP while reorganizing for efficiency concurrent with regaining NASDAQ compliance.

Valuation

Rating Legend:

Strong Buy – Should be aggressively purchased.
Buy – Should be purchased on market weakness.
Speculative Buy – For aggressive accounts only.
Hold – Fairly valued.
Sell – Stock should be sold on market strength.
Sell Short – Should be aggressively sold.
Core Holding –– Essential holding of a long-term account.

Our thesis regarding CELU's valuation has remained unchanged, as its debt has been restructured and it has regained NASDAQ compliance. It confirms our belief in CELU's future as not just a single therapeutic product company, but also a Stem Cell platform franchise for the standardization of manufacturing and the launching pad for numerous products, as analyzed here. We employ a straightforward 6-times current sales model and initiate our coverage of Celularity with a Speculative Buy recommendation and a 12-month price target of $6.00.

Current Products and Services

CELU Total Net Revenue for 2024, including product sales, services, licensing and royalties was $54.2 million. Revenue is derived from contract manufacturing and development services, fee-based biobanking services and six commercial products.

Manufacturing and Storage Capabilities:

Contract Manufacturing and Development Services

The company manufactures GMP products and conducts research and development in Florham Park, NJ. The facility features 22 clean rooms, eight labs, a bio/cryo-repository system, and dedicated translational research labs.

CELU pursues opportunities to provide contract manufacturing and development services to third parties. The company plans to explore advanced biomaterial product manufacturing by providing contract manufacturing services, under which it would manufacture one or more advanced biomaterial products for a distributor to sell under its own brand name.

By operating as a manufacturing facility, CELU has greater control, efficiency, and optimization over complex processes to create new cell therapeutics than it would if it outsourced to contract manufacturing organizations (CMOs) alone.

Celularity Cryotanks

Fee-based biobanking services

CELU provides a fee-based biobanking service to expectant parents. The company receives a one-time fee for collecting, processing, and cryogenically preserving the biomaterials, and charges an annual storage fee to maintain the biomaterials in its biobank, generally for a period of 18 to 25 years. The biobanking business was acquired from HLI Cellular Therapeutics, LLC (HLI), which had operated as LifebankUSA, for $28.9 million in May 2017.

Commercial Products

Biovance® - is a placenta-derived membrane allograft (transplant), designed to cover or offer protection for soft tissue repair and reconstructive procedures to aid healing.

Interfyl® is a decellularized human placental connective tissue matrix (CTM) used to replace or supplement damaged or inadequate integumental tissue. It can be used to fill irregular spaces or soft-tissue deficits resulting from wounds, trauma, or surgery, and provides structural support while maintaining its elasticity.

Biovance®3L – is a three-layer human amniotic membrane allograft designed for use as a covering, barrier, or wrap of surgical sites. It offers protection from the surrounding environment during soft tissue repair and reconstructive procedures, as well as improved structural integrity and handleability.

Biovance®3L Optical is a three-layer Biovance membrane allograft designed for the treatment of ocular surface disease and ocular surgical applications.

CentaFlex® is a decellularized human placental matrix allograft derived from human umbilical cords for use as a surgical covering, wrap, or barrier to protect and support the

repair of damaged tissues and provide stronger and more durable support for soft tissue repair.

Rebound™ is a full-thickness, three-layer, placental-derived, extracellular matrix that contains amnion (innermost membranous sac of an embryo) and chorion for use as a wound covering or barrier to protect and support full thickness wounds.

Pipeline

Advanced Biomaterials Pipeline

Advanced Biomaterials	Indication	Discovery	Regulatory	Commercialization
Amniotic Membrane Allograft	Wound Care		361 HCT/P	
Tri-Layer Amniotic Membrane Allograft	Wound Care		361 HCT/P	
Tri-Layer Amniotic Membrane Allograft	Ocular Protective Cover		361 HCT/P	
Amniotic Membrane Allograft	Wound Care		361 HCT/P	
Tri-Layer Amniotic Membrane Allograft	Wound Care		361 HCT/P	
Placental Connective Tissue Matrix	Wound Care		361 HCT/P	
Celularity Tendon Wrap (CTW)	Surgical Tendon Management		Future expected 510(k) filing	
FUSE Bone Void Filler	Orthopedics / Bone, Spine, Dental		Future expected 510(k) filing	

Clinical Research Pipeline

Platform	Candidate	Optimization	Indications	Discovery	Pre-clinical	Phase 1/2	Phase 3
MLASC	PDA-001/002	Unmodified	Autoimmune (Crohn's) & DFU			Phase 2 Studies Complete (Pending FDA EOP-2 meeting)	
MLASC	PDA-002	Unmodified	FSHD			Phase 1 Ready	
pT	Unmodified	CAR + Persistence + Stealth	Solid Tumor				
pT/ pNK	Undisclosed	CAR + Persistence + Stealth	Autoimmune Disease				

Source: Pipeline – Celularity 07-16-2025

Three Development-Stage Wound Care and Orthopedics Devices.

Celularity Tendon Wrap (CTW) is being developed as a medical device to treat and manage tendon injuries with no substantial loss of tendon tissue. Tendon injuries tend to heal incompletely and often recur. CTW is the first human-derived sheet device for tendon indications. The company has submitted a 510K for CTW. The product was estimated to have a $13.07 billion market in 2024.

Potential expanded indications for CTW are in urology, gynecology, and general plastic surgery. The total estimated market size for these applications based on 2023 or 2024 data is $21.52 billion.

FUSE Bone Void Filler is a passive osteoconductive bone filler for the pelvis, extremities, and posterior-lateral spinal fusion settings, as well as other skeletal defects. This product candidate addresses the shortcomings of currently available bone fillers by utilizing a composite material. It is moldable, acts as a scaffold for bone formation, is dissolvable, and can interact safely with living tissue. Potential applications include aesthetic procedures, breast reconstruction, abdominal wall reconstruction, and other soft tissue repair procedures.

Potential expanded indications include dental bone grafting, cranio/maxillofacial surgery, and joint reconstruction. The total estimated market size for these applications based on 2024 data is $32.25 billion.

The company intends to submit a 510(k) notification for FUSE in 2H-2026.

Celularity Placental Matrix (CPM) is intended for chronic and acute wounds, burns, surgical, and aesthetic applications. It is a passive temporary wound covering and is not intended to become living tissue. CPM is a fully dissolvable material, composed of extracellular matrix (ECM) derived from decellularized human placental tissue. It can be used for a wide variety of partial and full-thickness wounds.

Potential expanded applications include mucosal tissue repair, peri-implantitis, and the repair of gastroenterology fistulas. The total estimated size for these markets based on 2023 and 2024 data is $16.6 billion.

The company intends to submit a 510(k) notification for CPM in 2H-2027.

Cell Therapy Candidates

CELU's Cell Therapy program targets age-related diseases, including autoimmune disease, degenerative diseases and cancer. There are three candidates in this program – PDA-001 and PDA-002, which are adherent cells, meaning they must be attached to a surface to grow. They are directed to autoimmune and degenerative diseases. The third candidate is CYNK-1, which contains Natural Killer (NK) cells that are directed to oncology and age-related senescence. All three are proprietary placental-derived cells.

Adherent Cells (PDA-001 & PDA-002)

Clinical data from six placebo-controlled clinical studies of five indications with 233 participants of both PDA-001 (intravenous) and PDA-002 (intramuscular) demonstrate that both were well-tolerated with mild to moderate local or transient blood clots.

CELU's development efforts are focused on diabetic foot ulcers (DFU) and Crohn's disease (CD). The objectives are to identify development partners for advanced clinical trials in these two indications and to continue evaluating the development of CYNK-001 for the effective removal of senescent cells, aiming to help prevent tumors from growing and spreading.

NOTE: Senescent cells, which have stopped dividing, remain metabolically active and can influence surrounding tissues, sometimes contributing to aging and age-related diseases. Cells often become senescent due to DNA damage or telomere shortening, which occurs as cells divide. A cell ceases to divide when its telomeres reach a critically shortened length, known as the Hayflick limit.

Diabetic Foot Ulcer PDA-002

Phase 1 and Phase 2 studies of DFU with or without Peripheral Artery Disease were completed. The Phase II study was a randomized, placebo-controlled, double-blind study that investigated two doses of PDA-002 intramuscularly at three dose levels versus placebo. PDA-002 was well-tolerated, with injection-site reactions being the most common adverse event among the 145 patients.

The primary efficacy endpoint was the rate of response, defined as complete wound closure within three months after dosing and retention of wound closure for the subsequent four weeks. The highest response rate, observed in the 3 x 106 PDA-002 cells group was 38.5% compared to 22.6% within the placebo group. The response rates were 29.6% and 35.7% in the two other groups. A subgroup analysis compared the demonstrated equivalent ulcer closure rates of 42.8% and 53.8% with the 3 x 106 dose of PDA-002 at 12 weeks and 20 weeks compared favorably with currently approved FDA products.

The primary endpoint of PDA cells met the FDA's requirement for complete closure within 12 weeks and demonstrated durability for four consecutive weeks post-ulcer wound closure. PDA-002's four-week closure results exceed the FDA's two-week requirement. PDA-002 results at 12 weeks showed greater wound healing durability than Dermagraft and Dermapace, two FDA-approved products, based on publicly available data.

The next goal is to request an end-of-Phase 2 meeting with the FDA for the PDA-002 cell therapy candidate in DFU.

Crohn's disease (CD) PDA-001

Three Phase 1 and Phase 2 studies were conducted with intravenous PDA-001 in CD vs placebo. Currently approved and marketed products are Stelara, Entyvio, and Humira.

PDA-001 demonstrated durable one- and two-year response and remission rates, with a superior safety profile without retreatment after initial dosing compared to publicly available data of the currently approved products.

The goal for this program is to complete the safety and efficacy assessment to determine progress to a Phase 3 clinical trial in CD.

Placental Natural Killer Cells for Oncology and Age-Related Senescence

NK cells play a fundamental immunological role in eliminating senescent cells, a process known as senoablation. The NK cells kill senescent cells and produce cytokines that activate macrophages to remove these cells.

NK cell function declines with age, characterized by reduced cytokine secretion and decreased cytotoxicity against target cells. This decline may contribute to the accumulation of senescent cells in older individuals. NK cell dysfunction is implicated in the chronic low-grade inflammation associated with aging, known as "inflammaging", which is likely to contribute to the origination of multiple chronic diseases. NK cells play a vital role in eliminating pre-malignant cells and cells infected with viruses. Their dysfunction with age may contribute to increased susceptibility to cancer and infections in aging individuals.

CYNK-001 is an allogeneic, off-the-shelf cell therapy-enriched NK cell product. Four indications were studied in clinical trials of CYNK-001: Acute Myeloid Leukemia, Multiple Myeloma, Glioblastoma, and COVID-19. CYNK-101 internal development has been discontinued, and CELU is seeking collaboration partners for age-related conditions.

Management

Robert J. Hariri, M.D., Ph.D., Founder, CEO and Chair since July 2016. Prior experience includes: Founder and Chief Executive Officer of Anthrogenesis Corporation, and after its acquisition by Celgene; Chief Executive Officer of Celgene Cellular Therapeutics; Co-founder of Human Longevity, Inc. and longevity-focused Fountainlife. Dr. Hariri is an Adjunct Professor of Neurosurgery and a member of the Board of Fellows at the Weill-Cornell University Medical College. He is a member of the X PRIZE Foundation scientific advisory board for the Archon X PRIZE for Genomics. Dr. Hariri served as a trustee and vice-chair of the Liberty Science Center and Bionik Laboratories Corp. He is a member and Chairman of the board of directors of Myos Corporation. Dr. Hariri obtained an A.B. in Biological Anthropology from Columbia University School of Engineering and Applied Sciences and Columbia College and an M.D. and Ph.D. from Cornell University.

John R. Haines, Senior Executive Vice President and Chief Administrative Officer since October 2022 and Corporate Secretary since 2018. Prior experience includes: Executive Vice President and Chief Operating Officer Celularity Legacy; Chief Operating Officer, and Chief Administrative Officer, President and Chief Executive Officer at Andiscern Corporation; President and Chief Executive Officer at Ionetix Corporation Co-founder, President and Chief

Operating Officer of Anthrogenesis Corporation. Mr. Haines obtained a Bachelor of Arts in Economics from Villanova University, a Master of Science from the University of Pennsylvania, a Master of Bioethics from the University of Pennsylvania Graduate School of Medicine, a Master of Arts from King's College London, and a postgraduate diploma from Stanford University.

Stephen Brigido, DPM, President, Degenerative Diseases since July 2021 Prior experience includes: President, Legacy Celularity Degenerative Disease and Biobanking; Managing Partner at Venel Holdings and BBHP Medical LLC; President and Chief Medical Officer at Edge Orthopaedics, LLC, which was sold to Orthofix SRL of Verona, Italy in 2016; Section Chief of Foot and Ankle Reconstruction at Coordinated Health; and Director of the Reconstructive Foot and Ankle Fellowship from 2010-2019. In addition to his duties as a surgeon, Dr. Brigido is a founding partner of Plazmology 4, Inc., and has served on its board of directors since 2012. Dr. Brigido also served on the Board of Directors of Coordinated Health Holding Company. Dr. Brigido has published over 120 peer reviewed papers in regenerative medicine and orthopedics and has written numerous book chapters. Dr. Brigido is a Professor of Surgery at The Commonwealth Medical College in Scranton, PA and has numerous patents involving biomaterials and orthopedic hardware. Dr. Brigido obtained a Bachelor of Science from Randolph-Macron College and a Medical Degree from Temple University.

Board of Directors

Robert J. Hariri, M.D., Ph.D, Chairperson, Founder & CEO

Peter Diamandis, M.D., Director since July 2021. Background includes: co-founder of Legacy Celularity and Vice Chairman of its board of directors; Founder and Executive Chairman of the XPRIZE Foundation, a non-profit foundation that has designed and operated large-scale incentive competitions; Executive Founder of Singularity University, a graduate-level Silicon Valley institution; Vice Chairman and co-Founder of Human Longevity, Inc., a company focused on extending the human lifespan. Dr. Diamandis currently serves on the boards of Vaxxinity and DPCM Capital, and SWAG III. Dr. Diamandis obtained degrees in Molecular Engineering and Aerospace Engineering from MIT and an M.D. from Harvard Medical School.

Geoffrey Shiu Fei Ling, M.D., Ph.D., Director since September 2023. Background includes: Co-founder of On Demand Pharmaceuticals; Professor of Neurology and an Attending Neurocritical Care physician at Johns Hopkins University and Hospital; Professor of the Uniformed Services University of the Health Science (USUHS); Founding Director of the Biological Technologies Office at the Defense Advanced Research Projects Agency (DARPA); Assistant Director for Medical Innovation of the Science Division in President Obama's White House Office of Science and Technology Policy (OSTP). He is a retired U.S. Army colonel who served for 27 years and was deployed to Iraq and Afghanistan. Dr. Ling obtained his medical degree from Georgetown University and his doctorate in Pharmacology is from Cornell University. He was a postdoctoral research fellow at Memorial Sloan Kettering Cancer Center, completed his neurology residency at Walter Reed Army Medical Center, and his Neuro Critical Care fellowship at Johns Hopkins. Dr. Ling has published over two hundred peer-reviewed articles, book chapters and reviews. He is a member of the honor societies of Alpha Omega Alpha, Sigma Xi, and the Military Medical Order of Merit. He is a fellow of the American

Neurological Association, American Academy of Neurology and Neurocritical Care Society. Dr. Ling is a member of the Society for Critical Care Medicine, the American Society of Pharmacology and Experimental Therapeutics, and AMSUS (the Association of Military Surgeons of the United States).

Diane Parks, Director since June 2022. Background includes: Senior Vice President, Head of U.S. Commercial for Kite Pharma, Inc., which was acquired by Gilead; Vice President, Head of Global Marketing for Pharmacyclics, Inc., which was acquired by AbbVie, Inc.; Vice President, Sales for Amgen; Senior Vice President, Specialty Biotherapeutics and Managed Care for Genentech, Inc., which was acquired by F. Hoffmann-La Roche AG. She currently serves on the boards of Calliditas Therapeutics AB, CTI BioPharma Corp., Kura Oncology, Inc., Soligenix, Inc., TriSalus Life Sciences (formerly Surefire Medical, Inc.), and the Lymphoma Research Foundation. Ms. Parks earned an M.B.A. from Georgia State University and a B.S. from Kansas State University.

Risks

In addition to risks normally encountered by development-stage pharmaceutical companies, the following risks relate to products, programs and operations that are relevant to CELU:

The most significant risk for CELU will be its need for substantial additional funding to develop its therapeutics.

Placental-derived cellular therapy candidates represent a novel approach to cancer, infectious and degenerative disease treatments that create significant challenges.

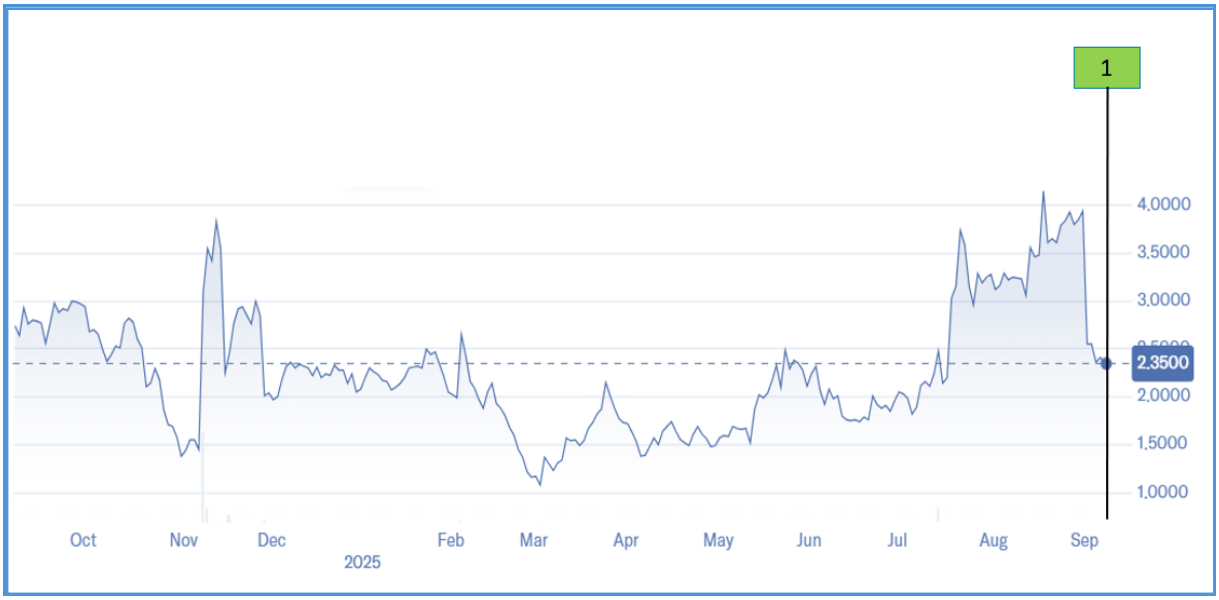
CELU operates its own manufacturing and storage facility, which requires significant resources. Manufacturing or other failures could adversely affect clinical trials and limit the biobanking and degenerative diseases businesses.

Historical and Future EPS Performance

EPS	2024	2025	2026
Q1	(1.03)A	(0.84)A	
Q2	(0.30)A	(1.02)A	
Q3	(0.73)A	(1.50)E	
Q4	(0.59)A	(1.50)E	
Year	(2.65)A	(4.86)E	(2.75)E
P/E	NM	NM	NM
EPS Growth	NM	NM	NM
FY Rev. (Mil)	54.2A	25.0E	44.0E
FY:DEC			

Price and Volume

Initiated Coverage of Celularity, Inc. as Speculative Buy on August 18, 2025



1	Updated coverage of CELU on 9/8/25 at $2.11 with a Buy Rating and a 12-month price target of $6.00.

Source:QUODD

Distribution of Ratings and Disclosure of Banking Relationships: The following table shows WBB's ratings distribution expressed as a percentage of all securities rated as of the end of the most recent calendar quarter, as well as the percentage of subject companies within each rating category for whom WBB has provided investment banking services within the previous 12 months. WBB has acted as an advisor to Celularity.

	Percentage of Covered Securities	Percentage of Banking Clients
Buy	93%	15.4%
Hold	0%	0%
Sell	7%	0%

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