UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2026

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **001-12830**

Lineage Cell Therapeutics, Inc.
(Exact name of registrant as specified in its charter)

California	**94-3127919**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

2173 Salk Avenue, Suite 200
Carlsbad, California 92008
(Address of principal executive offices) (Zip code)

(Registrant's telephone number, including area code) (442) 287-8990

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol	Name of exchange on which registered
Common shares	**LCTX**	**NYSE American LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☒ Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of common shares outstanding as of November 9, 2026 was 252,954,764.

Lineage Cell Therapeutics, Inc.
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. The forward-looking statements are contained principally in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report, but are also contained elsewhere in this report. We make such forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. All statements other than statements of historical facts contained in this report are forward-looking statements. In some cases, you can identify forward-looking statements by the words "may," "might," "will," "could," "would," "should," "expect," "intend," "plan," "objective," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue" and "ongoing," or the negative of these terms, or other comparable terminology intended to identify statements about the future. Forward-looking statements in this report include, but are not limited to, statements about:

- the potential to receive developmental, regulatory, and commercialization milestone and royalty payments under our Collaboration and License Agreement with F. Hoffmann-La Roche Ltd and Genentech, Inc.;
- our plans to research, develop and commercialize our product candidates;
- the initiation, progress, success, cost and timing of our clinical trials and other product development activities;
- the therapeutic potential of our product candidates, and the indications for which we intend to develop our product candidates;
- our AlloSCOPE™ platform and our ability to successfully manufacture our product candidates for clinical development and, if approved, for commercialization, and the timing and costs of such manufacture;
- the timing and likelihood of regulatory filings and approvals;
- the potential of our cell therapy platform;
- our ability to obtain additional capital to fund our operations;
- the potential that holders of outstanding warrants to purchase our common shares will exercise such warrants on a cash basis;
- our expectations and plans regarding existing and potential future collaborations with third parties such as pharmaceutical and biotechnology companies, government agencies, academic laboratories, and research institutes for the discovery, development, and/or commercialization of novel cell therapy products;
- the size and growth of the potential markets for our product candidates and our ability to serve those markets;
- the potential scope and value of our intellectual property rights; and
- the effects on our operations and workforce and on clinical trials (including those involving OpRegen®) of the 2026 Iran War and the ongoing Israeli regional conflict, and broader geopolitical conflicts, political and economic instability, public health emergencies and macroeconomic conditions.

Forward-looking statements reflect our views and expectations as of the date of this report about future events and our future performance and condition, and involve known and unknown risks, uncertainties and other factors that may cause our actual activities, performance, results or condition to be materially different from those expressed or implied by the forward-looking statements. You should refer to "Item 1A. Risk Factors" in Part II of this report and in Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "2025 10-K") as filed with the Securities and Exchange Commission (the "SEC") on March 5, 2026, for a discussion of important factors that may cause our actual activities, performance, results and condition to differ materially from those expressed or implied by our forward-looking statements. As a result of a variety of factors, including those discussed in Item 1A. Risk Factors in Part II of this report and in Part I of the 2025 10-K, our forward-looking statements may prove to be inaccurate, and the inaccuracy may be material. Accordingly, you should not place undue reliance on any forward-looking statement. We anticipate that subsequent events and developments may cause our current views and expectations to change. However, while we may elect to update the forward-looking statements in this report at some point in the future, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date after the date of this report.

You should read this report and the documents that we reference in this report completely and with the understanding that our actual future performance, results and condition may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

MARKET DATA AND TRADEMARKS

This report also contains market data, industry forecasts and other data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

All brand names or trademarks appearing in this report are the property of their respective owners. Solely for convenience, the trademarks and trade names in this report may be referred to without the symbols ® and ™, but such references should not be construed as any indication that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

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Unless otherwise stated or the context requires otherwise, references in this report to "Lineage," the "Company," "our company," "we," "us," and "our" refer collectively to Lineage Cell Therapeutics, Inc. and its consolidated subsidiaries.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

LINEAGE CELL THERAPEUTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)
(UNAUDITED)

	September 30, 2026	December 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 26,499	$ 40,791
Marketable securities	18,677	14,990
Accounts receivable	1,333	891
Prepaid expenses and other current assets	1,265	2,485
Total current assets	47,774	59,157
NONCURRENT ASSETS		
Property and equipment, net	2,378	2,566
Operating lease right-of-use assets	1,696	2,131
Deposits and other long-term assets	583	558
Goodwill	10,672	10,672
Intangible assets, net	31,700	31,700
Deferred tax asset, net	5,307	5,800
TOTAL ASSETS	$ 100,110	$ 112,584
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 5,610	$ 7,181
Operating lease liabilities, current portion	954	816
Finance lease liabilities, current portion	33	37
Deferred revenues, current portion	1,422	3,333
Total current liabilities	8,019	11,367
LONG-TERM LIABILITIES		
Deferred tax liability, net	14	22
Deferred revenues, net of current portion	12,339	12,377
Operating lease liabilities, net of current portion	1,036	1,534
Finance lease liabilities, net of current portion	6	32
Warrant liabilities	12,753	43,906
TOTAL LIABILITIES	34,167	69,238
Commitments and contingencies (Note 13)		
SHAREHOLDERS' EQUITY		
Preferred shares, no par value, 2,000 shares authorized; none issued and outstanding as of September 30, 2026 and December 31, 2025	—	—
Common shares, no par value, 450,000 shares authorized as of September 30, 2026 and December 31, 2025; 252,907 and 243,122 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	537,420	515,467
Accumulated other comprehensive loss	(4,261)	(3,920)
Accumulated deficit	(466,096)	(466,998)
Lineage's shareholders' equity	67,063	44,549
Noncontrolling deficit	(1,120)	(1,203)
Total shareholders' equity	65,943	43,346
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 100,110	$ 112,584

See accompanying notes to the condensed consolidated interim financial statements.

LINEAGE CELL THERAPEUTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
REVENUES:				
Collaboration revenues	$ 1,349	$ 3,544	$ 3,867	$ 7,346
Royalties, license and other revenues	85	137	361	602
Total revenues	1,434	3,681	4,228	7,948
OPERATING EXPENSES:				
Cost of royalties	5	5	5	80
Research and development	3,818	3,271	12,826	9,491
General and administrative	4,925	4,191	15,227	13,608
Loss on impairment of intangible asset (Note 6 and Note 13)	—	—	—	14,840
Total operating expenses	8,748	7,467	28,058	38,019
Loss from operations	(7,314)	(3,786)	(23,830)	(30,071)
OTHER INCOME (EXPENSES):				
Interest income, net	376	366	1,159	1,298
Gain (loss) on marketable equity securities, net	(8)	6	16	(1)
Change in fair value of warrant liability	11,944	(26,557)	23,711	(36,992)
Foreign currency transaction gain (loss), net	(284)	219	430	1,666
Other income (expense), net	—	—	(17)	(159)
Total other income (expenses)	12,028	(25,966)	25,299	(34,188)
INCOME (LOSS) BEFORE INCOME TAXES	4,714	(29,752)	1,469	(64,259)
Income tax expense	(484)	—	(484)	—
NET INCOME (LOSS)	4,230	(29,752)	985	(64,259)
Net (income) loss attributable to noncontrolling interest	2	(29)	(83)	(125)
NET INCOME (LOSS) ATTRIBUTABLE TO LINEAGE	$ 4,232	$ (29,781)	$ 902	$ (64,384)
NET INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO LINEAGE:				
Basic	$ 0.02	$ (0.13)	$ —	$ (0.28)
Diluted	$ (0.03)	$ (0.13)	$ (0.09)	$ (0.28)
WEIGHTED-AVERAGE COMMON SHARES USED TO COMPUTE NET INCOME (LOSS) PER COMMON SHARE:				
Basic	252,907	228,853	249,174	227,765
Diluted	259,075	228,853	261,217	227,765

See accompanying notes to the condensed consolidated interim financial statements.

LINEAGE CELL THERAPEUTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(IN THOUSANDS)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
NET INCOME (LOSS)	$ 4,230	$ (29,752)	$ 985	$ (64,259)
Other comprehensive income (loss):				
Foreign currency translation adjustment, net of tax	214	(189)	(331)	(1,406)
Unrealized gain (loss) on marketable debt securities	(2)	1	(10)	(4)
COMPREHENSIVE INCOME (LOSS)	4,442	(29,940)	644	(65,669)
Comprehensive (income) loss attributable to noncontrolling interest	2	(29)	(83)	(125)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO LINEAGE COMMON SHAREHOLDERS	$ 4,444	$ (29,969)	$ 561	$ (65,794)

See accompanying notes to the condensed consolidated interim financial statements.

LINEAGE CELL THERAPEUTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(IN THOUSANDS)
(UNAUDITED)

Three Months Ended September 30, 2026

	Common Shares		Accumulated Deficit	Noncontrolling Deficit	Accumulated Other Comprehensive Income / (Loss)	Total Shareholders' Equity
	Shares	Amount				
BALANCE - June 30, 2026	**252,907**	**$ 535,717**	**$ (470,328)**	**$ (1,118)**	**$ (4,473)**	**$ 59,798**
Stock-based compensation	—	1,703	—	—	—	1,703
Unrealized loss on marketable debt securities	—	—	—	—	(2)	(2)
Foreign currency translation adjustment	—	—	—	—	214	214
Net income (loss)	—	—	4,232	(2)	—	4,230
BALANCE - September 30, 2026	**252,907**	**$ 537,420**	**$ (466,096)**	**$ (1,120)**	**$ (4,261)**	**$ 65,943**

Three Months Ended September 30, 2025

	Common Shares		Accumulated Deficit	Noncontrolling Deficit	Accumulated Other Comprehensive Income / (Loss)	Total Shareholders' Equity
	Shares	Amount				
BALANCE - June 30, 2025	**228,356**	**$ 490,551**	**$ (438,068)**	**$ (1,273)**	**$ (4,098)**	**$ 47,112**
Shares issued through ATM financing	1,000	1,315	—	—	—	1,315
Financing related fees	—	(42)	—	—	—	(42)
Shares issued upon exercise of stock options	622	646	—	—	—	646
Shares issued upon exercise of warrants	350	319	—	—	—	319
Derivative warrant liability reclassified to share capital on exercise of warrants	—	187	—	—	—	187
Stock-based compensation	—	1,199	—	—	—	1,199
Unrealized gain on marketable debt securities	—	—	—	—	1	1
Foreign currency translation adjustment	—	—	—	—	(189)	(189)
Net income (loss)	—	—	(29,781)	29	—	(29,752)
BALANCE - September 30, 2025	**230,328**	**$ 494,175**	**$ (467,849)**	**$ (1,244)**	**$ (4,286)**	**$ 20,796**

See accompanying notes to the condensed consolidated interim financial statements.

LINEAGE CELL THERAPEUTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(IN THOUSANDS)
(UNAUDITED)

Nine Months Ended September 30, 2026

	Common Shares		Accumulated Deficit	Noncontrolling Deficit	Accumulated Other Comprehensive Income / (Loss)	Total Shareholders' Equity
	Shares	Amount				
BALANCE - December 31, 2025	**243,122**	**$ 515,467**	**$ (466,998)**	**$ (1,203)**	**$ (3,920)**	**$ 43,346**
Shares issued through ATM financing	3,600	4,607	—	—	—	4,607
Financing related fees	—	(153)	—	—	—	(153)
Shares issued upon vesting of restricted stock units, net of shares retired to pay employees' taxes	44	(40)	—	—	—	(40)
Shares issued upon exercise of stock options	220	233	—	—	—	233
Shares issued upon exercise of warrants	5,921	5,388	—	—	—	5,388
Derivative warrant liability reclassified to share capital upon exercise of warrants	—	7,442	—	—	—	7,442
Stock-based compensation	—	4,476	—	—	—	4,476
Unrealized loss on marketable debt securities	—	—	—	—	(10)	(10)
Foreign currency translation adjustment, net of tax	—	—	—	—	(331)	(331)
Net income	—	—	902	83	—	985
BALANCE - September 30, 2026	**252,907**	**$ 537,420**	**$ (466,096)**	**$ (1,120)**	**$ (4,261)**	**$ 65,943**

Nine Months Ended September 30, 2025

	Common Shares		Accumulated Deficit	Noncontrolling Deficit	Accumulated Other Comprehensive Income / (Loss)	Total Shareholders' Equity
	Shares	Amount				
BALANCE - December 31, 2024	**220,416**	**$ 484,722**	**$ (403,465)**	**$ (1,369)**	**$ (2,876)**	**$ 77,012**
Shares issued through registered direct financing	7,895	3,795	—	—	—	3,795
Shares issued through ATM financing	1,000	1,315	—	—	—	1,315
Financing related fees	—	(448)	—	—	—	(448)
Shares issued upon vesting of restricted stock units, net of shares retired to pay employees' taxes	45	(15)	—	—	—	(15)
Shares issued upon exercise of stock options	622	646	—	—	—	646
Shares issued upon exercise of warrants	350	319	—	—	—	319
Derivative warrant liability reclassified to share capital upon exercise of warrants	—	187	—	—	—	187
Stock-based compensation	—	3,654	—	—	—	3,654
Unrealized loss on marketable debt securities	—	—	—	—	(4)	(4)
Foreign currency translation adjustment, net of tax	—	—	—	—	(1,406)	(1,406)
Net income (loss)	—	—	(64,384)	125	—	(64,259)
BALANCE - September 30, 2025	**230,328**	**$ 494,175**	**$ (467,849)**	**$ (1,244)**	**$ (4,286)**	**$ 20,796**

See accompanying notes to the condensed consolidated interim financial statements.

LINEAGE CELL THERAPEUTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Nine Months Ended September 30,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) attributable to Lineage	$ 902	$ (64,384)
Net income attributable to noncontrolling interest	83	125
Adjustments to reconcile net income (loss) attributable to Lineage Cell Therapeutics, Inc. to net cash used in operating activities:		
Issuance costs for common stock warrant liabilities	—	183
Loss on impairment of intangible asset	—	14,840
(Gain) loss on marketable equity securities, net	(16)	1
Accretion of income on marketable debt securities	(402)	(10)
Depreciation and amortization expense	577	513
Change in right-of-use assets and liabilities	66	(41)
Stock-based compensation	4,476	3,654
Change in fair value of warrant liability	(23,711)	36,992
Income tax expense	484	—
Foreign currency remeasurement	(471)	(1,721)
Loss on disposal of assets	31	—
Changes in operating assets and liabilities:		
Accounts receivable	(371)	511
Prepaid expenses and other current assets	1,461	1,077
Accounts payable and accrued liabilities	(2,102)	(188)
Deferred revenue	(1,949)	(5,593)
Net cash used in operating activities	(20,942)	(14,041)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable debt securities	(29,796)	—
Maturities of marketable debt securities	26,520	2,000
Purchase of equipment	(237)	(123)
Net cash (used in) provided by investing activities	(3,513)	1,877
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from employee options exercised	233	487
Proceeds from exercise of warrants	5,388	319
Common shares received and retired for employee taxes paid	(40)	(15)
Proceeds from sale of common shares under ATM, net of offering costs	4,454	1,276
Proceeds from sale of common shares with warrants under registered direct financing, net of offering costs	—	5,232
Payment of financed insurance premium	—	(684)
Payment of finance lease liabilities	(31)	(44)
Net cash provided by financing activities	10,004	6,571
Effect of exchange rate changes on cash, cash equivalents and restricted cash	173	216
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(14,278)	(5,377)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
At beginning of the period	41,324	46,354
At end of the period	$ 27,046	$ 40,977
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	$ 3	$ 27
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Property and equipment expenditures in accounts payable	$ 89	$ 25
Fair value of warrant liability recognized upon issuance in registered direct financing	$ —	$ 2,205
Derivative warrant liability reclassified to equity on exercise of warrants	$ 7,442	$ 187
Receivable from exercise of stock options	$ —	$ 159
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD:		
Cash and cash equivalents	$ 26,499	$ 40,463
Restricted cash included in deposits and other long-term assets (see Note 13 (Commitments and Contingencies))	547	514
Total cash, cash equivalents, and restricted cash	$ 27,046	$ 40,977

See accompanying notes to the condensed consolidated interim financial statements.

LINEAGE CELL THERAPEUTICS, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization, Basis of Presentation and Liquidity

We are a clinical-stage biotechnology company developing cell replacement therapies to treat serious medical conditions. Certain diseases and medical events can arise from the loss of critical cellular activity and lead to devastating or difficult-to-treat conditions or impairments. Our work is grounded in the emerging evidence that replacing or supporting those cells that have become dysfunctional or "lost" (destroyed or dead) can restore or replenish normal function and improve treatment and recovery paradigms. We call this approach "Replace and Restore". We believe cellular therapies aimed at replacing dysfunctional or destroyed cells may have more durable, broader, or suitable applicability than traditional pharmaceutical products, which often seek to affect just a single molecular target or group of biological pathways. Transplantation of replacement cells represents an emerging branch of medicine, and we believe we are uniquely positioned to capitalize on its opportunities by demonstrating the value of administering mature, differentiated cells to patients.

Our development programs are based on our proprietary, in-house, cell-based manufacturing platform, which we call AlloSCOPE™ (Allogeneic, Scalable, Consistent, Off-the-shelf, Pluripotent Cell Engineering), and supported by our associated development, formulation, manufacturing, and delivery capabilities. Our business strategy aims to efficiently leverage our patented AlloSCOPE platform and our development and manufacturing expertise to create a pipeline of related but discrete cell-based assets, some of which we may advance internally toward commercialization and some of which we may seek to partner during early or late development, if we believe doing so will enhance their probability of success and add value to Lineage and our shareholders.

Our pipeline currently includes: (i) OpRegen® cell therapy, a retinal pigment epithelial cell therapy in Phase 2a development under a worldwide collaboration with Roche and Genentech, a member of the Roche Group, for the treatment of geographic atrophy secondary to age-related macular degeneration; (ii) HUNT1, a pluripotent stem cell derived, neural cell therapy in Phase 1b/2a development for the treatment of Huntington's Disease; (iii) OPC1, an oligodendrocyte progenitor cell therapy in Phase 1/2a development for the treatment of spinal cord injuries; (iv) COR1, a corneal endothelial disease cell therapy in preclinical development for the potential treatment of corneal endothelial disease; (v) ReSonance® (ANP1), an auditory neuronal progenitor cell therapy in preclinical development under a collaboration with William Demant Invest A/S for the potential treatment of auditory neuropathy; (vi) ILT1, an islet cell therapy focused on the issue of large-scale production of undifferentiated pluripotent cells, which if successful and applied to an islet cell differentiation protocol could be evaluated for the production of islet cells for the potential treatment of Type 1 Diabetes; (vii) RND1, a novel hypoimmune induced pluripotent stem cell line being evaluated for development under a gene editing partnership; and (viii) PNC1, a photoreceptor neural cell therapy research initiative being evaluated for development for the potential treatment of vision loss due to photoreceptor dysfunction or damage.

Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements were prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. In accordance with those rules and regulations, certain information and footnote disclosures normally included in comprehensive consolidated financial statements have been condensed or omitted. The condensed consolidated balance sheet as of December 31, 2025 was derived from the audited consolidated financial statements at that date but does not include all the information and footnotes required by GAAP. These accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the 2025 10-K.

The accompanying unaudited condensed consolidated interim financial statements, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our financial condition and results of operations. The condensed consolidated interim results of operations are not necessarily indicative of the results to be expected for any other interim period or for the entire year.

Segments and Principles of Consolidation

Our chief operating decision maker ("CODM"), our Chief Executive Officer, manages our business activities as a single operating and reportable segment at the consolidated level. The information in our condensed consolidated interim financial statements is the only financial information regularly provided to our CODM and there are no other significant expense categories regularly reviewed by our CODM. Accordingly, our CODM uses consolidated net income (loss) to measure segment profit or loss, allocate resources and assess performance. Further, our CODM reviews and utilizes revenue and functional expenses (cost of royalties, research and development, general and administrative, and loss on impairment of intangible asset) at the consolidated level to manage our operations. Other segment items included in consolidated net income (loss) are interest income, gain (loss) on marketable equity securities, change in fair value of

LINEAGE CELL THERAPEUTICS, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

warrant liability, foreign currency transaction gain (loss), and other income (expense), and the provision for income tax (if applicable), which are reflected in the condensed consolidated statements of operations.

The following table reflects Lineage's ownership, directly or through one or more subsidiaries, of the outstanding shares of its operating subsidiaries as of September 30, 2026:

Subsidiary	Field of Business	Lineage Ownership	Country
Cell Cure Neurosciences Ltd. ("CCN")	Manufacturing of Lineage's product candidates	94%[1]	Israel
ES Cell International Pte. Ltd. ("ESI")	Research and clinical grade cell lines	100%	Singapore

(1) Includes shares owned by Lineage and ESI.

All material intercompany accounts and transactions have been eliminated in consolidation. Lineage consolidates its direct and indirect wholly owned or majority-owned subsidiaries because Lineage has the ability to control their operating and financial decisions and policies through its ownership, and the noncontrolling interest is reflected as a separate element of shareholders' equity on Lineage's unaudited condensed consolidated balance sheets.

Liquidity

On September 30, 2026, we had $45.2 million of cash, cash equivalents and marketable securities. Based on our current operating plan, we believe that our cash, cash equivalents and marketable securities will be sufficient to enable us to carry out our planned operations through at least twelve months from the issuance date of our accompanying condensed consolidated interim financial statements.

Capital Resources

Since inception, we have incurred significant operating losses and have funded our operations primarily through the issuance of equity securities, the sale of common stock of our former subsidiaries, receipt of proceeds from research grants, revenues from collaborations, royalties from product sales, and sales of research products and services.

As of September 30, 2026, we had $18.7 million of marketable securities. We may use our marketable securities for liquidity as necessary and as market conditions allow. See Note 4 (Marketable Securities) for additional information.

Additional Capital Requirements

Our financial obligations primarily consist of obligations to licensors under license agreements, obligations related to grants received from government entities, including the Israel Innovation Authority ("IIA"), obligations under contracts with vendors who provide research services and purchase commitments with suppliers.

Our obligations to licensors under license agreements and our obligations related to grants received from government entities require us to make future payments, such as sublicense fees, milestone payments, redemption fees, royalty fees and patent maintenance fees. Sublicense fees are payable to licensors or government entities when we sublicense the applicable intellectual property to third parties; the fees are based on a percentage of the license-related revenue we receive from sublicensees. Milestone payments, including those related to the worldwide collaboration with Roche ("Roche Agreement"), are due to licensors or government entities upon achievement of commercial, development and regulatory milestones. Redemption fees due to the IIA under the Innovation Law are due upon receipt of milestone payments and royalties received under the Roche Agreement. See Note 13 (Commitments and Contingencies) for additional information. Royalties, including those related to royalties we may receive under the Roche Agreement, are payable to licensors or government entities based on a percentage of net sales of licensed products. Patent maintenance fees are payable to licensors as reimbursement for the cost of maintaining license patents. Due to the contingent nature of the payments, the amounts and timing of payments to licensors under our in-license agreements are uncertain and may fluctuate significantly from period to period. As of September 30, 2026, we had not included these commitments on our condensed consolidated balance sheet because the achievement of events that would trigger our payment obligations and the timing thereof were not fixed and determinable.

In the normal course of business, we enter into services agreements with contract research organizations, contract manufacturing organizations and other third parties. Generally, these agreements provide for termination upon notice, with specified amounts due upon

termination based on the timing of termination and the terms of the agreement. The amounts and timing of payments under these agreements are uncertain and contingent upon the initiation and completion of the services to be provided.

2. Summary of Significant Accounting Policies

Significant Accounting Policies

We describe our significant accounting policies in Note 2 to the consolidated financial statements in Item 8 of the 2025 10-K. There have been no changes to our significant accounting policies during the nine months ended September 30, 2026.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The new standard requires a company to expand its existing income tax disclosures, specifically related to the rate reconciliation and income taxes paid. The standard is effective for annual periods beginning in fiscal year 2025 and its adoption did not have a material impact on our condensed consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The new standard provides a practical expedient related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. The standard is effective for fiscal years beginning after December 15, 2025 and interim periods within those fiscal years and its adoption, which was applied prospectively, did not have a material impact on our condensed consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03"). The purpose of ASU 2024-03 is to improve the disclosures about a public business entity's expenses and address requests from investors for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions (such as cost of royalties, SG&A, and research and development). ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. We are currently assessing the impact that this new guidance will have on our consolidated financial statements.

3. Revenue

Our revenue is primarily generated from our collaborative research and development agreements as well as royalty and other service agreement revenues.

Revenues under our agreements with Roche and WDI are within the scope of ASU 2014-09 – Revenue from Contracts with Customers (Topic 606) and are recognized over time as collaboration revenue using the input method as it represents the most appropriate measure of progress towards satisfaction of the identified performance obligation. Under the input method, the ratio of the costs incurred over total estimated costs to be incurred is used to measure progress toward completion of the performance obligation and to calculate the corresponding revenue to recognize each period. During each reporting period, we update our total estimated collaboration costs, and any resulting adjustments are recorded on a cumulative basis, which would affect revenue and deferred revenue (the latter, if applicable) in the period of adjustment.

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Our disaggregated revenues were as follows for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues under collaborative agreements				
Upfront license fees [1]	$ 473	$ 1,762	$ 1,933	$ 5,564
Event-based milestones and other collaborative revenue [2]	876	1,782	1,934	1,782
Total revenues under collaborative agreements	1,349	3,544	3,867	7,346
Royalties, license and other revenues [3]	85	137	361	602
Total revenue	$ 1,434	$ 3,681	$ 4,228	$ 7,948

(1) All of the upfront license fee revenue recognized each period was included within deferred revenue as contract liabilities at the beginning of each period. Effective June 30, 2025, Lineage notified ITI of the termination of the ITI Agreement in accordance with its terms, which resulted in approximately $0.7 million in revenues recognized out of the remaining deferred revenues from this customer. See Note 13 (Commitments and contingencies) for additional information.

(2) Of the event-based milestones and other collaborative revenue recognized recognized each nine month period, $254,000 and zero were included within deferred revenues as contract liabilities as of January 1, 2026 and 2025, respectively.

(3) Of the royalties, license and other revenues recognized each nine month period, $42,000 and $28,000 were included within deferred revenues as contract liabilities as of January 1, 2026 and 2025, respectively.

For contracts with customers, including collaboration partners which are within the scope of Topic 606, the aggregate amount of the transaction price allocated to remaining performance obligations as of September 30, 2026 was $18.2 million, of which $13.8 million is reported as deferred revenues. The $18.2 million is estimated to be substantially recognized as revenue by December 2027.

Accounts receivable and deferred revenues (contract liabilities) from contracts with customers, including collaboration partners, consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Accounts receivable - beginning of the year	$ 891	$ 638
Accounts receivable - end of the period	$ 1,333	$ 891
Contract assets [1]		
Beginning of the year	$ 671	$ —
End of the period	$ —	$ 671
Contract liabilities		
Deferred revenues - beginning of the year	$ 15,710	$ 21,821
Deferred revenues - end of the period	$ 13,761	$ 15,710

(1) Contract assets consist of revenue recognized and performance obligations satisfied or partially satisfied in advance of customer billing and are included within prepaid expenses and other current assets on the condensed consolidated balance sheet.

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4. Marketable Securities

The following table summarizes the fair value of marketable securities held by the Company and their location in the Company's condensed consolidated balance sheet (in thousands):

	September 30, 2026	December 31, 2025
Marketable debt securities		
Included within cash and cash equivalents	$ 4,742	$ 10,282
Included within marketable securities	$ 18,645	$ 14,973
Marketable equity securities		
Included within marketable securities	$ 32	$ 17

Marketable Debt Securities

The following tables summarize the available-for-sale debt securities classified within cash and cash equivalents and within marketable securities in the Company's condensed consolidated balance sheet (in thousands):

	September 30, 2026			
Financial Assets:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury securities	$ 23,390	$ —	$ (3)	$ 23,387
Total	$ 23,390	$ —	$ (3)	$ 23,387

	December 31, 2025			
Financial Assets:	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury securities	$ 25,248	$ 7	$ —	$ 25,255
Total	$ 25,248	$ 7	$ —	$ 25,255

The Company has not recognized an allowance for credit losses on any securities in an unrealized loss position as of September 30, 2026 or December 31, 2025. The Company believes that any individual unrealized losses represent temporary declines resulting from changes in interest rates, and do not reflect a deterioration of the credit quality of the issuer. The Company does not intend to sell these securities before their maturity, and does not anticipate that these securities will be required to be sold before recovery. The cost basis of the available-for-sale debt securities upon sale or maturity is determined using the specific identification method.

At September 30, 2026, the amortized cost and estimated fair value of the Company's available-for-sale debt securities by contractual maturity are shown below (in thousands):

Available-for-sale debt securities maturing:	Amortized Cost	Estimated Fair Value
In one year or less	$ 23,390	$ 23,387
Total available-for-sale debt securities	$ 23,390	$ 23,387

Marketable Equity Securities

Marketable equity securities with readily determinable fair values are reported at fair value with unrealized gains and losses related to mark-to-market adjustments included in income. Lineage's marketable equity securities are classified as trading securities and for the periods reported have consisted of shares of common stock of Hadasit Bio-Holdings Ltd. ("HBL"). The value of marketable equity securities is based on the closing price of HBL common stock on the last trading day of the applicable quarter.

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The following table represents the realized and unrealized gain (loss) on marketable equity securities for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Gain (loss) on marketable equity securities, net	$ (8)	$ 6	$ 16	$ (1)
Less: Loss recognized in earnings on marketable equity securities sold	—	—	—	—
Unrealized gain (loss) recognized on marketable equity securities held at end of period, net	$ (8)	$ 6	$ 16	$ (1)

5. Property and Equipment, Net

At September 30, 2026 and December 31, 2025, property and equipment, net was comprised of the following (in thousands):

	September 30, 2026	December 31, 2025
Equipment, furniture and fixtures	$ 5,369	$ 5,280
Leasehold improvements	2,916	2,749
Right-of-use assets - finance lease	226	221
Accumulated depreciation and amortization	(6,133)	(5,684)
Property and equipment, net	$ 2,378	$ 2,566

Depreciation and amortization expense was $202,000 and $178,000 for the three months ended September 30, 2026 and 2025, respectively, and $577,000 and $513,000 for the nine months ended September 30, 2026 and 2025, respectively. These amounts include amortization expense for right-of-use finance lease assets of $9,000 and $15,000 for the three months ended September 30, 2026 and 2025, respectively, and $30,000 and $43,000 for the nine months ended September 30, 2026 and 2025, respectively.

6. Goodwill and Intangible Assets, Net

At September 30, 2026 and December 31, 2025, goodwill and intangible assets, net consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Goodwill [1]	$ 10,672	$ 10,672
Intangible assets:		
Acquired IPR&D – OPC1 (from the Asterias Merger)	$ 31,700	$ 31,700
	31,700	31,700
Intangible assets subject to amortization:		
Acquired patents	18,953	18,953
Acquired royalty contracts [2]	650	650
Accumulated amortization [3]	(19,603)	(19,603)
Intangible assets, net	$ 31,700	$ 31,700

(1) Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and liabilities assumed in connection with our acquisition of Asterias Biotherapeutics, Inc. (“Asterias”) in March 2019 (the “Asterias Merger”). The Company conducted a qualitative goodwill assessment for the second quarter of 2025 and took into consideration the impairment of the VAC indefinite-lived intangible asset. After assessing the totality of relevant events and circumstances, there was no impairment to the goodwill carrying value as of June 30, 2025, and through September 30, 2026, the Company has not recognized any goodwill impairment.

(2) Asterias had royalty cash flows under patent families it acquired from Geron Corporation. Such patent families are expected to continue to generate revenue, are not used in the other acquired IPR&D intangible assets, and are considered to be separate intangible assets under ASC Topic 805, *Business Combinations*.

(3) The acquired patents and acquired royalty contracts were fully amortized as of March 31, 2024.

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7. Accounts Payable and Accrued Liabilities

At September 30, 2026 and December 31, 2025, accounts payable and accrued liabilities consist of the following (in thousands):

	September 30, 2026	December 31, 2025
Accounts payable	$ 1,636	$ 2,341
Accrued compensation	3,185	3,744
Accrued liabilities	789	1,096
Total	$ 5,610	$ 7,181

8. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value in accordance with (ASC 820-10-50), *Fair Value Measurements and Disclosures*:

- Level 1 – Inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Inputs to the valuation methodology that are unobservable. Unobservable inputs are those in which little or no market data exists and are therefore determined using estimates and assumptions developed by the Company, which reflect those that a market participant would use.

We have not transferred any instruments between the three levels of the fair value hierarchy.

The carrying value of cash, restricted cash, accounts receivable, accounts payable, and accrued liabilities approximate their respective fair values due to their relative short maturities. We measure our cash equivalents, marketable securities and our liability classified warrants at fair value on a recurring basis. The fair values of such assets and liabilities were as follows as of September 30, 2026 and December 31, 2025 (in thousands):

		Fair Value Measurements Using		
	Balance at September 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market fund [1]	$ 14,777	$ 14,777	$ —	$ —
Marketable debt securities [1]	4,742	4,742	—	—
Marketable debt securities	18,645	18,645	—	—
Marketable equity securities [2]	32	32	—	—
Total assets measured at fair value	$ 38,196	$ 38,196	$ —	$ —
Liabilities:				
Warrant liabilities [3]	$ 12,753	$ —	$ —	$ 12,753
Total liabilities measured at fair value	$ 12,753	$ —	$ —	$ 12,753

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		Fair Value Measurements Using		
	Balance at December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market fund [1]	$ 20,693	$ 20,693	$ —	$ —
Marketable debt securities [1]	10,282	10,282	—	—
Marketable debt securities	14,973	14,973	—	—
Marketable equity securities [2]	17	17	—	—
Total assets measured at fair value	$ 45,965	$ 45,965	$ —	$ —
Liabilities:				
Warrant liabilities [3]	$ 43,906	$ —	$ —	$ 43,906
Total liabilities measured at fair value	$ 43,906	$ —	$ —	$ 43,906

(1) Included in cash and cash equivalents in the accompanying condensed consolidated balance sheet. Marketable debt securities purchased with an original maturity of three months or less have been classified as cash equivalents.

(2) Lineage's marketable equity securities include the shares of stock of HBL which has a readily determinable fair value quoted on the TASE (Level 1). These securities are measured at fair value and reported as current assets on the accompanying condensed consolidated balance sheet based on the closing trading price of the security as of the date being presented.

(3) Liability-classified warrants are valued at issuance, upon warrant exercise, and at each reporting period end date while the warrants are outstanding using a Black-Scholes option pricing model that maximizes the use of observable inputs and minimizes the use of unobservable inputs to the extent possible. Changes in the fair value of liability-classified warrants are recorded in the condensed consolidated statements of operations, and reflected as an adjustment to reconcile net loss to net cash used in operating activities in the condensed consolidated statements of cash flows. A significant increase or decrease in these Level 3 inputs could result in a significantly higher or lower fair value measurement. See Note 10 (Shareholders' Equity) for additional information on the warrants.

The following table sets forth a summary of changes to Level 3 fair value measurements (in thousands):

Common Share Warrant Liabilities	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Balance - beginning of the year	$ 43,906	$ 6,161
Issued	—	2,205
Change in fair value of warrant liability recognized in the consolidated statement of operations	(23,711)	36,992
Derivative warrant liability reclassified to equity upon exercise of warrants	(7,442)	(187)
Balance - end of the period	$ 12,753	$ 45,171

Level 3 inputs - Significant assumptions used in valuing the warrant liabilities were as follows:

	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Expected stock price volatility	67.42% - 81.37%	71.78% - 77.23%
Risk-free interest rate	3.51% - 4.76%	3.61% - 4.25%
Expected dividend yield	—	—
Expected term (in years)	1.64 - 2.22	2.64 - 3.32

The expected stock price volatility assumption is determined using historical volatility of the Company's common stock. The risk-free interest rate assumption is based on the U.S. Treasury yield curve whose term is consistent with the expected term of the warrants. The expected dividend yield is 0% as the Company has not paid and does not anticipate paying dividends on its common stock. The expected term represents the period from the date of warrant issuance to May 21, 2028. At each reporting period end date, the expected

term is reduced to reflect the remaining term of the warrants. Because the term of the warrants could expire earlier than May 21, 2028 upon the occurrence of a future event and subject to specified conditions being satisfied, the expected term could be shortened in subsequent periods. See Note 10 (Shareholders' Equity) for additional information regarding the warrants.

9. Related Party Transactions

In January 2025, we sold 7,894,737 common shares and an accompanying warrant to purchase up to 7,894,737 common shares to Broadwood Partners, L.P. ("Broadwood Partners"), an affiliate of Neal Bradsher, a member of our board of directors. See Note 10 (Shareholders' Equity) for additional information regarding such offering.

10. Shareholders' Equity

Preferred Shares

Lineage is authorized to issue 2,000,000 preferred shares. The preferred shares may be issued in one or more series as the Lineage board of directors may determine by resolution. The Lineage board of directors is authorized to fix the number of shares of any series of preferred shares and to determine or alter the rights, preferences, privileges, and restrictions granted to or imposed on the preferred shares as a class, or upon any wholly unissued series of any preferred shares. The Lineage board of directors may, by resolution, increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series of preferred shares subsequent to the issue of shares of that series. There were no preferred shares issued or outstanding as of either September 30, 2026 or December 31, 2025.

Common Shares

Lineage is authorized to issue 450,000,000 common shares. As of September 30, 2026 and December 31, 2025, there were 252,907,464 and 243,121,801 common shares issued and outstanding, respectively. See Note 14 (Subsequent Events) for additional information regarding common shares issued in connection with the acquisition of NeuroAirmid Therapeutics, Inc.

At-The-Market Offering Program

In March 2024, Lineage entered into a sales agreement (the "ATM Sales Agreement") with B. Riley Securities, Inc., as sales agent ("Sales Agent"), under which Lineage may offer and sell its common shares from time to time through an ATM program.

During the nine months ended September 30, 2026, 3.6 million common shares were sold under the ATM program at a weighted average price per share of $1.28 for gross proceeds of $4.6 million. These common shares were sold during the second quarter of 2026. During the three and nine months ended September 30, 2025, 1.0 million common shares were sold under the ATM program at a weighted average price per share of $1.32 for gross proceeds of $1.3 million.

Lineage agreed to pay Sales Agent a commission of up to 3.0% of the aggregate gross proceeds from the sale of shares under the ATM Sales Agreement, reimburse its legal fees and disbursements, and provide Sales Agent with customary indemnification and contribution rights. The ATM Sales Agreement may be terminated by Sales Agent or Lineage at any time upon notice to the other party, or by Sales Agent at any time in certain circumstances, including the occurrence of a material and adverse change in Lineage's business or financial condition that makes it impractical or inadvisable to market the shares or to enforce contracts for the sale of the shares.

Additionally, in connection with the 12.0 million shares sold under the ATM program in November 2025 for gross proceeds of $21.0 million, Lineage paid another financial advisor a 6% placement agent fee.

The shares sold under the ATM program are offered and sold under our shelf registration statement on Form S-3 (File No. 333-277758), which was filed with the SEC on March 7, 2024 and declared effective on May 14, 2024, and the prospectus, as updated, amended and supplemented from time to time, that forms a part thereof. The most recent prospectus supplement was filed on March 11, 2026, pursuant to which we may offer and sell from time to time under the ATM Sales Agreement an aggregate of up to $60.0 million, excluding the $22.6 million in aggregate gross sales price of our common shares we sold pursuant to prior prospectus supplements and the prospectus dated May 14, 2024.

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November 2024 Registered Direct Offering - January 2025 Closing

In November 2024, we entered into securities purchase agreements with unaffiliated healthcare focused institutional investors and with Broadwood Partners relating to the purchase and sale in a registered direct offering of an aggregate of up to 39,473,688 of our common shares and accompanying warrants to purchase an aggregate of up to 39,473,688 of our common shares at a combined purchase price of $0.76 per common share and accompanying warrant (the "November 2024 RDO"). In connection with the first closing of this offering, which occurred in November 2024, we issued to the unaffiliated healthcare focused institutional investors an aggregate of 31,578,951 common shares and accompanying warrants to purchase an aggregate of up to 31,578,951 of our common shares.

The offering of the securities to Broadwood Partners was subject to obtaining shareholder approval to satisfy applicable NYSE American rules, which was obtained at our special meeting of shareholders on January 27, 2025. Following such meeting, we issued to Broadwood Partners 7,894,737 common shares and an accompanying warrant to purchase up to 7,894,737 common shares, and we received aggregate gross proceeds of $6.0 million, with approximately $0.6 million for related issuance costs (the "January 2025 Closing"). The warrant issued to Broadwood Partners had a fair value of approximately $2.1 million at issuance and is classified as a warrant liability in the Company's condensed consolidated financial statements.

The warrants issued in the November 2024 RDO have an exercise price of $0.91 per common share, have been exercisable since May 21, 2025, and will expire on the earlier of (a) May 21, 2028, and (b) the 90th day following the date of the public disclosure of the intent to advance OpRegen (also known as RG6501) into a multi-center phase 2 or 3 clinical trial which includes a control or comparator arm, subject to extension if certain conditions, including equity conditions, some of which are outside of our control, are not satisfied. The warrants provide for cashless exercise in certain circumstances, including if the shares issuable upon exercise thereof are not covered by an effective registration statement.

We entered into an engagement letter with H.C. Wainwright & Co., LLC ("Wainwright"), pursuant to which Wainwright agreed to serve as our exclusive placement agent, on a reasonable best efforts basis, in connection with the November 2024 RDO. We paid Wainwright a cash fee equal to 7.0% and a management fee equal to 1.0%, in each case, of the aggregate gross proceeds we received at each closing. In addition, at each closing, we issued to Wainwright (or its designees) warrants to purchase our common shares with terms that are substantially similar to those described above except that the warrants issued to Wainwright (or its designees) have an exercise price of $0.95 per share. In the aggregate we issued to Wainwright (or its designees) warrants to purchase up to 1,973,684 of our common shares. The warrants issued to Wainwright (or its designees) in connection with the January 2025 Closing had a fair value of approximately $0.1 million at issuance and are classified as warrant liabilities in the Company's condensed consolidated financial statements. See Note 8 (Fair Value Measurements) for additional information regarding the warrants issued in connection with the November 2024 RDO.

Summary of Common Stock Warrant Activity and Outstanding

The following roll-forward presents the Company's common stock warrants outstanding as of September 30, 2026 (in thousands, except per share amounts):

	Number of Warrants Outstanding (in thousands)	Weighted Average Exercise Price (per share)
Balance at December 31, 2025	41,097	$ 0.91
Warrants exercised	(5,921)	$ 0.91
Balance at September 30, 2026	35,176	$ 0.91

See Note 8 (Fair Value Measurements) for additional information on the warrants.

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11. Stock-Based Awards

Equity Incentive Plan Awards

In September 2021, our shareholders approved the Lineage Cell Therapeutics, Inc. 2021 Equity Incentive Plan, and our shareholders approved amendments to increase the number of common shares that may be issued thereunder by 19,500,000 in September 2023 and by an additional 19,500,000 in June 2025 (as amended to date, the "2021 Plan"). The 2021 Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units ("RSUs"), and other stock awards. Generally, all of our employees (including those of our affiliates), non-employee directors and consultants are eligible to participate in the 2021 Plan.

Subject to adjustment for certain changes in our capitalization, the aggregate number of our common shares that may be issued under the 2021 Plan will not exceed the sum of (i) 54,500,000 shares and (ii) the number of shares subject to awards granted under the Lineage Cell Therapeutics Inc. 2012 Equity Incentive Plan (the "2012 Plan") that were outstanding when the 2021 Plan initially became effective in 2021 and are not issued because such awards expire or otherwise terminate. As a result of the approval of the 2021 Plan by our shareholders in 2021, no additional awards will be granted under the 2012 Plan. As of September 30, 2026, there were 26,481,253 shares available for grant under the 2021 Plan.

A summary of activity under the 2021 Plan is as follows (in thousands, except per share amounts):

	Number of Options Outstanding (in thousands)	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Balance at December 31, 2025	23,182	$ 1.07	7.87	$ 13,898
Options granted	9,701	$ 1.78		
Options exercised	(187)	$ 1.11		
Options expired/forfeited/cancelled	(129)	$ 1.46		
Balance at September 30, 2026	32,567	$ 1.28	7.81	$ 2,929
Options exercisable at September 30, 2026	15,890	$ 1.19	6.73	$ 1,105
Options vested and expected to vest at September 30, 2026	32,567	$ 1.28	7.81	$ 2,929

	Number of RSUs Outstanding (in thousands)	Weighted Average Grant Date Fair Value (per share)
Balance at December 31, 2025	315	$ 1.50
RSUs forfeited	—	$ —
RSUs vested	(67)	$ 1.50
Balance at September 30, 2026	248	$ 1.50

A summary of activity of the 2012 Plan, and the 2018 inducement option (which was issued to a Lineage executive outside of all equity plans), is as follows (in thousands, except per share amounts):

	Number of Options Outstanding (in thousands)	Weighted Average Exercise Price (per share)
Balance at December 31, 2025	7,971	$ 1.86
Options exercised	(33)	$ 0.79
Options expired/forfeited/cancelled	(217)	$ 2.60
Balance at September 30, 2026	7,721	$ 1.84

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Stock-based Compensation Expense

Operating expenses within the condensed consolidated statements of operations include stock-based compensation expense as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Research and development	$ 269	$ 179	$ 716	$ 531
General and administrative	1,434	1,020	$ 3,760	$ 3,123
Total stock-based compensation expense	$ 1,703	$ 1,199	$ 4,476	$ 3,654

As of September 30, 2026, total unrecognized compensation costs related to unvested stock options under all equity plans were $13.9 million, which is expected to be recognized as expense over a weighted average period of approximately 2.6 years for stock options. The current outstanding RSUs do not require amortization as of September 30, 2026.

Basic and diluted net income (loss) per share attributable to common shareholders

Basic earnings per share is calculated by dividing net income or loss attributable to Lineage common shareholders by the weighted average number of common shares outstanding, net of stock options, RSUs, and warrants, subject to repurchase by Lineage, if any, during the period. Diluted earnings per share is calculated by dividing the net income or loss attributable to Lineage common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of potentially dilutive common shares issuable under outstanding stock options, restricted stock awards and warrants, using the treasury-stock method, convertible preferred stock, if any, using the if-converted method, and treasury stock held by subsidiaries, if any. Our liability-classified warrants are treated as equity in the calculation of diluted loss per share in both the computation of the numerator and denominator, if dilutive.

The following table sets forth the calculations of basic and diluted earnings per share for the three and nine months ended September 30, 2026. The warrants were deemed to be anti-dilutive for the three and nine months ended September 30, 2025, and therefore no diluted loss per share computation is presented for the prior year periods:

	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026
Net income attributable to Lineage - basic EPS	$ 4,232	$ 902
Adjustment to remove income impact for assumed conversion of dilutive warrants (change in fair value of warrant liability)	(11,944)	(23,711)
Net loss attributable to Lineage - diluted EPS	$ (7,712)	$ (22,809)
Basic weighted-average common shares used to compute net income (loss) per common share	252,907	249,174
Plus incremental shares from assumed conversion of dilutive warrants	6,168	12,043
Diluted weighted-average common shares used to compute net loss per common share	259,075	261,217
Net income (loss) per common share attributable to Lineage:		
Basic	$ 0.02	$ —
Diluted	$ (0.03)	$ (0.09)

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The following common share equivalents were excluded from the computation of diluted net loss per common share for the periods presented because including them would have been anti-dilutive (in thousands):

	Three and Nine Months Ended September 30,	
	2026	2025
Stock options	40,288	32,292
Restricted stock units	248	334
Warrants [1]	—	41,097

[1] The warrants outstanding for the three and nine months ended September 30, 2026 were deemed to be dilutive, and therefore included in the computation of diluted net loss per common share.

12. Income Taxes

The provision for income taxes for interim periods is generally determined using an estimated annual effective tax rate as prescribed by ASC 740-270, *Income Taxes, Interim Reporting*. The effective tax rate may be subject to fluctuations during the year as new information is obtained, which may affect the assumptions used to estimate the annual effective tax rate, including factors such as valuation allowances and changes in valuation allowances against deferred tax assets, the recognition or de-recognition of tax benefits related to uncertain tax positions, if any, and changes in or the interpretation of tax laws in jurisdictions where Lineage conducts business. ASC 740-270 also states that if an entity is unable to reliably estimate some or a part of its ordinary income or loss, the income tax provision or benefit applicable to the item that cannot be estimated shall be reported in the interim period in which the item is reported. For items that Lineage cannot reliably estimate on an annual basis, Lineage uses the actual year to date effective tax rate rather than an estimated annual effective tax rate to determine the tax effect of each item, including the use of all available net operating losses and other credits or deferred tax assets.

Under ASC 740, a valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. As of December 31, 2025, Lineage released the valuation allowance associated with the Israel subsidiary's deferred tax assets based on sustained profitability and other positive evidence. Lineage continues to maintain a full valuation allowance against the U.S. and Singapore deferred tax assets due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets in those jurisdictions.

Lineage recorded income tax expense of $0.5 million for the three and nine months ended September 30, 2026, compared with zero income tax expense or benefit for the corresponding periods in 2025. The expense primarily consisted of deferred tax expense related to the utilization of the Israeli subsidiary's net operating loss ("NOL") carryforwards.

The Company's income tax provision and effective tax rate may fluctuate from period to period as a result of several factors, including fluctuations in foreign currency exchange rates. Significant or unexpected movements in foreign currency exchange rates could adversely affect the Company's income tax expense and effective tax rate in future periods.

13. Commitments and Contingencies

Real Property Leases

Lineage Lease

In May 2019, Lineage entered into a lease for approximately 8,841 square feet of rentable space in an office park in Carlsbad, California. The lease was amended in December 2022 and again in September 2025. Under the amendment entered into in September 2025, the term of the lease was extended for 36 months commencing on April 1, 2026, and commencing on December 1, 2025, the monthly base rent was reduced from $26,700 to $24,800, subject to 3% annual increases and rent will be abated for April 2026 through July 2026. As security for the performance of its obligations under the lease, Lineage provided the landlord a security deposit of $17,850, which is included in deposits and other long-term assets on the condensed consolidated balance sheet as of September 30, 2026.

In addition to base rent, Lineage pays a pro-rata portion of increases in certain expenses, including real property taxes, utilities (to the extent not separately metered to the leased space) and the landlord's operating expenses, over the amounts of those expenses incurred by the landlord. These pro-rata charges are expensed as incurred and excluded from the calculation of the right-of-use assets and lease liabilities.

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Lineage Subleases

In September 2022, Lineage entered into a sublease for approximately 4,500 square feet of rentable industrial space in Carlsbad, California for a term that commenced on October 1, 2022. In February 2024, Lineage extended the term of the sublease for 24 months through March 31, 2026. The base rent was $23,000 per month for the first twelve months of the extended term and was $23,500 for the remaining twelve months through March 31, 2026. As security for the performance of its obligations under the sublease, Lineage had provided the landlord with a security deposit of $22,500, which was returned to Lineage during the second quarter of 2026 upon the termination of the sublease.

In connection with the termination of the above sublease, Lineage entered into a new sublease in December 2025 for approximately 1,674 square feet of rentable industrial space in San Diego, California, for a 38-month term that commenced in February 2026. The base rent is $5,189 per month, plus a 4% management fee, for the first twelve months with an annual increase of 3.5%, with rent abatements in March 2026 and February 2027. As security for the performance of its obligations under the sublease, Lineage provided the landlord with a security deposit of $10,378, which is included in deposits and other long term assets, on the condensed consolidated balance sheet as of September 30, 2026.

CCN Leases

As of September 30, 2026, CCN leases approximately 2,096 square meters (approximately 22,600 square feet) of combined office and laboratory space in Jerusalem, Israel under a master lease, as amended, that expires December 31, 2027. Cumulative base rent and construction allowance payments are approximately 165,000 Israeli New Shekels (“ILS”) per month (approximately $54,000 as of September 30, 2026), excluding any future rent escalations, and includes options to extend the lease term for five years. The U.S. dollar value of the ILS denominated base rent and construction allowance payments fluctuates based upon currency exchange rates. In addition to base rent, CCN pays a pro-rata share of real property taxes and certain costs related to the operation and maintenance of the building in which the leased premises are located, including parking usage fees. These pro-rata charges are expensed as incurred and excluded from the calculation of the ROU assets and lease liabilities.

CCN has security deposits denominated in ILS with the landlord for this master lease which are classified as restricted cash during the term of the lease. The U.S. dollar value of the ILS denominated security deposits fluctuates based upon currency exchange rates and was $547,000 as of September 30, 2026, which is included in deposits and other long-term assets on the condensed consolidated balance sheet.

Supplemental Information – Leases

Supplemental cash flow information related to leases is as follows (in thousands):

	Nine Months Ended September 30,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 737	$ 927
Operating cash flows from finance leases	$ 3	$ 5
Financing cash flows from finance leases	$ 31	$ 44
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 272	$ 807
Finance leases	$ —	$ —

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Supplemental balance sheet information related to leases is as follows (in thousands, except lease term and discount rate):

	September 30, 2026	December 31, 2025
Operating leases		
Right-of-use assets	$ 1,696	$ 2,131
Right-of-use lease liabilities, current	$ 954	$ 816
Right-of-use lease liabilities, noncurrent	1,036	1,534
Total operating lease liabilities	$ 1,990	$ 2,350
Finance leases		
Right-of-use assets	$ 226	$ 221
Accumulated amortization	(192)	(158)
Right-of-use assets, net	$ 34	$ 63
Right-of-use lease liabilities, current	$ 33	$ 37
Right-of-use lease liabilities, noncurrent	6	32
Total finance lease liabilities	$ 39	$ 69
Weighted average remaining lease term		
Operating leases	1.9 years	2.4 years
Finance leases	1.1 years	1.7 years
Weighted average discount rate		
Operating leases	5.9%	6.0%
Finance leases	7.2%	7.2%

Future minimum lease commitments are as follows as of September 30, 2026 (in thousands):

	Operating Leases	Finance Leases
Year Ending December 31,		
2026	$ 280	$ 9
2027	1,230	31
2028	469	—
2029	115	—
Total lease payments	2,094	40
Less imputed interest	(104)	(1)
Total	$ 1,990	$ 39

Operating lease expense was $0.3 million and $0.9 million for each of the three and nine months ended September 30, 2026 and 2025, respectively.

Collaborations

Roche Agreement

In December 2021, Lineage entered into a worldwide collaboration and license agreement with Roche, wherein Lineage granted to Roche exclusive worldwide rights to develop and commercialize RPE cell therapies, including OpRegen, for the treatment of ocular disorders, including GA secondary to AMD.

Under the terms of this Agreement, Roche paid Lineage a $50.0 million upfront payment (which was received in January 2022) and another $5.0 million milestone payment (which was received in December 2025). Lineage is eligible to receive up to an additional $615.0 million in developmental, regulatory and commercialization milestone payments. Lineage also is eligible for tiered double-digit percentage royalties on net sales of OpRegen in the U.S. and other major markets. All regulatory and commercial milestone payments and royalty payments are subject to the existence of certain intellectual property rights that cover OpRegen at the time such payments would otherwise become due, and the royalty payments on net sales of OpRegen are subject to financial offsets based on the existence

of competing products. Roche assumed responsibility for further clinical development and commercialization of OpRegen. Lineage is responsible for completing activities related to its ongoing phase 1/2a clinical study, for which enrollment is complete, and performing certain manufacturing and process development activities.

Unless earlier terminated by either party, the Roche Agreement will expire on a product-by-product and country-by-country basis upon the expiration of all of Roche's payment obligations under the agreement. Roche may terminate the agreement in its entirety, or on a product-by-product or country-by-country basis, at any time with advance written notice. Either party may terminate the agreement in its entirety with written notice for the other party's material breach if such party fails to cure the breach or upon certain insolvency events involving the other party.

Agreements with Hadasit and IIA

The OpRegen program was supported in part with licenses to technology obtained from Hadasit, the technology transfer company of Hadassah Medical Center, and through a series of research grants from the IIA, an independent agency created to address the needs of global innovation ecosystems. A subset of the intellectual property underlying OpRegen was originally generated at Hadassah Medical Center and licensed to CCN for further development.

Under the Encouragement of Research, Development and Technological Innovation in the Industry Law 5744, and the regulations, guidelines, rules, procedures and benefit tracks thereunder (collectively, the "Innovation Law"), annual research and development programs that meet specified criteria and were approved by a committee of the IIA were eligible for grants. The grants awarded were typically up to 50% of the project's expenditures, as determined by the IIA committee and subject to the benefit track under which the grant was awarded.

The terms of the grants under the Innovation Law generally require that the products developed as part of the programs under which the grants were given be manufactured in Israel. The know-how developed thereunder may not be transferred outside of Israel unless prior written approval is received from the IIA. Transfer of IIA-funded know-how outside of Israel is subject to approval and payment of a redemption fee to the IIA calculated according to formulas provided under the Innovation Law. In November 2021, the IIA research committee approved an application made by CCN with respect to the grant of an exclusive license and transfer of the technological know-how for OpRegen to Roche. Under the provisions for the redemption fee, Lineage paid the IIA approximately 24.1% of each of the $50.0 million upfront payment and the $5.0 million milestone payment it received under the Roche Agreement, or $12.1 million and $1.2 million, respectively, and is obligated to pay the IIA approximately 24.1% of any milestone and royalty payments which may be received under the Roche Agreement, up to an aggregate cap on all payments, such cap growing over time via interest accrual until paid in full. As of September 30, 2026, the aggregate cap amount was approximately $97.7 million. In accordance with obligations under the Innovation Law, Lineage continues to fund CCN to pay the downstream payments to the IIA.

Pursuant to the Second Amended and Restated License Agreement, dated June 15, 2017, between CCN and Hadasit, and a certain letter agreement entered into on December 17, 2021, CCN paid a sublicensing fee to Hadasit of $8.9 million or 21.5% of the $50.0 million upfront payment under the Roche Agreement (subject to certain reductions), and CCN is obligated to pay Hadasit (i) a maximum of 21.5% of all milestone payments Lineage receives under the Roche Agreement (subject to certain reductions, including for costs related to Lineage's performance obligations under the Roche Agreement), and (ii) up to 50% of all royalty payments (subject to a maximum payment of 5% of net sales of products), Lineage receives under the Roche Agreement. In accordance with the foregoing, in respect of the $5.0 million milestone payment received under the Roche Agreement in December 2025, Lineage funded CCN to pay $1.1 million to Hadasit in January 2026. The letter agreement generally terminates upon the termination of the Roche Agreement. In accordance with the terms of these agreements, the initial sublicensing fee payment to Hadasit was reduced for costs related to Lineage's performance obligations under the Roche Agreement. To the extent such costs were not incurred within five years after the execution of the Roche Agreement, CCN would have been required to pay Hadasit 21.5% of the amount of costs not incurred; however to date, all such costs have been incurred.

Second Amendment to Clinical Trial and Option Agreement and License Agreement with Cancer Research UK

In May 2020, Lineage and Asterias entered into a Second Amendment to the Clinical Trial and Option Agreement (the "Second CTOA Amendment") with Cancer Research UK (CRUK) and Cancer Research Technology ("CRT"). The Second CTOA Amendment amended the initial agreement and the first amendment to the Clinical Trial and Option Agreement, each of which is dated September 8, 2014, between Asterias, CRUK and CRT. Pursuant to the Second CTOA Amendment, Lineage assumed all obligations of Asterias and exercised early its option to acquire data generated in the Phase 1 clinical trial of VAC2 in non-small cell lung cancer being conducted by CRUK. Lineage and CRT effectuated the option by simultaneously entering into a license agreement (the "CRT License

Agreement") pursuant to which Lineage paid a signature fee of £1,250,000 (approximately $1.6 million based upon exchange rates in effect when the fee was paid).

Effective June 30, 2025, Lineage determined that it was no longer going to pursue the VAC2 program, and was going to cease development and commercialization of all products under the CRT License Agreement. In conjunction therewith, CRT notified Lineage of CRT's termination of the CRT License Agreement, which it had the right to do if Lineage ceased all development and commercialization of all products under the CRT License Agreement. Further, in conjunction therewith, Lineage notified Immunomic Therapeutics, Inc. ("ITI") of the termination of the collaboration agreement that Lineage had entered into with ITI in April 2021 (the "ITI Agreement") in accordance with its terms. Since June 30, 2025, the Company has abandoned all future development efforts and no longer prosecutes any of the issued patents related to the VAC platform. Accordingly, in June 2025, the Company performed an impairment assessment of the VAC platform IPR&D intangible asset which resulted in a non-cash, pre-tax impairment charge during the quarter ended June 30, 2025 of $14.8 million. Additionally, Lineage recognized the remaining deferred revenue amount of approximately $0.7 million, as of the June 30, 2025 effective date of the termination of the ITI Agreement, since Lineage had no remaining performance obligations under such agreement. See Note 6 (Goodwill and Intangible Assets, Net) to our consolidated financial statements included in this report for additional information.

WDI Collaboration

In August 2025, Lineage and WDI entered into a research collaboration agreement (the "RCA") to advance the preclinical development of ReSonance (ANP1) for the treatment of hearing loss (the "Project"). WDI has agreed to fund up to $12 million in research collaboration costs over the approximate three-year term of the RCA, a portion of which has been expended to date for activities conducted in accordance with a schedule of planned activities and budget agreed to by the parties (the "RCA Budget"). The main objective of the RCA is for the parties to complete a preclinical phase achieving readiness to progress to human clinical trials under one or more separate clinical agreements, the terms of which would be negotiated in good faith before the expiration of the RCA. The nature and scope of the Project, and the RCA Budget, are dynamic and actual program activities and costs may vary during the term from the originally planned activities. Lineage may incur costs in excess or below the original RCA Budget, and any actual program costs incurred that are below the funding designated to Lineage will not result in additional cash inflows to Lineage.

All intellectual property owned by a party prior to the date of the RCA will remain such party's sole and exclusive property. The parties will jointly own all results, data, reports, know-how and patent(s) conceived or otherwise generated in the course of and resulting from the Project, other than discoveries or developments relating to Lineage's proprietary platform technology.

If a party (the "abandoning party") informs the other party (the "continuing party") that it will not continue the research with the other party under a clinical agreement, the continuing party may purchase the abandoning party's ownership interest in the intellectual property resulting from the Project for exploitation for the treatment of hearing loss and a license to the abandoning party's background intellectual property to the extent necessary for such exploitation for an amount and on terms to be determined by the mutual agreement of the parties, and if such mutual agreement is not reached, by an independent third-party.

Other Contingent Obligations

We have obligations under license agreements and grants received from government entities to make future payments to third parties, which become due and payable on the achievement of certain development, regulatory and commercial milestones or on the sublicense of our rights to another party. These commitments include sublicense fees, milestone payments, redemption fees and royalties. Sublicense fees are payable to licensors or government entities when we sublicense underlying intellectual property to third parties; the fees are based on a percentage of the license-related revenue we receive from sublicensees. Milestone payments are due to licensors or government entities upon the future achievement of certain development and regulatory milestones. Redemption fees due to the IIA under the Innovation Law are due upon receipt of any milestone or royalty payment received in respect of IIA-funded programs. Royalties are payable to licensors or government entities based on a percentage of net sales of licensed products. As of September 30, 2026, we have not included these commitments on our condensed consolidated balance sheet because the achievement and timing of these events are not fixed and determinable.

Litigation – General

From time to time, we are subject to legal proceedings and claims in the ordinary course of business. While management presently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, cash flows, or overall trends in results of operations, legal proceedings are subject to inherent uncertainties, and unfavorable rulings or outcomes could occur that have individually or in aggregate, a material adverse effect on our business, financial condition or operating results. We are not currently subject to any pending material litigation, other than ordinary routine litigation incidental to our business.

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HBL Books and Records Request

In April 2023, CCN received a motion for disclosure of documents pursuant to Section 198A of the Israeli Companies Law 5759-1999. The motion was filed in the district court in Tel Aviv-Yafo (the "Court") by HBL, currently an approximately 5% shareholder of CCN. According to the motion, the requested production of documents was intended to allow HBL to examine the possibility of pursuing a derivative action related to, among other things, the validity of an intercompany Collaboration and License Agreement (the "Intercompany Agreement") entered into between Lineage and CCN pursuant to which CCN conveyed certain rights and other assets to Lineage, and Lineage agreed to undertake certain liabilities and obligations of CCN relating to the OpRegen program. In its motion, HBL alleged, among other things, that Lineage, in its capacity as CCN's controlling shareholder, and members of CCN's board of directors, caused damage to CCN because the Intercompany Agreement was an interested party transaction that was not fairly priced and that exploited CCN's resources for the benefit of Lineage. The motion sought an order to compel CCN to disclose and deliver to HBL the documents described in the motion, such additional, cumulative, or alternative relief as the Court deemed appropriate, and reimbursement of HBL's expenses, including attorneys' fees. The Court held a hearing on the motion in March 2024 after which the parties retained a third-party valuation firm to assess the fairness of the valuation that was performed in support of the Intercompany Agreement. In June 2025, the third-party valuation firm delivered its report stating that, in its opinion, the consideration paid by Lineage to CCN under the Intercompany Agreement was insufficient. The Court subsequently notified the parties that they were to advise the Court whether they had settled the matter between themselves. On January 14, 2026, HBL notified the Court that the parties had failed to reach a settlement and moved the Court to terminate the proceedings in order to potentially initiate separate proceedings. CCN responded to HBL's motion on February 10, 2026 requesting that the Court deny HBL's motion. On March 12, 2026, the Court granted HBL's motion. As of the date of this report, HBL has not initiated any separate proceedings.

Employment Contracts

Lineage has employment agreements with all of its executive officers. Under the provisions of the agreements, Lineage may be required to incur severance obligations for matters relating to changes in control, as defined in the agreements, and involuntary terminations.

Indemnification

In the normal course of business, Lineage may agree to indemnify and reimburse other parties, typically clinical research organizations, investigators, clinical sites, and suppliers, for losses and expenses suffered or incurred by the indemnified parties arising from claims of third parties in connection with the use or testing of Lineage's product candidates and services. Indemnification could also cover third party infringement claims with respect to patent rights, copyrights, or other intellectual property pertaining to Lineage products and services. The terms of these indemnification agreements generally continue in effect after the termination or expiration of the particular research, development, services, or license agreement to which they relate. In addition, Lineage has entered into indemnification agreements with its officers and members of its board of directors that will require Lineage, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as officers or directors. The potential future payments Lineage could be required to make under the indemnification agreements described in this paragraph will generally not be subject to any specified maximum amount. Generally, Lineage has not been subject to any material claims or demands for indemnification. Lineage maintains liability insurance policies that are intended to limit its financial exposure under certain of the indemnification agreements described in this paragraph. Lineage has not recorded any liabilities for these agreements as of September 30, 2026 or December 31, 2025.

Royalty Obligations and License Fees

We have licensing agreements with research institutions, universities and other parties providing us with certain rights to use intellectual property in our research, development and commercialization activities, in exchange for which we have agreed to pay potential developmental, regulatory and/or commercial milestone payments and/or royalties on future product sales, if any. In addition, in order to maintain these licenses and other rights, we must comply with various conditions including the payment of patent related costs and annual minimum maintenance fees.

As part of the Asterias Merger, Lineage acquired royalty revenues for cash flows generated under patent families that Asterias acquired from Geron Corporation. Lineage continues to make royalty payments to Geron from royalties generated from these patents. Royalty revenues and royalty payments are included within royalties, license and other revenues and cost of royalties, respectively, in our condensed consolidated statements of operations.

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14. Subsequent Events

Acquisition of NeuroAirmid Therapeutics, Inc.

On November 12, 2026, the Company acquired NeuroAirmid Therapeutics, Inc. ("NeuroAirmid"), by acquiring all of the outstanding common stock of NeuroAirmid from its stockholders (the "Sellers"). At the closing of the NeuroAirmid acquisition, Lineage (i) paid $2.4 million in cash to the Sellers, (ii) issued an aggregate of 2.2 million Lineage common shares to the Sellers (which was calculated by dividing $2.1 million by the volume-weighted average price of Lineage common shares over the 20 trading days ending two days before the closing), (iii) paid $0.2 million into an expense fund for use by the Sellers' representative, and (iv) paid an aggregate of $1.7 million to satisfy NeuroAirmid's obligations to third parties. Due to the timing of the acquisition, the Company is currently unable to reasonably estimate the financial statement effects of the transaction.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our accompanying unaudited condensed consolidated interim financial statements and notes thereto and our audited financial statements and notes thereto for the year ended December 31, 2025 included in the 2025 10-K. Past operating results are not necessarily indicative of results that may occur in future periods.

The following discussion includes forward-looking statements. See "Special Note Regarding Forward-Looking Statements," above. Forward-looking statements are not guarantees of future performance and our actual results may differ materially from those currently anticipated and from historical results depending upon a variety of factors, including, but not limited to, those discussed in Part I, Item 1A. Risk Factors of the 2025 10-K, and in our subsequent filings with the SEC, including any discussed in Part II, Item 1A of this report under the heading "Risk Factors."

All information presented in this report is based on our fiscal year. Unless otherwise stated, references to particular years, quarters, months or periods refer to our fiscal years ending December 31 and the associated quarters, months and periods of those fiscal years.

Company and Business Overview

We are a clinical-stage biotechnology company developing cell replacement therapies to treat serious medical conditions. Certain diseases and medical events can arise from the loss of critical cellular activity and lead to devastating or difficult-to-treat conditions or impairments. Our work is grounded in the emerging evidence that replacing or supporting those cells that have become dysfunctional or "lost" (destroyed or dead) can restore or replenish normal function and improve treatment and recovery paradigms. We call this approach "Replace and Restore". We believe cellular therapies aimed at replacing dysfunctional or destroyed cells may have more durable, broader, or suitable applicability than traditional pharmaceutical products, which often seek to affect just a single molecular target or group of biological pathways. Transplantation of replacement cells represents an emerging branch of medicine, and we believe we are uniquely positioned to capitalize on its opportunities by demonstrating the value of administering mature, differentiated cells to patients.

Our development programs are based on our proprietary, in-house, cell-based manufacturing platform, which we call AlloSCOPE™ (Allogeneic, Scalable, Consistent, Off-the-shelf, Pluripotent Cell Engineering), and supported by our associated development, formulation, manufacturing, and delivery capabilities. The AlloSCOPE platform is based on a patented and proprietary differentiation and production modality from which, i) a single, well-characterized pluripotent cell line can create a stable current Good Manufacturing Practice (cGMP) master cell bank (MCB), ii) a vial from our MCB can create a cGMP working cell bank (WCB), and iii) a vial from our WCB can create several hundred to many thousand vials of a final, allogeneic cell-based product, ready for patient dosing. This process can confer consistent, cost-effective, and scalable cell-based production. Importantly, the AlloSCOPE platform can be applied across multiple programs, which we believe could offer advantages in the pursuit of commercially successful, allogeneic and "off the shelf" cell therapies. In some instances, we also introduce a proprietary "thaw-and-inject" formulation into our product profiles, which allows for rapid dosing and "immediate use" of our cells. This formulation technology can greatly reduce the lengthy dose preparation steps often associated with certain cell therapy programs. AlloSCOPE "5D" is an application of our AlloSCOPE platform, with the goal of generating large-scale production of pre-differentiated cells with reduced manipulation and passaging, and has been deployed across selected preclinical programs to date.

Our business strategy aims to efficiently leverage our AlloSCOPE platform and our development and manufacturing expertise to create a pipeline of related but discrete cell-based assets, some of which we may advance internally toward commercialization and some of which we may seek to partner during early or late development, if we believe doing so will enhance their probability of success and add value to Lineage and our shareholders. In some cases, the cells we manufacture or plan to manufacture have a clear clinical precedent from cadaveric sources, such as the use of corneal endothelial cells to improve vision in patients with Fuchs' corneal dystrophy or the well-established use of islet cells to achieve insulin independence in patients with Type 1 Diabetes, each indication already having approved products or procedures in certain jurisdictions. In other cases, the utility of replacing a specific cell or related cells still needs to be established. The manufacturing of all of our product candidates is based on our core AlloSCOPE platform, and utilize our extensive expertise in the directed differentiation and scalable production of pluripotent cells into discrete cell types of the human body.

Our pipeline currently includes:

- *OpRegen (RG6501)*, our most clinically advanced program, an allogeneic retinal pigmented epithelial (RPE) cell replacement therapy currently in Phase 2a development under a worldwide collaboration and license agreement with F. Hoffmann-La Roche Ltd. and Genentech, Inc., a member of the Roche Group (collectively or individually, "Roche" or "Genentech"), for the treatment of geographic atrophy (GA) secondary to dry age-related macular degeneration (dry-AMD).

- *HUNT1,* a pluripotent stem cell derived clinical-stage neural cell therapy program currently in Phase 1b/2a clinical study for the treatment of Huntington's Disease (HD).
- *OPC1*, an allogeneic oligodendrocyte progenitor cell therapy currently in Phase 1/2a clinical development for the treatment of spinal cord injuries (SCI).
- *COR1,* an allogeneic corneal endothelial cell (CEnC) transplant therapy currently in preclinical development for the treatment of corneal endothelial disease, with applicable indications expected to include Fuchs Endothelial Corneal Dystrophy (FECD) and Bullous Keratopathy.
- *ReSonance™* (ANP1), an allogeneic auditory neuron progenitor cell transplant therapy currently in preclinical development under collaboration with William Demant Invest 2 Aps (WDI) for the treatment of auditory neuropathy.
- *ILT1,* a program intended to support the large-scale production of undifferentiated pluripotent cells, which if successful and applied to islet cell differentiation, could support a cell transplant treatment candidate for Type 1 Diabetes (T1D).
- *RND1,* a novel hypoimmune induced pluripotent stem cell line being evaluated under a gene editing partnership with Factor Biosciences Limited (Factor) for the development of a cell transplant candidate for the potential treatment of an undisclosed indication.
- *PNC1*, an allogeneic photoreceptor cell therapy research initiative for the potential treatment of vision loss due to photoreceptor dysfunction or damage.

For additional information regarding our clinical programs, business strategy, AlloSCOPE platform, pipeline of preclinical programs and research initiatives, our collaborations and the grants we have received from governmental entities, see Item 1. Business in Part I of the 2025 10-K.

Recent Events

Set forth below is a discussion of recent events and developments relating to our business. The following discussion should be read in conjunction with the description of our business set forth in Item 1. Business in Part I of the 2025 10-K.

OpRegen Program for Dry-AMD with Geographic Atrophy

OpRegen is currently being evaluated by Roche and Genentech in a Phase 2a multicenter clinical trial in patients with GA secondary to dry-AMD, the "GAlette" study, which is currently open and active at 17 clinical sites in the U.S. and Israel (ClinicalTrials.gov ID NCT05626114). Our earlier Lineage-sponsored Phase 1/2a study has completed enrollment; we continue to perform certain closeout and data analysis related to that study. In addition, we continue to have some manufacturing and process development activities under the Roche Agreement.

In May 2026, Roche and Genentech presented encore data from the Phase 1/2a study featured at Foundation Fighting Blindness' Retinal Therapeutics Innovation Summit 2026. Highlights include that (i) gains in best corrected visual acuity (BCVA) in patients in Cohort 4 (less advanced GA than in other cohorts) measured at month 12 remain evident through month 36; (ii) improvement in BCVA and outer retinal structure in patients with extensive OpRegen bleb coverage of their GA area was greater than in patients with limited coverage and persisted through month 36; (iii) in those patients who received extensive coverage of OpRegen cell therapy across their GA lesion (n=5), the mean change in BCVA was +9.0 letters for those completing 3-year follow-up (compared to +7.4 letters at 24 months) (Early Treatment Diabetic Retinopathy Study (ETDRS) assessment) and (iv) quantitative analysis of OCT imaging suggests evidence of partial restoration of the retina, including regions with re-appearance of an RPE layer and features associated with recovery of photoreceptors.

As previously reported, in the Phase 1/2a study, OpRegen has demonstrated the potential to slow, stop or reverse disease progression in GA secondary to AMD and these results, which were present at 12 months, have persisted through 24 and 36 months following a single administration of OpRegen. The Phase 1/2a study was an open-label, single-arm, multicenter, dose-escalation trial evaluating a single administration of OpRegen. The investigational product was delivered subretinally in patients with bilateral GA. Patient enrollment completed in November 2020, with 24 patients recruited into four cohorts. The first three cohorts enrolled only legally blind patients with a BCVA of 20/200 or worse. Cohort 4 enrolled 12 patients with impaired vision (BCVA from 20/65 to 20/250 with smaller mean areas of GA). Cohort 4 also included patients treated with a new "thaw-and-inject" formulation of OpRegen, which could be shipped directly to sites and used immediately upon thawing. The primary objective of the study was to evaluate the safety and tolerability of OpRegen as assessed by the incidence and frequency of treatment-emergent adverse events. Secondary objectives evaluated the preliminary activity of OpRegen treatment by assessing the changes in ophthalmological parameters measured by various methods of primary clinical relevance. Long-term follow-up of patients in this study is currently ongoing.

HUNT1 Program for Huntington's Disease

On November 12, 2026, we acquired NeuroAirmid Therapeutics, Inc. ("NeuroAirmid"), by acquiring all of the outstanding common stock of NeuroAirmid from its stockholders (the "Sellers").

In connection with the acquisition, NeuroAirmid entered into an Amended and Restated Exclusive License Agreement, effective November 12, 2026 (the "License Agreement"), with The Regents of the University of California ("The Regents"), related to a pluripotent stem cell derived, clinical-stage neural cell therapy program, (hNSC-01), which we call HUNT1, for the treatment of Huntington's Disease (HD).

HD is a rare, inherited and progressive neurodegenerative disorder caused by a mutation in the HTTgene. The disease results in the progressive dysfunction and loss of neurons, with particularly pronounced effects in the striatum, a region of the brain involved in movement, cognition and behavior. HD is characterized by progressive motor impairment, cognitive decline, and psychiatric and behavioral symptoms, which can ultimately result in significant loss of independence. Symptoms most commonly emerge during adulthood and progressively worsen over time. HD causes deterioration in a person's physical, mental, and emotional abilities, usually during their prime working years, and currently has no cure. Most individuals start developing symptoms during adulthood, between the ages of 30 to 50, but HD can also occur in children and young adults (known as juvenile HD or JHD). Most persons with HD experience problems with thinking, behavior, and movements. Symptoms usually worsen over the course of 10 to 25 years and affect the ability to reason, walk, and talk. People with advanced HD need full-time care to help with their day-to-day activities, and they ultimately succumb to pneumonia, heart failure or other complications. The symptoms of HD are sometimes described as having ALS, Parkinson's and Alzheimer's – simultaneously. Approximately 41,000 people in the United States are symptomatic with HD, while more than 200,000 are estimated to be at risk of inheriting the disease. There is currently no disease modifying treatment or cure for HD, and available therapies are primarily focused on managing symptoms. For more information, please visit: The Huntington's Disease Society of America.

HUNT1(hNSC01) is currently being evaluated in a Phase 1b/2a clinical study known as the REGEN4HD clinical study (ClinicalTrials.gov ID NCT07451613). The REGEN4HD clinical study is evaluating the safety and tolerability of a single dose, one-time administration of HUNT1 (hNSC01) for the treatment of HD. Up to 21 patients will be enrolled across 5 planned cohorts, which will evaluate various doses of hNSC01. Phase 1b of the REGEN4HD study will enroll up to 12 patients, across 4 cohorts (Cohorts A – D), at dose escalations of 2 million, 4 million, 8 million and 16 million cells. Phase 2a of the REGEN4HD study will enroll up to 9 patients (Cohort 2A), with a maximum tolerated dose to be determined from Phase 1b of the clinical study. The first 3 Cohort A patients will undergo unilateral administration of hNSC01, with an option to undergo a similar transplant following approval from the study's Data Safety Monitoring Board (DSMB). The primary safety outcome measure is the number of participants with treatment-related adverse events, after 6 and 12 weeks following dosing. Safety is assessed 6 weeks following each surgery for Cohort A patients, and at 12 weeks following surgeries for each Cohort B - D patients. Secondary outcome measures at 12 months following treatment include: change in Total Motor Score (TMS); changes in functional imaging and structural Magnetic Resonance Imaging (MRI); changes in cerebrospinal fluid neurofilament light chain (NfL), a biomarker associated with neuronal injury and neurodegeneration; changes in plasma neurofilament light chain (NfL); changes in proenkephalin (PENK) in CSF; changes in cognitive function measured using the Mini-Mental State Examination (MMSE) and Stroop Word Reading Test; changes in Total Functional Capacity (TFC); and changes in behavioral symptoms associated with Huntington's disease, measured using the Problem Behaviors Assessment–short version.

The HUNT1(hNSC01) program has progressed into clinical development with the support of $16 million of translational funding from the California Institute for Regenerative Medicine ("CIRM"). The REGEN4D clinical study is being supported by a CIRM award of up to $12 million issued in April 2026, of which Lineage is responsible for paying up to $3.1 million over the term of the grant, which is expected to be through February 2030, in respect of a co-funding obligation that Lineage assumed in connection with the acquisition of NeuroAirmid, replacing CIRM's co-funding arrangement. Lineage will assume responsibility for clinical development of the HUNT1(hNSC01) program following completion of the REGEND4HD clinical study, as well as for all future cell manufacturing, process development, scale up and optimization activities, potentially utilizing aspects of its proprietary AlloSCOPE cell manufacturing platform.

The mechanism of action underlying HUNT1 administration for the treatment of HD has been extensively studied in vivo, with established and proven differentiation, established release of trophic factors, the reduction of pathologies, and the reversal of some transcriptional dysregulation. The unique properties of HUNT1, upon stereotactic intrastriatal administration has been extensively studied in vivo in models of HD. These cells were shown to undergo differentiation, into striatal neurons of different phenotypes, while showing measurable release of trophic factors that are critical for cellular health; with a clear reduction of pathologies, and the reversal of some transcriptional dysregulation that is commonly seen in HD. The preclinical efficacy of HUNT1 intrastriatal administration was demonstrated in: (i) 9-month engraftment and durability; (ii) the expression of neuronal markers 8 months post-administration; (iii) the expression of brain-derived neurotrophic factor and the reduction mutant HTT accumulation; and a favorable safety profile; and (iv) no adverse events related in pivotal GLP tumorgenicity and toxicity studies. Additionally, HUNT1 cells demonstrated engraftment, survival and safety in non-human primates.

At the closing of the NeuroAirmid acquisition, Lineage (i) paid $2.4 million in cash to the Sellers, (ii) issued an aggregate of 2.2 million Lineage common shares to the Sellers (which was calculated by dividing $2.1 million by the volume-weighted average price of Lineage common shares over the 20 trading days ending two days before the closing), (iii) paid $0.2 million into an expense fund for use by the Sellers' representative, and (iv) paid an aggregate of $1.7 million to satisfy NeuroAirmid's obligations to third parties. Lineage also agreed to pay up to the following amounts to the Sellers and in respect of obligations of NeuroAirmid at the closing: (a) up to $5.4 million on the first anniversary of the closing; (b) up to $48.0 million in the aggregate contingent upon achievement of specified clinical development and regulatory milestones relating to the HUNT1 program; and (c) for each sublicense, collaboration or other strategic transaction involving the HUNT1 program or for the sale of NeuroAirmid or the program, in each case that is completed before the tenth anniversary of closing and provides at least $5.0 million in qualifying proceeds to Lineage (which excludes contingent consideration, including earn-outs, milestones and royalties), the greater of (i) a low seven-figure dollar amount and (ii) a single digit percentage of those proceeds, which single-digit percentage increases depending on the program's development stage at the time of the transaction. Lineage may pay up to approximately 50% of the value of each post-closing payment to the Sellers in Lineage common shares, with the balance payable in cash, subject to NYSE American limits on share issuances without shareholder approval. During specified periods of time, Lineage agreed to use commercially reasonable efforts to achieve certain of the milestones relating to the HUNT1 program.

The License Agreement

Under the License Agreement, NeuroAirmid and Lineage (which are together referred to as Lineage for purposes of this summary of the License Agreement) received an exclusive license under specified patent rights relating to neural stem cell compositions and methods to treat neurodegenerative disorders, and a nonexclusive license to associated technology, to develop, manufacture and commercialize licensed products for neurological diseases, injuries and disorders, drug testing and diagnostics, and commercial in vitro assay uses. The patent license covers territories where the licensed patent rights exist or may arise, and the associated technology license is worldwide. Lineage also received exclusive rights to use specified clinical trial data for regulatory filings, nonexclusive rights to use that data to develop and commercialize licensed products, and rights of reference to the investigational new drug application ("IND") supporting the ongoing REGEN4HD clinical study and the related data pending transfer of IND sponsorship. IND sponsorship is to transfer to Lineage within six months after the last patient is dosed in the ongoing REGEN4HD clinical study, or earlier by agreement of the parties.

The Regents retain noncommercial research and educational rights, including rights to complete the ongoing REGEN4HD clinical study. Lineage also has rights to negotiate licenses to specified improvements and, if negotiations are unsuccessful, to accept terms offered to third parties before The Regents license those improvements to them. The licensed rights are subject to applicable CIRM requirements and provisions permitting The Regents to license certain undeveloped products to third parties if Lineage does not pursue development or sublicensing as required.

Lineage must pay quarterly royalties on net sales by Lineage and its sublicensees, determined by product and country, at percentages in the low single digits, with a higher rate while a licensed product is covered by a valid patent claim in the country of sale or manufacture and a lower rate when no such claim applies. Beginning in the calendar year after the first commercial sale, a single aggregate annual minimum royalty applies across licensed products. For products approved for an orphan disease, the minimum increases over the initial commercial years from the low-five figures to the mid-five figures annually; for other products, the minimum increases over the same period from the high-five figures to the mid-six figures annually. Minimum royalties are creditable against earned royalties for the calendar year in which paid.

Lineage must also pay The Regents a percentage of sublicensing income in the low double digits and must reimburse The Regents for patent prosecution and maintenance costs. Specified subsequent assignments to nonaffiliates would trigger a minimum assignment fee to The Regents in the low-six figures, plus an additional low-six figures fee for each $5 million of assignment consideration.

Lineage must diligently develop and commercialize licensed products, obtain regulatory approvals, comply with reporting and recordkeeping requirements, and maintain insurance and provide third-party indemnification, subject to specified exceptions. Remaining development objectives require diligent efforts to establish approved chemistry, manufacturing and controls manufacturing and a new cGMP cell bank within three years, dose a patient in a pivotal trial supporting a biologics license application within eight years, and submit a marketing application within 15 years after the License Agreement's effective date. Failure to satisfy diligence requirements may result in termination or conversion of the exclusive license to a nonexclusive license following notice and an opportunity to cure.

Unless earlier terminated, the patent license continues until expiration or abandonment of the last licensed patent rights, and the associated technology and clinical trial data licenses continue for 25 years after the first commercial sale of a licensed product in the United States or Europe. Upon expiration, but not earlier termination, the licenses convert to perpetual, irrevocable, fully paid-up, royalty-free, nonexclusive licenses if all amounts due have been paid. In addition to customary termination rights, The Regents may terminate for a breach not cured within 90 days after notice.

OPC1 Program for Spinal Cord Injury

In March 2026, the second chronic SCI participant with neurologically complete SCI injury was treated in the DOSED (Delivery of Oligodendrocyte Progenitor Cells for Spinal Cord Injury: Evaluation of a Novel Device) study at UC San Diego Health, and the novel delivery system successfully administered a one-time injection of OPC1. Our DOSED clinical study will evaluate the safety and utility of a novel spinal cord delivery device designed to administer OPC1 to the spinal parenchyma in both subacute (between 21 to 42 days following injury) and chronic (between 1 to 5 years following injury) spinal cord injury.

In July 2026, the first chronic SCI participant treated in the DOSED study was evaluated at their one-year post treatment follow-up appointment, in which neurological stability was observed across motor, sensory and Upper Extremity Motor Score (UEMS) at all measured time points, from baseline through their 1-year assessment.

COR1 Program for Corneal Endothelial Disease

In March 2026, we announced the launch of our newest cell therapy program, COR1, a corneal endothelial cell (CEnC) therapy in preclinical development for the treatment of corneal endothelial disease**.** COR1 is a wholly owned preclinical asset which benefits from our existing ophthalmology and manufacturing expertise and which represents a natural next application of our technology platform.

In July 2026, we reported positive development progress with COR1. Utilizing our AlloSCOPE platform, we successfully achieved seamless precursor bioreactor-based 5D expansion and differentiation to support CEnC production which, together with a thaw-and-inject formulation, can offer a potentially superior product profile and meets our internal criteria for continued preclinical advancement. We recently applied our AlloSCOPE 5D manufacturing process to the COR1 program, which is intended to further reduce production costs. Lineage has also elected to advance the COR1 program into preclinical animal testing with initial preclinical data expected in the first quarter of 2027.

Millions of people are potential candidates for corneal transplants for which today there is only one donor for every 70 diseased eyes globally. The current supply of CEnCs from cadaveric sources is further limited by the low availability of organ donors, as well as by inconsistent yield and quality. CEnC therapy from cadaveric sources has already been approved in Japan to treat corneal endothelial disease, providing evidence for the underlying mechanism of action. The cornea is a relatively accessible site for transplantation, with a simple injection-based delivery method and a long clinical track record from donor-based procedures. In addition, the eye offers a degree of immune privilege, potentially reducing the risk of immune rejection.

The COR1 program targets an area where the current fundamental limitation is the supply and shelf life of material, as existing approved CEnC transplant therapy relies heavily on cadaveric tissue donors with variable yield, quality, and durability. This imbalance highlights the need for a reliable, consistent, and scalable source of cells. Importantly, the unmet need is significant and CEnC transplant therapy is already clinically validated, with preclinical models, endpoints, and clinical and regulatory precedents, which are well-established.

Utilizing our AlloSCOPE platform, we are manufacturing CEnCs with identity, morphological, and functional characteristics that meet our initial internal criteria and support further development. Applicable indications for COR1 are expected to include Fuchs Endothelial Corneal Dystrophy (FECD) and Bullous Keratopathy. Fuchs' corneal dystrophy is a progressive, often hereditary condition where cells on the inner layer of the cornea die, causing cornea swelling and vision loss. In the advanced setting, DMEK (Descemet's membrane endothelial keratoplasty) is a surgical option consisting of replacing the diseased cells with a donor graft, often leading to improved vision. As of 2022, FECD affects about 7.3% of adults over the age of 30 globally, with a projected affected patient population expected to rise to approximately 415 million by 2050.

ReSonance Program for Hearing Loss

Our most advanced preclinical product candidate is ReSonance (ANP1), an allogeneic auditory neuron progenitor cell transplant, currently in preclinical development for the treatment of sensorineural hearing loss. In August 2025, we announced that we entered into the RCA with WDI to advance the preclinical development of ReSonance for the treatment of hearing loss. WDI agreed to fund up to $12 million in research collaboration costs over the approximate three-year term of the agreement, for activities conducted in accordance with a schedule of planned activities and budget agreed to by the parties (the "RCA Budget"). Under the RCA Budget, development activities are being jointly conducted and managed by Lineage and scientists from Eriksholm Research Centre, part of Oticon A/S, which is a subsidiary of the Demant Group and an affiliate of WDI, with approximately 65% of the original budget designated to reimburse Lineage for its allocation of work on the Project. Through September 30, 2026, Lineage has received approximately $3.2 million. The main objective of the agreement is for the parties to complete a preclinical phase achieving readiness to progress to human

clinical trials under one or more separate clinical agreements, the terms of which would be negotiated in good faith before the expiration of the agreement. Following a scheduled Joint Scientific Committee (JSC), comprised of members from both partners, the JSC has approved the advancement of ReSonance preclinical development activities into the second year of the collaboration, following successful completion of all contemplated development activities planned in the first year of the collaboration. Lineage has successfully completed the manufacturing of the first batch of current Good Manufacturing (cGMP) Grade material, in addition to three engineering manufacturing runs, and completed the internal technology transfer from our R&D team to our cGMP team. The parties have also established a novel model of deafening to support ReSonance functional preclinical testing under the collaboration and are currently preparing for a meeting with the Danish Medicines Agency (DKMA) in the fourth quarter of 2026, to discuss development plans and seek scientific advice related to ReSonance development. See Note 13 (Commitments and Contingencies—Collaborations—WDI Collaboration) to our condensed consolidated interim financial statements included in this report for additional information.

Islet Program for Type 1 Diabetes

In September 2025, we announced the launch of ILT1, a new program employing AlloSCOPE 5D platform technology. AlloSCOPE 5D describes an application of AlloSCOPE with the goal of higher scale production of pre-differentiated cells with reduced manipulation and passaging. ILT1 is initially focused on addressing the challenges of large-scale production and aims to produce highly synchronized pluripotent cells, which if successful at a large scale could thereafter be applied to an islet cell differentiation process to ultimately support the production of allogeneic islet cells for a potential treatment for Type 1 Diabetes (T1D). This program is focused initially on expanding our existing AlloSCOPE platform to become capable of significantly greater production of undifferentiated pluripotent cells than our current capability, with the overall goal of establishing a production modality that can be applied to islet cell differentiation to ultimately support an islet cell production process from expansion through differentiation in a dynamic culturing system. We believe that if this approach is successful it could potentially solve a major hurdle to production and commercialization of an islet cell therapy product candidate.

We successfully continue to meet our internal milestones for the ILT1program, demonstrating a highly scalable and fully suspension-based process for generating undifferentiated pluripotent cells using one of our proprietary and in house cell lines. This initial work was successful at 0.5 liter scale and during 2026 we demonstrated development into a larger 3-liter scale. During 2026, we also successfully differentiated pluripotent stem cells into endodermal precursors on our AlloSCOPE 5D platform, which is the first and necessary step for all islet cell differentiation protocols. We believe these achievements support further and continued development and we may seek to apply these methods to one or more internal or partner-sourced hypo-immune or non hypo-immune cell lines, suitable to support potential islet cell differentiation and preclinical testing. We additionally may seek to apply insights and process improvements we have learned or may learn through this process to other cell transplant programs, including programs we may launch in the future.

Other Programs and Technologies

The pluripotent cells underlying our platform are by definition, capable of becoming any cell type of the human body. In some cases, pursuing the development of cell therapies for which a biological precedent exists may enable faster development of future product candidates underlying our platform and pipeline. We therefore maintain a list of additional potential product candidates which we may consider for development or partnership in the future, and which altogether cover a range of therapeutic areas and conditions. Generally, we expect that these potential product candidates will be based on the same AlloSCOPE platform technology and would employ a similar guided cell differentiation and transplant approach as our current product candidates, and in some cases may also include genetic modifications designed to enhance efficacy and/or safety profiles.

Israeli Regional Conflict

All of our manufacturing processes and development, including cell banking and product manufacturing for our cell therapy product candidates, are conducted by our subsidiary, CCN, at its facility in Jerusalem, Israel, and more than two-thirds of our workforce are CCN employees based in that facility. In addition, certain of the clinical trial sites for the OpRegen GAlette study are in Israel.

The 2026 Iran War and the ongoing conflict and hostilities in the Middle East have increased the risk of interruptions to our operations in Jerusalem and to the clinical trial sites for the OpRegen GAlette study in Israel, including due to increased risk of delays in the delivery of supplies and/or equipment, power interruptions, absence of workforce due to military service, cyberattacks, disruptions to transportation and logistics infrastructure, interruption of utility and communications services, and other events beyond our control. As of the date of the filing of this report, our operations in Jerusalem have not been materially or adversely disrupted, and we are not aware of any material disruption to the clinical trial sites for the OpRegen GAlette study in Israel. However, the situation continues to remain volatile, and it is currently not possible to predict the scope, duration or severity of present or future regional instability or its effects on our operations in Jerusalem or on such clinical trial sites. See the risk factor in Item 1A. Risk Factors in Part I of the 2025 10-K titled, “All of our manufacturing operations currently are conducted at our facility in Jerusalem, Israel. Accordingly, political and economic conditions in Israel and war, cyberattacks, terrorist attacks or other armed conflicts involving Israel and the broader region

could directly affect our business. Any event or condition that significantly disrupts our ordinary course of operations at our Jerusalem facility could harm our business and materially and adversely affect our financial condition and operating results."

As a result of safety concerns and in response to government-imposed restrictions on movement and travel and other precautions taken to address the Israeli regional conflict, our operations at our CCN facility in Jerusalem were temporarily impacted in the past. In light of the ongoing conflict and hostilities in the Middle East, similar government-imposed restrictions on movement and travel and other precautions may be implemented, which could materially and adversely affect our operations in Jerusalem. In addition, a number of our CCN employees in Israel are members of the military reserves and subject to immediate call-up in response to regional instability. Male Israeli citizens are obligated to perform several days, and in some cases more, of annual military reserve duty each year until they reach the age of 40 (or older, for reservists who are military officers or who have certain occupations) and, in the event of a military conflict, may be called to active duty. Several employees in Israel, including CCN's chief executive officer, were activated for military duty in the past, and they and other employees may be activated for military duty in the future, which could adversely impact our operations. The general impact on employees operating in a region of conflict could also adversely impact our operations. Although we have business continuity plans in place to address medium- or long-term disruptions that could result from regional instability, those plans are limited and do not account for every possible scenario, and in addition, any long-term closure of our CCN facility, or if that facility were damaged, or if hostilities otherwise disrupt operations at that facility, or if a meaningful number of employees are unable to work for significant portions of time, our operations would be materially and adversely impacted.

Our commercial insurance may not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure that this government coverage will be maintained or that it will sufficiently cover our potential damages. Any losses or damages incurred by us could have a material adverse effect on our business.

Macroeconomic, Political, and Regulatory Environment Considerations

Our business, financial condition, operating results, stock price, and our ability to raise additional capital may be adversely affected by evolving macroeconomic, political, and regulatory developments and conditions, such as inflation, trade disruptions and restrictive measures, including tariffs, high interest rates, slowed economic growth or recession, federal spending reductions and sequestration risks, volatility in financial markets, liquidity concerns at financial institutions, supply chain disruptions, changes in the regulatory landscape in the U.S., including due to significant reductions in funding and staffing of federal agencies and changes in leadership, and geopolitical factors. Further, third parties with whom we have business relationships, including clinical sites, financial institutions, and our collaborators, may be adversely affected by the foregoing risks, which could directly impact our ability to achieve our operating goals within planned timelines and budgets.

In addition, there may be significant future effects on the pharmaceutical and biopharmaceutical industries as a result of federal policy and regulatory changes, including in areas relating to regulatory framework and oversight, research and development funding, drug pricing reform, global trade policy and tariffs, and others. Executive branch cost-cutting initiatives have resulted in significant reductions in staffing levels at the FDA and other governmental agencies. These reductions have impacted, and may continue to impact, agencies' ability to retain key personnel and hire additional personnel, which may disrupt their ability to perform routine activities or function in the normal course. For example, with respect to the FDA, this may result in delays or limitations on our ability to obtain guidance from agency staff and slow review times for applications we submit with respect to clinical studies, any of which could negatively impact the cost and timelines for developing and obtaining regulatory approval of our product candidates. Moreover, the current U.S. presidential administration has taken and may take additional future actions to freeze or reduce federal funding for medical research, which could decrease the ability of facilities that rely on such funding to conduct clinical trials or increase the costs to us of conducting clinical trials at those facilities. Given the rapidly evolving nature of federal policy, enforcement, and regulatory changes, we cannot reasonably predict the potential impact on our business at this time.

Critical Accounting Policies and Estimates

An accounting policy is deemed critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably likely to occur could materially impact the financial statements. See the discussion under the Critical Accounting Estimates heading in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2025 10-K and our audited financial statements and notes thereto for the year ended December 31, 2025 in Part II, Item 8 of the 2025 10-K for accounting policies and related estimates we believe are the most critical to understanding our condensed consolidated interim financial statements, financial condition and results of operations and which require complex management judgment and assumptions or involve uncertainties. The estimates and judgments involved in our accounting policies as described in our audited financial statements and notes thereto for the year ended December 31, 2025, continue to be our critical accounting policies and there have been no material changes to our critical accounting policies during the nine months ended September 30, 2026.

Results of Operations

Comparison of Three and Nine Months Ended September 30, 2026 and 2025

Revenues

The following table shows our revenues for the periods presented (amounts in thousands except percentages):

	Three Months Ended September 30,		Dollar Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30,		Dollar Increase (Decrease)	Percent Increase (Decrease)
	2026	2025			2026	2025		
Collaboration revenues	$ 1,349	$ 3,544	$ (2,195)	(62)%	$ 3,867	$ 7,346	$ (3,479)	(47)%
Royalties, license and other revenues	85	137	(52)	(38)%	361	602	(241)	(40)%
Total revenues	$ 1,434	$ 3,681	$ (2,247)	(61)%	$ 4,228	$ 7,948	$ (3,720)	(47)%

For the three months ended September 30, 2026, the $2.2 million decrease in total revenues as compared to the prior year was primarily attributable to collaboration revenues. This decrease was primarily due to the effect of: (i) a $1.2 million decrease attributable to the Roche Agreement driven by fewer services required in the current year, reflective of measured progress toward completion of the first performance obligation, and (ii) a $1.0 million decrease related to our agreement with WDI, primarily driven by fewer services provided in the current year as compared to the prior year.

For the nine months ended September 30, 2026, the $3.7 million decrease in total revenues as compared to the prior year was primarily attributable to a $3.5 million decrease in collaboration revenues and a decrease of approximately $0.2 million in royalty revenue. The decrease in collaboration revenues was primarily due to the net effect of: (i) an approximate $2.7 million decrease attributable to the Roche Agreement driven by fewer services required in the current year, reflective of measured progress toward completion of the first performance obligation, (ii) a $0.7 million decrease related to deferred revenue recognized in the prior year upon the termination of the license agreement with Immunomic Therapeutics, Inc., and (iii) a $0.1 million decrease related to our agreement with WDI.

Collaboration revenues may fluctuate from period to period based on changes in estimated costs to support our performance obligations. Under the collaboration agreements with Roche and WDI, delivery of goods and services is determined to be over time and revenue is recognized utilizing an input method of costs incurred over total estimated costs to complete the performance obligation. See Note 3 (Revenue) to our condensed consolidated interim financial statements included in this report for additional information.

Operating Expenses

Our operating expenses generally consist of cost of royalties, research and development expenses, and general and administrative expenses.

Cost of royalties. These expenses consist of costs associated with royalty revenue which has resulted from product sales by our sublicensees.

Research and development expenses. These expenses consist of costs incurred for company-sponsored, collaborative and contracted research and development activities. These costs include direct expenses and indirect research-related overhead expenses including compensation and related benefits, stock-based compensation, consulting fees, research and laboratory fees, rent of research facilities, amortization of intangible assets, and license fees paid to third parties to acquire patents or licenses to use patents and other technology. Research and development costs with no future benefit or alternative use are expensed as incurred. Research and development expenses incurred and reimbursed by grants from third parties approximate the grant income recognized in our condensed consolidated statements of operations. Royalties and sublicensing fees are recorded as research and development expenses, unless they are associated with product royalties, which we classify as cost of royalties in our condensed consolidated statements of operations. We expect our total research and development expenses to fluctuate each reporting period based on several factors including (i) the stage of development for each cell therapy program, (ii) the availability of resources to work on each program, and (iii) the timing of contractual obligations.

General and administrative expenses. These expenses consist of employee and director compensation and related benefits, including stock-based compensation, professional and consulting fees, and allocated overhead such as facilities rent and equipment rent and maintenance, insurance costs allocated to general and administrative expenses, costs of patent applications, prosecution and maintenance, stock exchange-related costs, depreciation expense, marketing costs, legal and accounting costs, and other miscellaneous expenses.

The following table shows our operating expenses for the periods presented (amounts in thousands, except percentages):

	Three Months Ended September 30,		Dollar Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30,		Dollar Increase (Decrease)	Percent Increase (Decrease)
	2026	2025			2026	2025		
Cost of royalties	$ 5	$ 5	$ -	0%	$ 5	$ 80	$ (75)	(94)%
Research and development	3,818	3,271	547	17%	12,826	9,491	3,335	35%
General and administrative	4,925	4,191	734	18%	15,227	13,608	1,619	12%
Loss on impairment of intangible asset	—	—	—	---	—	14,840	(14,840)	(100)%
Total operating expenses	$ 8,748	$ 7,467	$ 1,281	17%	$ 28,058	$ 38,019	$ (9,961)	(26)%

The following table shows the amount of our total research and development expenses allocated to our product candidates and potential product candidates for the periods presented (amounts in thousands, except percentages):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	Amount		Percent of Total		Amount		Percent of Total	
	2026	2025	2026	2025	2026	2025	2026	2025
OpRegen®	$ 645	$ 1,276	17%	39%	$ 2,797	$ 4,080	22%	44%
OPC1	865	1,028	23%	31%	3,155	2,843	25%	30%
ReSonance	1,166	649	30%	20%	3,360	2,122	25%	22%
COR1	572	81	15%	2%	1,496	81	12%	1%
ILT1	261	—	7%	0%	676	—	5%	0%
RND1	—	2	0%	0%	582	34	5%	0%
Other programs and non-program expenses	309	235	8%	8%	760	331	6%	3%
Total research and development expenses	$ 3,818	$ 3,271	100%	100%	$ 12,826	$ 9,491	100%	100%

Research and development expenses. For the three months ended September 30, 2026, the $0.5 million increase in research and development expenses as compared to the prior year was primarily driven by $0.8 million for our preclinical programs and other undisclosed programs, $0.5 million for our ReSonance program, partially offset by a $0.2 million decrease for our OPC1 program and a $0.6 million decrease for our OpRegen program.

For the nine months ended September 30, 2026, the $3.3 million increase in research and development expenses as compared to the prior year was primarily driven by $3.1 million for our preclinical programs and other undisclosed programs, $1.2 million for our ReSonance program, $0.3 million for our OPC1 program, partially offset by a $1.3 million decrease for our OpRegen program.

General and administrative expenses. For the three months ended September 30, 2026, the $0.7 million increase in general and administrative expenses as compared to the prior year was primarily attributable to a $0.3 million increase in personnel costs and a $0.4 million increase in stock-based compensation expense.

For the nine months ended September 30, 2026, the $1.6 million increase in general and administrative expenses as compared to the prior year was primarily attributable to an increase of approximately $1.0 million for personnel costs and $0.6 million for stock-based compensation expense.

Loss on impairment of intangible asset. In the second quarter of 2025, we abandoned the VAC platform and its related research and development efforts, and concluded the IPR&D asset had no alternative future use. Consequently, we derecognized the intangible asset and recorded a non-cash pre-tax impairment charge of $14.8 million within total operating expenses of the consolidated statement of operations. See Note 6 (Goodwill and Intangible Assets, net) and Note 13 (Commitments and Contingencies) to our consolidated financial statements included in this report for additional information. No comparable expense was recorded for the nine months ended September 30, 2026.

Other Income and Expenses, Net

The following table shows the amount of other income (expenses), net, for the periods presented (in thousands, except for percentages):

	Three Months Ended September 30,		Dollar Increase (Decrease)	Percent Increase (Decrease)	Nine Months Ended September 30,		Dollar Increase (Decrease)	Percent Increase (Decrease)
Other income (expenses)	2026	2025			2026	2025		
Interest income, net	$ 376	$ 366	$ 10	3%	$ 1,159	$ 1,298	$ (139)	(11)%
Gain (loss) on marketable equity securities, net	(8)	6	(14)	(233)%	16	(1)	17	1700%
Change in fair value of warrant liability	11,944	(26,557)	38,501	145%	23,711	(36,992)	60,703	164%
Foreign currency transaction gain (loss), net	(284)	219	(503)	(230)%	430	1,666	(1,236)	(74)%
Other income (expense), net	—	—	—	---	(17)	(159)	142	89%
Total other income (expenses)	$ 12,028	$ (25,966)	$ 37,994	146%	$ 25,299	$ (34,188)	$ 59,487	174%

Interest income, net. For the three months ended September 30, 2026, the increase in interest income was de minimis, while for the nine months ended September 30, 2026, the decrease in interest income was attributable to lower interest rates, despite higher average cash and marketable debt securities balances.

Gain (loss) on marketable equity securities, net. We expect our net gain or loss on marketable equity securities to fluctuate each reporting period based on the changes in the market price of marketable equity securities held by us, which could impact our net income or loss reported in our condensed consolidated statements of operations for a particular reporting period. These marketable equity securities are carried at fair market value on our condensed consolidated balance sheet. See Note 4 (Marketable Securities) to our condensed consolidated interim financial statements included in this report for additional information regarding our marketable equity securities. For the three and nine months ended September 30, 2026 and 2025, the gains (losses) from holding marketable equity securities was de minimis and primarily related to changes in the fair market value of such securities during the respective periods.

Change in fair value of warrant liability. The liability-classified warrants issued in connection with the November 2024 registered direct offering ("November 2024 RDO") are valued at each reporting period end date while the warrants are outstanding, and at the time of each warrant exercise, using a Black-Scholes option pricing model that maximizes the use of observable inputs and minimizes the use of unobservable inputs to the extent possible. A significant increase or decrease in these inputs could result in significantly higher or lower fair value measurements. The changes in fair value of the liability-classified warrants are non-cash adjustments recorded in the condensed consolidated statements of operations and we expect this fair value to fluctuate each reporting period. For the three and nine months ended September 30, 2026 and 2025, the change in the fair value of the warrants was primarily driven by fluctuations in the Company's common share price during these periods.

Foreign currency transaction gain (loss), net. Foreign currency transaction gain (loss), net primarily results from currency fluctuations applied to our subsidiary's U.S. dollar-denominated intercompany balances with Lineage. The functional currency of our subsidiaries, CCN and ES Cell International Pte. Ltd. ("ESI"), is the Israeli New Shekel ("ILS") and the Singapore Dollar ("SGD"), respectively. Foreign currency transaction gains and losses for the periods presented are principally related to the remeasurement of the U.S. dollar denominated notes payable and notes receivable between Lineage and its subsidiaries.

Other income (expenses), net. For the nine months ended September 30, 2026 and 2025, the change in other expense as compared to the prior year was related to the allocated transaction costs for warrants issued in connection with the second closing of the November 2024 RDO in January 2025; there was no comparable expense incurred during the nine months ended September 30, 2026.

Income Taxes

Under ASC 740, Income Taxes, a valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. As of December 31, 2025, Lineage released the valuation allowance associated with its Israeli subsidiary's deferred tax assets based on sustained profitability and other positive evidence. Lineage continues to maintain a full valuation allowance against its U.S. and Singapore deferred tax assets due to the uncertainty of realizing future tax benefits from NOL carryforwards and other deferred tax assets in those jurisdictions. For the three and nine months ended September 30, 2026, Lineage recorded income tax expense of $0.5 million, compared to zero income tax expense or benefit for the same periods in 2025. The increase was primarily attributable to deferred tax expense resulting from the expected utilization of NOL carryforwards by the Israeli subsidiary in 2026. Lineage maintained a full valuation allowance against the Israeli subsidiary's net deferred tax assets until the fourth quarter of 2025, which is when that valuation allowance was released. The income tax expense recorded in the third quarter of 2026 reflects the estimated year-to-date provision, including the effects of foreign currency fluctuations on projected Israeli taxable income and NOL utilization.

Liquidity and Capital Resources

Overview

As of September 30, 2026, we had $45.2 million in cash, cash equivalents and marketable securities, and our accumulated deficit was $466.1 million. For the nine months ended September 30, 2026, we incurred a loss from operations of $23.8 million and had negative cash flow from operations of $20.9 million. Since inception, we have incurred significant operating losses and we expect to continue to incur significant operating losses for the foreseeable future.

We have historically funded our operations primarily through proceeds from the sale of our common shares and securities exercisable for or convertible into our common shares, the sale of common stock of our former subsidiaries, research grants, revenues from collaborations, and royalties from product sales that are unrelated to our current cell therapy product candidates.

Cash Flows

	Nine Months Ended September 30,	
(in thousands)	**2026**	**2025**
Cash provided by (used in):		
Operating activities	$ (20,942)	$ (14,041)
Investing activities	(3,513)	1,877
Financing activities	10,004	6,571
Effect of exchange rate changes on cash, cash equivalents and restricted cash	173	216
Net decrease increase in cash, cash equivalents, and restricted cash	$ (14,278)	$ (5,377)

Cash Used In Operating Activities

Net cash used in operating activities for the nine months ended September 30, 2026 was $20.9 million, consisting of net income of $1.0 million, offset by $3.0 million in changes in operating assets and liabilities, and $19.0 million in non-cash adjustments. The net changes in operating assets and liabilities were primarily driven by $2.1 million in cash used for accounts payable and accrued liabilities and a $1.9 million decrease in deferred revenue, partially offset by $1.1 million in net cash provided by changes in accounts receivable and prepaid expenses and other current assets. Non-cash adjustments primarily consisted of a $23.7 million change in the fair value of the warrant liability, partially offset by $4.5 million in stock based compensation.

Net cash used in operating activities for the nine months ended September 30, 2025 was $14.0 million and consisted of a net loss of $64.3 million plus the net changes in operating assets and liabilities of approximately $4.2 million, partially offset by $54.4 million in non-cash adjustments. The net changes in operating assets and liabilities were primarily due to a $5.6 million reduction in deferred revenues, partially offset by a $1.1 million increase in prepaid expenses and other current assets. The non-cash adjustments were primarily due to a $37.0 million change in the fair value of the warrant liability, as well as a $14.8 million loss on impairment of our IPR&D intangible asset related to the VAC platform.

Cash Provided by (Used in) Investing Activities

Cash used in investing activities for the nine months ended September 30, 2026 was $3.5 million and primarily consisted of cash used to purchase U.S. Treasury securities, net of cash provided by proceeds from maturities of U.S. Treasury securities.

Cash provided by investing activities for the nine months ended September 30, 2025 was $1.9 million and primarily consisted of proceeds from maturities of U.S. Treasury securities.

Cash Provided by Financing Activities

Cash provided by financing activities for the nine months ended September 30, 2026 was $10.0 million and primarily consisted of net proceeds from the sale of common shares under our at-the-market offering program as well as proceeds from the exercise of options and warrants.

Cash provided by financing activities for the nine months ended September 30, 2025 was $6.6 million and consisted of net proceeds from the sale of our common shares and warrants in the November 2024 RDO, as well as proceeds from the exercise of options and warrants and net proceeds from the sale of common shares under our at-the-market offering program. These cash inflows were partially offset by principal payments for our financed insurance liability and principal payments for our finance lease liabilities.

Financial Obligations

Our financial obligations primarily consist of obligations to our licensors under license agreements, obligations related to grants received from government entities, including the Israel Innovation Authority ("IIA"), obligations under vendor contracts for research services and other purchase commitments with suppliers.

We have received grants under the Innovation Law and are required to pay royalties to the IIA from the revenues generated from the sale of product candidates and related services developed, in whole or in part pursuant to, or as a result of, a research and development program funded by the IIA. Under the Innovation Law, we are also required to pay redemption fees to the IIA. To date, through a series of separate grants beginning in 2007, CCN has received a total of $15.4 million from the IIA to support the OpRegen program. We are obligated to pay approximately 24.1% of any future payments we may receive under the Roche Agreement to the IIA, up to an aggregate cap on all payments to IIA, such cap growing over time via interest accrual until paid in full. As of September 30, 2026, the aggregate cap amount was approximately $97.7 million. Redemption fees due to the IIA under the Innovation Law are due upon receipt of any milestone payments and royalties received under the Roche Agreement. In December 2025, Lineage funded CCN to pay the IIA 24.1% of the $5.0 million received from Roche upon the achievement of the first milestone under the Agreement. As of September 30, 2026, we have not included any future financial obligations due to the IIA under the Innovation Law in the accompanying unaudited condensed consolidated balance sheet because the achievement and timing of the events that would require future payments to the IIA under the Innovation Law is not fixed and determinable. See Note 13 (Commitments and Contingencies) to our condensed consolidated interim financial statements included in this report for additional information.

Our obligations to licensors under license agreements and to other government entities under the terms of grants we have received require us to make future payments relating to sublicense fees, developmental, regulatory and/or commercial milestone payments, redemption fees, royalties and patent maintenance costs. Sublicense fees are payable to licensors or government entities when we sublicense underlying intellectual property to third parties; the fees are based on a percentage of the license-related revenue we receive from sublicensees. Milestone payments are due to licensors or government entities upon future achievement of certain developmental, regulatory and/or commercial milestones. Royalties are payable to licensors or government entities based on a percentage of net sales of licensed products or of products covered by the in-licensed intellectual property, including those related to the Roche Agreement. In January 2026, Lineage funded CCN to pay Hadasit 21.5% of the $5.0 million received from Roche upon the achievement of the first milestone under the Roche Agreement. Patent maintenance costs are payable to licensors as reimbursement for the cost of maintaining licensed patents. Due to the contingent nature of the payments, the amounts and timing of payments to licensors under our in-license agreements and to government entities under the terms of grants we have received are uncertain and may fluctuate significantly from period to period. As of September 30, 2026, we have not included these future commitments on our condensed consolidated balance sheet because the achievement and timing of these events are not fixed and determinable.

As of September 30, 2026, under the terms of the leases for the facilities from which CCN and Lineage operate, a total of $1.8 million of rent payments will become due, of which $0.2 million will become due in the remainder of 2026.

In the normal course of business, we enter into services agreements with contract research organizations, contract manufacturing organizations and other third parties. Generally, these agreements provide for termination upon notice, with specified amounts due upon termination based on the timing of termination and the terms of the agreement. The amounts and timing of payments under these agreements are uncertain and contingent upon the initiation and completion of the services to be provided.

Future Funding Requirements and Potential Sources

We expect to continue to incur losses for at least the next several years. We expect that our operating expenses will continue to increase for the foreseeable future as we continue the development of, and seek regulatory approval for, our product candidates. As a result, we will need significant additional capital to fund our operations. Our determination as to when we will seek additional capital and the amount of additional capital that we will need will be based on our evaluation of the progress we make in our research and development programs, changes to the scope and focus of those programs, changes in grant funding for certain of those programs, and projection of future costs, revenues, and rates of expenditure. If we are unable to raise additional capital when and as needed, we may be required to delay, postpone, or cancel our clinical trials or limit the number of clinical trial sites.

In March 2026, we received $5.4 million in proceeds from the exercise of warrants issued in our November 2024 RDO. We may receive up to an additional $30.2 million in gross proceeds upon the full cash exercise of the warrants we issued to the investors in the November 2024 RDO. However, no assurances can be given as to the extent to which additional warrants will be exercised. As of September 30, 2026, $55.4 million remained available for sale under our at-the-market offering program. See Note 10 (Shareholders' Equity) to our condensed consolidated interim financial statements included in this report for additional information regarding our at-the-market offering program.

We may seek to obtain the additional capital we may need through one or more equity offerings, debt financings, government or other grant funding, or other third-party funding transactions, including potential strategic alliances and licensing or collaboration agreements, or structured financings such as royalty monetization transactions. We cannot provide any assurance that adequate additional capital will be available on favorable terms, if at all. The issuance of additional securities, whether equity or debt, or the possibility of such issuance, may cause the market price of our common shares to decline, and the issuance of additional equity securities could result in the dilution of the interests of our current shareholders. If we obtain additional capital through strategic alliances and licensing or collaboration agreements or structured financing, we may be required to relinquish rights to our intellectual property, our product candidates or rights to future revenue streams or otherwise agree to terms unfavorable to us. The unavailability or inadequacy of additional capital to meet future capital needs could force us to modify, curtail, delay, or suspend some or all aspects of our current planned operations. Our ability to raise additional capital may be adversely impacted due to external factors beyond our control, such as unfavorable global economic conditions, disruptions to and volatility in the credit and financial markets in the United States and worldwide, political and economic uncertainty, geopolitical conflicts, rising inflation and interest rates, and other macroeconomic factors.

We believe that our $45.2 million in cash, cash equivalents and marketable securities at September 30, 2026, will be sufficient to fund our planned operations through at least twelve months from the issuance date of our condensed consolidated interim financial statements included elsewhere in this report. We believe we will meet our longer-term expected future cash requirements and obligations with our current cash and cash equivalents, marketable securities, milestone and other payments we expect to receive under our collaboration agreements, and proceeds we receive from sales of our common shares under our at-the-market offering program.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Under SEC rules and regulations, as a smaller reporting company, we are not required to provide the information required by this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

It is management's responsibility to establish and maintain adequate internal control over all financial reporting pursuant to Rule 13a-15 under the Exchange Act. Our management, including our principal executive officer and our principal financial officer, reviewed and evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Following this review and evaluation, management collectively determined that our disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act: (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any material legal proceedings. From time-to-time we may be involved in a variety of legal proceedings. Such proceedings may initially be viewed as immaterial but could later prove to be material. Legal proceedings are inherently unpredictable and excessive verdicts do occur. Given the inherent uncertainties in litigation, even when we can reasonably estimate the amount of possible loss or range of loss and reasonably estimable loss contingencies, the actual outcome may change in the future due to new developments or changes in approach. In addition, legal proceedings could involve significant expense and diversion of management's attention and resources from other matters. For a discussion of legal proceedings in which we are involved, see Note 13 (Commitments and Contingencies) in the Notes to the Condensed Consolidated Interim Financial Statements in Part I, Item 1 of this report.

Item 1A. Risk Factors

An investment in our common shares involves a high degree of risk. You should carefully consider the risks and uncertainties described in the 2025 10-K, in addition to other information in this report, when evaluating our business and before deciding whether to purchase, hold or sell our common shares. Each of these risks and uncertainties, as well as additional risks and uncertainties not presently known to us or that we currently consider immaterial, could harm our business, financial condition, results of operations and/or growth prospects, as well as adversely affect the market price of our common shares, in which case you may lose all or part of your investment. There have been no material changes from the risk factors disclosed in Part I, Item 1A. Risk Factors in the 2025 10-K.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Except as previously reported in our periodic or current reports filed with the SEC, there were no unregistered sales of equity securities by us during the quarter covered by this report.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None.

(b) None.

(c) During the quarter covered by this report, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any Rule 10b5-1 trading arrangement (as defined in Item 408(a)(1)(i) of Regulation S-K) or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description	Incorporation by Reference			
		Exhibit Number	Filing	Filing Date	File No.
3.1	Restated Articles of Incorporation, as amended	3.1	10-Q	November 9, 2023	001-12830
3.2	Certificate of Ownership	3.1	8-K	August 12, 2019	001-12830
3.3	Second Amended and Restated Bylaws	3.1(a)	8-K	June 13, 2024	001-12830
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002				
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002				
32.1#	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data as its XBRL tags are embedded within the Inline XBRL document				
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase documents				
104*	Cover page formatted as Inline XBRL and contained in Exhibit 101				

* Filed herewith
# Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LINEAGE CELL THERAPEUTICS, INC.

Date: November 12, 2026

/s/ Brian M. Culley
Brian M. Culley
Chief Executive Officer

Date: November 12, 2026

/s/ Jill Ann Howe
Jill Ann Howe
Chief Financial Officer