

Member FINRA/SIPC

Toll-Free: 866-928-0928 ♦ www.DawsonJames.com ♦ 101 North Federal Highway - Suite 600 ♦ Boca Raton, FL 33432

CollPlant Biotechnologies (NASDAQ/CLGN)

February 16, 2022

BUY: CollPlant Inks a Deal with CELLINK-3D Bioprinter

Jason Kolbert

Senior Analyst

jkolbert@dawsonjames.com

CollPlant and CELLINK, a BICO Group company (Nasdaq Stockholm: BICO- Not Rated) ink a deal for Bioprinting. Under this collaboration, CELLINK's high-throughput, multi-material extrusion bioprinter will be explored for the development of large-scale production of CollPlant's 3D bioprinted regenerative breast implants, addressing a current market size of \$2.8 billion, with 2.2 million procedures performed annually worldwide.

Investment Highlights

CELLINK is a company focused on bioprinting. We encourage interested parties to visit the company's website to better understand the scope and breath of the technology. We see this collaboration as another iron in the fire for CollPlant to deploy its collagen technology as the ink of choice for Bioprinting. We note this follows the 3D Systems (NYSE: DDD – Not Rated) agreement which CollPlant announced last year to co-develop a 3D bioprinter regenerative soft tissue matrix for use in breast reconstruction procedures in combination with an implant.

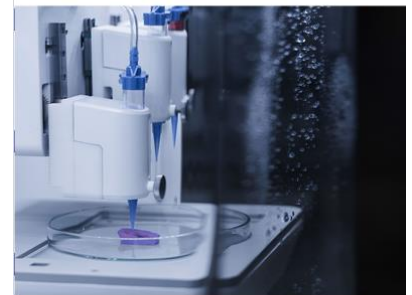
Aesthetics: The CELLINK and the prior 3D collaboration follow the CollPlant worldwide exclusive development and commercialization agreement for dermal and soft tissue filler products with Allergan Aesthetics, an AbbVie company (ABBV – Not Rated). In that deal the partners pick up worldwide exclusivity to use its plant-derived recombinant human collagen (rhCollagen) in combination with Allergan Aesthetics' proprietary technologies for the production and commercialization of dermal and soft tissue fillers. In addition, Allergan Aesthetics has the right of first negotiation for CollPlant's technology in two future additional products. CollPlant receives an upfront payment of \$14M and is entitled to receive up to an additional \$89M in milestone payments. In addition, CollPlant is eligible to receive royalty payments and a fee for the manufacture and supply of rhCollagen to Allergan Aesthetics.

The Best Collagen on the Market, in Our View. CollPlant differentiates itself through its tobacco-based rhCollagen production platform, which is currently the only commercially viable plant-derived human collagen on the market. Type 1 collagen, which is being used in the medicinal field, is primarily extracted from cows, pigs, and human cadavers and comes with several disadvantages. The process required to recycle collagen from mature tissue cells comes with an inherent risk of mutations in its protein structure. Extraction from animal or human tissue is also associated with the risk of disease transmission. Tissue-derived collagen has a low homogeneity profile, leading to lower efficacy of regeneration and the possibility of inflammatory responses from foreign body responses. One of CollPlant's goals with its rhCollagen production platform is to overcome these issues, delivering an unlimited capacity of a pure (and safe) product.

Valuation: We have not factored into our model the 3D systems collaboration as we await clarity around timing and focus of this effort. Our price remains target remains at \$20.00 per share. We model CollPlant's rhCollagen technology platform focused on the aesthetics and advanced wound care markets. We use varying probabilities for each indication ranging from just 30% to 90% that our sales goals can be achieved. The models then flow into our income statement, which is projected out to 2030. On top of these therapeutic success probabilities, we apply a discount rate (r) of 30% (our highest rate for emerging growth companies), and we assume additional capital raises (dilution) in our final share count. We then apply these projections into our Free Cash Flow, discounted EPS and Sum of the Parts models and round to the nearest whole number to derive our 12-month price target.

Risk Factors: These include Clinical, Partnership, Investment and Financial, Regulatory, Market Share, Intellectual Property, and Commercial Risks.

Current Price \$10.28
Price Target \$20.00



Source: CELLINK

Stock Data			
52-Week Range	\$8.76	-	\$23.49
Shares Outstanding (mil.)	10.7		
Market Capitalization (mil.)	\$110		
Enterprise Value (mil.)	\$107		
Debt to Capital	0%		
Book Value/Share	\$0.02		
Price/Book	16.8		
Average Three Months Trading Volume (K)	26		
Insider Ownership	30.1%		
Institutional Ownership	23.6%		
Short interest (mil.)	0.7%		
Dividend / Yield	\$0.00/0.0%		

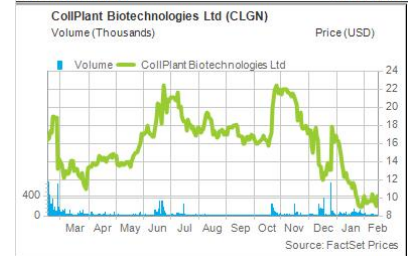


Exhibit 1. Income Statement

CollPlant Holdings Ltd. (\$000)																
CollPlant: YE Dec 31	2019A	2020A	1Q21A	2Q21A	3Q21A	4Q21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue																
VergenixSTR (Arthrex) - Tendon repair							-	24,814	33,746	51,632	70,220	89,530	109,585	111,776	114,012	116,292
VergenixFG - Wound Healing								17,517	34,486	48,280	76,042	79,844	83,836	117,370	123,239	129,401
Biolink (United Therapeutics) Lung Biotech PBC								2,007	2,757	4,259	4,429	4,606	4,791	4,982	5,182	6,062
Aesthetic Medicine								11,904	46,425	64,376	66,951	69,629	72,414	75,311	78,323	81,456
Misc Revenues	2,400	7,621					-	-	-	-	-	-	-	-	-	-
Product Revenues	2,400	6,137	14,500	691	140	-	15,331	56,241	117,414	168,547	217,641	243,609	270,625	309,440	320,755	333,211
Royalties																
Total Revenue	2,400	7,621	14,500	691	140	-	15,331	56,241	117,414	168,547	217,641	243,609	270,625	309,440	320,755	333,211
Expenses:																
Cost of Goods Sold	1,758	3,002	866	429	2	-	1,297	11,248	23,483	33,709	43,528	48,722	48,713	46,416	48,113	49,982
%COGS	73%	39%	20%	62%	30%	30%	8%	20%	20%	20%	20%	20%	18%	15%	15%	15%
Research and Development	3,272	4,065	1,633	1,901	1,908	1,500	6,942	7,094	8,947	11,284	14,232	17,951	22,640	27,517	33,444	40,648
Sales and Marketing	3,614	4,669	1,955	1,424	1,184	1,500	6,063	6,000	9,500	12,531	17,232	22,799	30,164	39,909	52,801	69,858
Total Expenses	8,644	11,736	4,454	3,754	3,094	3,000	14,302	24,342	41,930	57,524	74,993	89,472	101,517	113,842	134,359	160,488
Operating Income (loss)	(6,244)	(5,599)	10,046	(3,063)	(2,954)	(3,000)	1,029	31,900	75,484	111,023	142,649	154,138	169,108	195,598	186,397	172,723
Financing income	(1,167)	34	50	25	67		142									
Total Other Income (expenses)	339	221	(19)	(8)	(8)		(27)									
Financial net (expenses)	(828)	175	98	25	17	-	140	-	-	-	-	-	-	-	-	-
Pretax Income	(7,072)	5,774	10,124	(3,038)	(3,077)	(3,000)	1,169	31,900	75,484	111,023	142,649	154,138	169,108	195,598	186,397	172,723
Income Tax Benefit (Provision)		205						3,828	10,568	19,984	25,677	36,993	47,350	58,679	55,919	53,544
Tax Rate		4%	10%	0%	0%	0%	0%	12%	14%	18%	18%	24%	28%	30%	30%	31%
Gain (loss) from discontinued operations																
GAAP Net Income (loss)	(7,072)	5,774	10,124	(3,038)	(3,077)	(3,000)	1,169	31,900	75,484	111,023	142,649	154,138	169,108	195,598	186,397	172,723
GAAP-EPS	(1.06)	(0.84)	1.20	(0.30)	(0.29)	(0.29)	0.32	1.77	7.08	6.08	6.85	7.37	8.05	9.27	8.80	8.12
GAAP-EPS (Dil)	(1.06)	(0.84)	0.88	(0.30)	(0.29)	(0.29)	0.32	1.77	7.08	6.08	6.85	7.37	8.05	9.27	8.80	8.12
Wgtd Avg Shrs (Bas) - (000's)	61,749	6,886	8,413	10,201	10,502	10,523	9,910	10,576	10,661	10,746	10,832	10,919	11,007	11,095	11,184	11,274
Wgtd Avg Shrs (Dil) - (000's)	61,749	16,000	16,000	10,201	10,502	10,513	11,804	18,073	10,661	18,246	20,836	20,923	21,011	21,099	21,188	21,277

Source: Dawson James estimates, company reports

Risk Analysis

Clinical Trial Risk. CollPlant and its partners may be dependent on the outcome of product-based clinical trials.

Partnership risk. CollPlant may seek partnerships for clinical development support and commercialization. There can be no assurances that the Company will be able to secure favorable partnerships.

Commercial Risk. CollPlant hopes to compete in multiple healthcare-related markets that have traditionally been dominated by large pharma and biotechnology companies with deep pockets (funding and resources), which may make it difficult for CollPlant to compete unless the molecule is deemed to be truly differentiated.

Financial Risk. CollPlant is likely to require additional capital raises before the Company can be self-sustaining. There can be no guarantees that the Company will be able to raise the needed capital.

Investment Risk. CollPlant is a small capital company, which can translate into high volatility and risk for investors. The Company has no revenues and is dependent on clinical progress of its therapeutics.

Intellectual Property. CollPlant may face IP challenges, forcing the Company to defend its patents or claims the Company is infringing on other patents.

Market Share Risk. The collagen and related products markets are competitive and tend to be dominated by large pharma and biotechnology and/or medical device companies.

Regulatory Risk. CollPlant, even with good clinical data, could face extensive delays and other regulatory setbacks.

Companies mentioned in this report

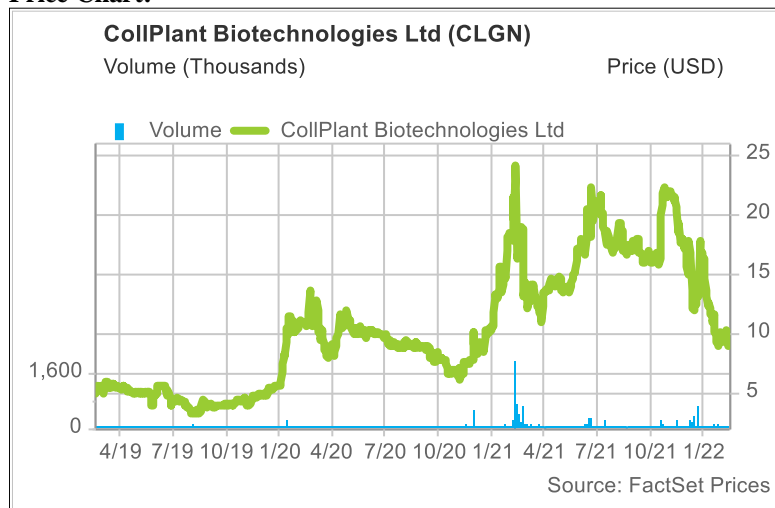
3D Systems (NYSE: DDD) - Not Covered

AbbVie (ABBV) - Not Covered

BICO Group (Nasdaq Stockholm: BICO) - Not Covered

Important Disclosures:

Price Chart:



Price target and rating changes over the past three years:

- Initiated – Buy – November 4, 2019 – Price Target \$9.00
- Price Target Change – Buy – January 27, 2020 – Price Target \$15.00
- Update Report – Buy – May 27, 2020 – Price Target \$15.00
- Update Report – Buy – September 21, 2020 – Price Target \$15.00
- Update Report – Buy – December 3, 2020 – Price Target \$15.00
- Price Target Change – Buy – February 8, 2021 – Price Target \$21.00
- Price Target Change – Buy – March 1, 2021 – Price Target \$20.00
- Update Report – Buy – May 25, 2021 – Price Target \$20.00
- Update Report – Buy – May 28, 2021 – Price Target \$20.00
- Update Report – Buy – June 22, 2021 – Price Target \$20.00
- Update Report – Buy – August 19, 2021 – Price Target \$20.00
- Update Report – Buy – December 27, 2021 – Price Target \$20.00
- Update Report – Buy – February 16, 2022 – Price Target \$20.00

Dawson James Securities, Inc. (the "Firm") is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Firm does not make a market in the securities of the subject Company (s). The Firm has NOT engaged in investment banking relationships with CLGN in the prior twelve months, as a manager or co-manager of a public offering and has NOT received compensation resulting from those relationships. The Firm may seek compensation for investment banking services in the future from the subject Company (s). The Firm has NOT received other compensation from the subject Company (s) in the last 12 months for services unrelated to managing or co-managing of a public offering.

Neither the research analyst(s) whose name appears on this report nor any member of his (their) household is an officer, director or advisory board member of these companies. The Firm and/or its directors and employees may own securities of the Company (s) in this report and may increase or decrease holdings in the future. As of January 27, 2022, the Firm as a whole did not beneficially own 1% or more of any class of common equity securities of the subject company(s) of this report. The Firm, its officers, directors, analysts or

employees may affect transactions in and have long or short positions in the securities (or options or warrants related to those securities) of the Company (s) subject to this report. The Firm may affect transactions as principal or agent in those securities.

Analysts receive no direct compensation in connection with the Firm's investment banking business. All Firm employees, including the analyst(s) responsible for preparing this report, may be eligible to receive non-product or service specific monetary bonus compensation that is based upon various factors, including total revenues of the Firm and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.

Although the statements in this report have been obtained from and are based upon recognized statistical services, issuer reports or communications, or other sources that the Firm believes to be reliable, we cannot guarantee their accuracy. All opinions and estimates included in this report constitute the analyst's judgment as of the date of this report and are subject to change without notice.

Information about risks can be found in the "RISK ANALYSIS" section of this report.

The securities of the Company discussed in this report may be unsuitable for investors depending on their specific investment objectives and financial position. This report is offered for informational purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. Additional information is available upon request.

Rating Definitions:

- 1) **Buy:** The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Current as of... 8-Feb-22

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	31	76%	6	19%
Market Perform (Neutral)	10	24%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	41	100%	6	15%

Analyst Certification:

The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service-specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.

